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From family control to female leadership: Enhancing anti-corruption transparency in Indonesian corporations

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Abstract
Research aims: This study explores how family ownership and board diversity, particularly the presence of female directors, influence the extent of anti-corruption disclosures among the largest publicly listed companies in Indonesia and whether female board members affect the impact of family on the disclosures. Grounded in agency theory, the research posits that family ownership limits the transparency of anti-corruption disclosures. Additionally, drawing on upper-echelon theory, it is hypothesized that female directors promote more transparent anti-corruption reporting, thereby mitigating the negative impact of family ownership.
Design/Methodology/Approach: This study analyzed a dataset of 443 firm-year observations from Indonesian non-financial companies between 2018 and 2023 and employed an OLS regression model that controls industry effects and uses robust standard errors.
Research findings: The results reveal that family ownership is associated with lower levels of anti-corruption disclosure transparency. However, the presence of female directors on boards increases the level of anti-corruption disclosures, helping to counteract this negative effect and enhance transparency.
Theoretical contribution/ Originality: This study contributes to the literature on anti-corruption disclosures and offers valuable insights into the governance implications of family ownership and gender diversity on corporate boards.
Practitioner/Policy implication: The findings highlight the importance of promoting gender diversity within corporate leadership, as it can play a crucial role in improving governance quality, particularly in the area of anti-corruption disclosures.
Research limitation/Implication: The study did not have many alternative family firm measurements because of the limited data in Indonesia. Family firm data is difficult to trace.
Keywords: Anti-corruption Disclosures; Corporate Governance; Female on Board; Family Ownership; Family Firms; Upper Echelon Theory

Introduction

Corruption remains one of the most significant challenges to sustainable development, as it exploits entrusted power for private gain (TI, 2017). It erodes public trust, impedes economic growth, exacerbates inequality and poverty, and fosters social divisions (Thanetsunthorn, 2022). Furthermore, corruption contributes to the worsening environmental crisis (Tang, 2024). Defined as the "misuse of an organizational position or authority for personal gain or organizational (or sub-unit) gain, where misuse, in turn, refers to departures from accepted social norms" (Anand et al., 2004), corruption's financial impact is difficult to quantify. However, it is estimated to amount to tens of billions of dollars annually (Welsch, 2008). Corruption costs developing countries USD1.26 trillion annually (Ferreyra, 2022). Consequently, corporations play a crucial role in combating corruption by fostering a fair and ethical environment, thereby mitigating its harmful effects on society (Barros et al., 2022). Corporate governance and anti-corruption disclosure are essential in fighting corruption, as without strong oversight and monitoring, corporations may fail to comply with governance and anti-corruption standards, diminishing their effectiveness (Salem et al., 2023).

Accounting research has extensively explored the relationship between corruption and accounting practices, particularly in its reporting (Ghazwani et al., 2024). Anti-corruption disclosures enhance our understanding of effective strategies for preventing corruption and help create more robust risk assessments (Vale & Branco, 2019). Several studies have investigated the dynamics of anti-corruption disclosure (Al-Okaily, 2024; Asare et al., 2021; Blanc et al., 2019; Blanc et al., 2017; Branco et al., 2019; Faisal et al., 2021; Ghazwani et al., 2024; Githaiga, 2024; Issa & Alleyne, 2018; Joseph et al., 2016; Khelil et al., 2024; Previtali & Cerchiello, 2023; Saenz & Brown, 2018; Salem et al., 2023; Sari et al., 2021; Utami & Barokah, 2024). Previous research has examined the determinants (Al-Okaily, 2024; Blanc et al., 2017; Faisal et al., 2021; Ghazwani et al., 2024; Previtali & Cerchiello, 2023; Sari et al., 2021; Utami & Barokah, 2024) and consequences of anti-corruption disclosure (Asare et al., 2021; Nobanee et al., 2020). For example, Utami and Barokah (2024) explored the determinants of anti-corruption disclosure by companies in the construction industries across countries. Ghazwani et al. (2024) explored and found that gender diversity, audit committee expertise, and the independence of the audit committee positively influence the quantity and quality of anti-corruption disclosures. They also provided evidence that corporations improve their compliance with anti-corruption disclosures by implementing robust corporate governance practices, which benefit all stakeholders associated with the organization. Moreover, some scholars have examined the relationship between anti-corruption disclosure and earnings management (Elmaghrabi & Diab, 2024; Githaiga, 2024; Salem et al., 2023). Elmaghrabi and Diab (2024) found a negative correlation between anti-corruption disclosure and earnings management, highlighting that anti-corruption disclosures should be viewed as significant actions rather than merely legitimacy-based disclosures.

