
Good Corporate Governance Perception and Program Funds of Corporate Social Responsibility Case of Corporation in Indonesia

Oktovianus N Pau*, Dwi Kartini, M. Fani Cahyandito, and Yudi Azis

Department of Business Administration, Nusa Cendana University of Kupang
Indonesia, Jl. Adisucipto Fenfui Kupang NTT Indonesia 85000

[*Email: nadapi@yahoo.com](mailto:nadapi@yahoo.com)

[*Email: oktovianusnawapau@gmail.com](mailto:oktovianusnawapau@gmail.com)

*Corresponding author

Abstract: This study aims to prove that if there is an arising in the program funding of corporate social responsibility as an increasing in good corporate governance index of corporations in Indonesia. This study is a survey of a sample of 19 corporations that have implemented good governance and implement such program of corporate social responsibility. We used fixed effect multivariate regression analysis to examine the dependent variables influences the independent variables. The result of the study show that corporation which an increasing good corporate governance perception index have an arise in the program funds to cost the corporate social responsibility which used to run the community and environment development programs. This is consistent research that the implementation of good corporate governance is tend to increase the long-term corporate reputation of social and environment responsibility. It means that Good corporate governance can explain it relationship to corporate

social responsibility. Model as a whole is significant explaining variation in dependent variable which only the residual is explaining by external variables out of the model.

Keywords: Good Corporate Governance, Corporate social responsibility, program fund, cost.

Reference to this paper should be made as follows: Oktovianus Nawa Pau, Dwi Kartini, Martha Fani Cahyandito, and Yudi Azis (2015) Good Corporate Governance Preception and Program Funds of Corporate Social Responcibility Case of Corporation in Indonesia ‘’, *Int. J. Business and Globalisation*, Vol. .., No. ..., pp..

Biographical notes: Oktovianus Nawa Pau is a faculty member of Business Administration Department Nusa Cendana State University of Kupang Indonesia. Dwi Kartini, is a Profesor in Departemen of Management Padjadjaran University of Bandung Indonesia. Martha Fani Cahyandito is a faculty member in Departemen of Management Padjadjaran University of Bandung Indonesia, and Yudi Azis is a faculty member in Departemen of Management Padjadjaran University of Bandung Indonesia.

Copyright © 2015 Inderscience Enterprises Ltd.

1 Introduction

Good corporate governance is derived from the concept of Agency theory of Jensen and Meckling (1976) and stakeholder theory of Freeman (1984). Jensen and Meckling state that good governance is one of the solutions to overcome the conflict between investor and managers in the corporation. Agency conflict occurs because the manager is not going to work for the owner of the corporation if it does not suit their interests. So they have a diffrent purpose. The Investor as an owner tend to gain more welfare through the corporate income, but the manager as an agent of corporate tend to gain more welfare through their