Anti-corruption efforts in family-controlled firms may be more limited for several reasons. First, agency theory (Jensen & Meckling, 1976) suggests that the interests of the controlling family may not align with those of other shareholders, leading to a lack of transparency and accountability. The controlling family may be reluctant to disclose information that could harm their reputation or expose them to scrutiny. Second, the entrenchment effect within family-controlled firms often results in a greater reluctance to change, including in the area of anti-corruption disclosures, as the family may fear that such changes could threaten their control over the company. Third, family-controlled firms are likely to face less pressure from external shareholders, such as institutional investors and analysts, to disclose voluntary information, as these stakeholders typically exert less influence over decision-making in the company.

Furthermore, prior studies have examined the relationship between board diversity and anti-corruption disclosures. Previous studies have highlighted the positive association between female board members and anti-corruption disclosures (Al-Okaily, 2024; Ghazwani et al., 2024; Githaiga, 2024; Jaggi et al., 2021; Previtali & Cerchiello, 2023). The literature has documented significant differences between males and females in terms of behavioral, cognitive, and physiological factors that influence their beliefs, experiences, perspectives, values, and work ethic (Ratu & Rahajeng, 2024). Jaggi et al. (2021) argued that female directors tend to prioritize more comprehensive and transparent disclosures, especially those related to non-financial information. Female boards are perceived to have a heightened awareness of stakeholders' demands, a strong social orientation, and a higher level of ethical values (Jaggi et al., 2021). These traits contribute to a stronger emphasis on regulating and overseeing corruption and fraudulent activities. However, the existing literature provides inconclusive results. For instance, Majeed et al. (2015) identified a negative relationship between female directors and corporate social disclosure. Similarly, Sundarasen et al. (2016) found no significant association between female directors and corporate social disclosure in both family and non-family businesses. Additionally, Giannarakis (2014) found no relationship between board diversity and corporate social responsibility disclosure. Moreover, there is a lack of literature investigating the link between family firms and corporate anti-corruption efforts. Therefore, our research aims to fill this gap by exploring the relationship between family ownership, female board members, and anti-corruption disclosures. We further investigate the potential moderating effect of female directors on the link between family ownership and anti-corruption disclosures.

This study focuses on the context of Indonesia, where Perma (Supreme Court regulation) No. 13/2016 strengthens the enforcement of criminal law, including corporate corruption cases. While Indonesian legislation does not specifically address corruption in the private sector, the international standard SNI ISO 37001:2016 requires corporations to implement an Anti-Bribery Management System. The interplay between Indonesia's evolving legal framework and the push for greater accountability under international standards, such as the SNI ISO 37001, creates a unique context for this study. It allows for an in-depth investigation of how effectively companies are complying with anti-bribery systems and the impact of these efforts on their anti-corruption disclosures. As Indonesia takes steps to enhance scrutiny of corporate corruption, this environment provides valuable data for studying corporate disclosure practices. Indonesia's distinctive regulatory landscape, marked by Perma No. 13/2016, the lack of specific private sector corruption laws, and the growing adoption of international standards, make it an ideal setting for research on anti-corruption disclosures.

To explain the relationship between family ownership, female board members, and anti-corruption disclosures, we draw on agency theory (Jensen & Meckling, 1976) and upper-echelon theory (UET) (Hambrick & Mason, 1984). UET posits that personal characteristics, such as gender, influence decision-making processes (Hambrick & Mason, 1984). This theory provides a unique lens for understanding accounting judgments and decision-making by emphasizing the personality traits of individuals involved rather than just focusing solely on the information they generate (Plöckinger et al., 2016). Female directors are often perceived as possessing stronger ethical principles, a social orientation, and a better understanding of stakeholder needs (Ghazwani et al., 2024). As a result, female board members are seen as more ethical and responsible in handling social issues (Gul et al., 2011), which may lead to more extensive disclosures of anti-corruption practices (Jaggi et al., 2021; Previtali & Cerchiello, 2023).

This paper analyzed 443 firm-year observations from non-financial firms in Indonesia over the period 2018 to 2023. The findings revealed a negative association between family ownership and anti-corruption disclosures. Furthermore, the presence of female board members was found to enhance transparency through more comprehensive anti-corruption disclosures. Female board members also mitigated the negative impact of family ownership on anti-corruption disclosures.

This study makes several significant contributions. First, it addresses a gap in the literature by investigating the impact of family control and female representation on boards on anti-corruption disclosures in firms in Indonesia. Additionally, it explores how female directors may mitigate the negative effects of controlling families on the extent of these disclosures. The findings contribute to the growing body of literature on the role of gender diversity in improving corporate transparency and governance, especially in family-controlled firms. Empirical evidence on this subject is crucial for advancing progress toward the achievement of sustainable development goals. Second, the study enhances our understanding of corporate anti-corruption disclosures by examining the combined effects of family ownership and board diversity—specifically the presence of female directors—on transparency in anti-corruption reporting. Third, by integrating agency theory and upper-echelon theory, this study presents a novel perspective on how the personal characteristics and decision-making processes of female directors influence corporate governance, particularly in the context of anti-corruption disclosures. Fourth, this research offers valuable empirical evidence from Indonesia, a developing economy in the Asia-Pacific region, providing insights into the country's governance dynamics. It also sheds light on the anti-corruption policies implemented by firms in Indonesia. Finally, the study provides actionable recommendations for regulators and standard-setting bodies to improve anti-corruption disclosures, reduce corruption, and support the achievement of SDGs Target 16.

Literature Review and Hypotheses Development

Theoretical Perspectives

This study examines the influence of family ownership and female board representation on the companies' commitment to prevent corruption, particularly in the form of anti-corruption disclosures. This study adopts agency theory and upper echelon theory to explain how family control and female board representation influence firms' anti-corruption disclosures and whether female directors can moderate the impact of family control on the disclosures.

Agency theory posits that the separation between ownership and management creates a conflict of interests, with managers potentially engaging in opportunistic behavior due to the differing interests and objectives of owners and managers, i.e., the Type I agency problem (Jensen & Meckling, 1976). Moreover, the information asymmetry between managers and owners may further encourage such opportunistic actions (Jensen & Meckling, 1976). However, in family-controlled firms, this type of agency problem extends to conflict of interests between majority and minority shareholders, which may result in the expropriation of minority shareholders (i.e., Type II agency problem (Shleifer & Vishny, 1986). In family-controlled firms, the conflict between majority and minority shareholders often arises because the family dominates the firms' strategic decision-making, increasing the potential for expropriation by manager-owners, i.e., the entrenchment effect (Al-Okaily, 2024; El Ghoul et al., 2016; Le Breton-Miller et al., 2011).

Further, Upper Echelon Theory (UET) posits that the personal attributes of top managers influence corporate decision-making (Hambrick & Mason, 1984). According to UET, each manager brings a unique cognitive framework and set of values that shape their perception of strategic situations and guide their decision-making. These cognitive structures and values help managers interpret the strategic context and make decisions (Hambrick & Mason, 1984). Previous studies have shown that these personal characteristics, including cognitive frameworks and values, are reflected in the decision-making processes of top managers (e.g., Hambrick et al. (1996); Boeker (1997); Ferrier (2001); Carpenter (2002)). UET further emphasizes that the dynamics within the top management team (TMT) – influenced by members' backgrounds and experiences – can influence the range of perspectives considered in the final strategic decision-making. The theory highlights the importance of the human element, including subjective interpretations and biases, in shaping corporate strategy.

The characteristics of senior managers are known to influence strategic decisions, which ultimately affect firm performance. UET suggests that individuals often struggle to fully comprehend and analyze information during strategic decision-making (Hambrick & Mason, 1984). To simplify complex situations, managers tend to limit the number of factors they consider, which can distort the perceptions of reality and influence their decisions (Plöckinger et al., 2016). Cognitive frameworks, values, and personal characteristics shape the filtering of information during decision-making. Individuals' cognitive frameworks and values shape their decision-making processes, reflecting their unique qualities and identities (Finkelstein, 2009; Hambrick & Mason, 1984). The filtering of information during decision-making is influenced by cognitive bases, values, and personal characteristics, which, in turn, affect both individual and corporate outcomes (Plöckinger et al., 2016). While not all companies' TMT members are directly involved in corporate disclosures, they influence the tone at the top, which impacts decision-making across the organization (Bassyouny et al., 2020; Gounopoulos & Pham, 2018). One key factor influencing corporate narrative reporting is gender diversity within the TMT, as gender diversity often leads to varied responsibilities, understandings, and risk preferences (Bassyouny et al., 2020; Habib & Hossain, 2013; Zalata et al., 2018).

Hypotheses Development

Family Ownership and Anti-corruption Reporting

Prior literature has found that family firms tend to behave differently compared to non-family firms (Berrone et al., 2010; Jaskiewicz & Luchak, 2013; Zellweger et al., 2012). Since family firms have higher information asymmetry between family members and other stakeholders, they have a greater tendency to be involved in accruals management (Tai, 2017). Due to the private benefits they derive from opacity, family owners and managers are more likely to disclose less voluntary information (Anderson et al., 2012). Family-controlled firms have less incentive to provide additional information beyond mandatory requirements, as the demand for public transparency is lower compared to firms with broader ownership structures (Amidjaya & Widagdo, 2020). Moreover, these firms are unlikely to allocate significant resources to socially and environmentally responsible initiatives, as the associated costs may outweigh their potential advantages (Amidjaya & Widagdo, 2020). As a result, family-controlled firms often provide less social and environmental information (Ghazali Mohd 2007). Gavana et al. (2016) found that sustainability reporting is negatively correlated with the extent of family ownership. Similarly, Chen et al. (2008) demonstrated that family-controlled firms disclose less financial information voluntarily compared to non-family-controlled firms. Chau and Gray (2002) also found a negative relationship between family ownership and voluntary CSR disclosure. In the context of UK-listed companies, Al-Okaily (2024) found that family ownership negatively affects anti-corruption disclosures. Drawing from the agency theory, we expect that family-controlled firms are less likely to invest in anti-corruption initiatives and disclosures, as they have a greater incentive to expropriate private benefits from minority shareholders due to the entrenchment effect resulting from the type II agency problems. Accordingly, we propose the following hypothesis:

H_1: *Family ownership is negatively associated with anti-corruption disclosures.*

Female Directors and Anti-corruption Reporting

Prior studies have explored the impact of female representation on corporate boards. Companies with female board members tend to have higher shareholder value and better organizational outcomes (Gul et al., 2011). Female directors are also found to improve a company's reputation, firm performance, and corporate governance effectiveness (Brammer et al., 2009). Moreover, Gul et al. (2011) demonstrated that female directors are more ethical in their decision-making and financial reporting style. Research by Jaggi et al. (2021) and Previtali and Cerchiello (2023) further highlighted a positive relationship between female board members and anti-corruption disclosures, with the presence of females serving as a strong indicator of an organization's commitment to fairness and inclusivity (Jaggi et al., 2021). Thus, it is expected that firms with female representation on board have more transparent anti-corruption disclosures. Thus, the following hypothesis is proposed:

H*$_2$*: Female representation on board is positively associated with anti-corruption disclosures.

Family Ownership, Female Directors, and Anti-corruption Reporting

Board diversity is an important characteristic of governance, as diverse boards foster innovation and improved decision-making (Abdelazim et al., 2023). The varied experiences, knowledge, and perspectives of diverse board members allow for more effective stakeholder management, strengthening the board's oversight role and positively impacting firm performance (Ibrahim et al., 2019). Furthermore, literature on corporate governance suggests that a higher representation of females on boards enhances governance practices, reduces opportunistic behavior, and improves decision-making (Catalyst, 2004; Khidmat et al., 2022). The composition of the board plays a significant role in shaping CSR decisions (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984), according to UET, a firm's success is shaped by its TMT, whose decision-making powers are critical to corporate strategy (Hambrick, 2007; Hambrick & Mason, 1984). The background and experiences of TMT members significantly influence corporate planning and decision-making (Wu et al., 2022).

Empirical studies suggest that female directors are particularly motivated to ensure comprehensive disclosure of non-financial information, such as anti-corruption disclosures, thus enhancing transparency and responding to stakeholders' demands (Al-Okaily, 2024; García-Lara et al., 2017; Ntim & Soobaroyen, 2013). Female directors also play a moderating role in the relationship between family ownership and anti-corruption disclosures. Githaiga (2024) found that board gender diversity moderated the relationship between anti-corruption disclosure and earnings management. Al-Okaily (2024) proposed that female directors mitigate the negative impact of family control on anti-corruption disclosures. Sundarasen et al. (2016) and Peake et al. (2017) argued that when females hold influential positions in family firms, they tend to promote greater engagement with socially responsible activities, leading to increased social disclosures on corporate websites and annual reports. However, Javeed et al. (2022) demonstrated that female board members with family connections often reduce the extent of CSR disclosures in family firms, while unconnected female directors are likely to enhance CSR disclosure. In light of this, we argue that female board members can have a positive moderating effect on the relationship between family ownership and anti-corruption disclosures due to their stronger sense of social responsibility. Female directors are more likely to advocate for greater anti-corruption transparency, aligning the company with ethical behaviour. Accordingly, we propose the following hypothesis.

H*$_3$*: Female representation on boards moderates the negative association between family ownership and anti-corruption disclosures.

The research framework of this study is presented in Illustration in Figure 1.

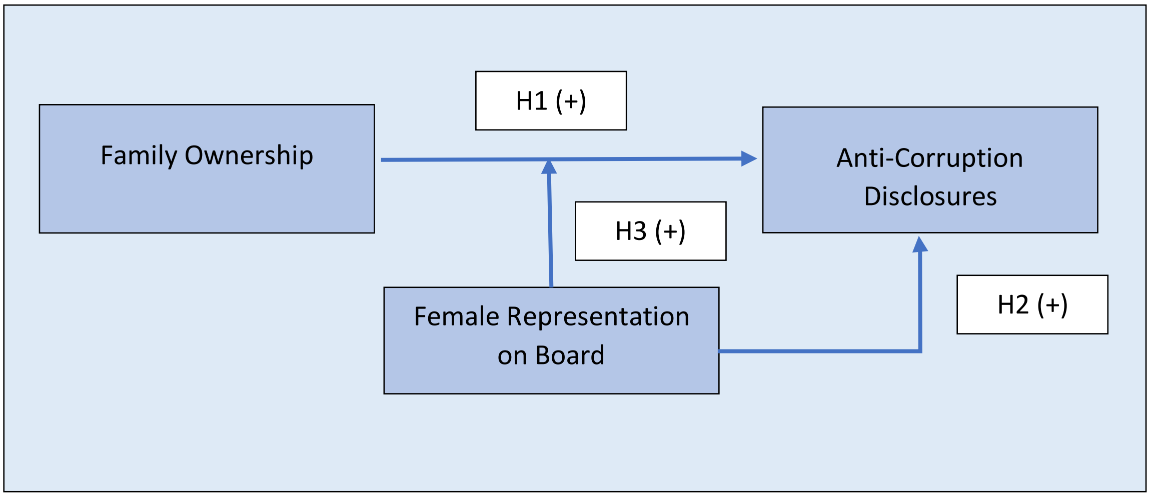

Figure 1 Research Framework

Research Method

Sample

This study focused on the largest non-financial companies listed in the Indonesia Stock Exchanges during 2018-2023. The top 100 non-financial companies were selected based on market capitalization as of December 31, 2023. Initially, this study collected 600 reports issued during 2018-2023. However, some observations were excluded for the following reasons: (1) annual/sustainability reports were not available, and (2) incomplete datasets (Table 1). Consequently, the final sample consisted of 443 firm-year observations from 2018-2023. Anti-corruption disclosures, corporate governance data, executive shareholdings, and female board directorships were hand-collected from annual reports, and financial data were obtained from OSIRIS BVD and Thomson Reuters. Finally, all continuous variables were winsorized at the top and bottom five percent levels.

Table 1 Research Sample

Criteria	N
Largest non-financial companies during 2018-2023	600
Less: Company without annual/sustainability report	108
Less: Companies with incomplete data set	49
Total Samples	443

Measurements

This study selected the following variables based on the empirical and theoretical literature. Table 2 contains the list of dependent, independent, moderation, and control variables.

Table 2 Variables Measurements

Variables	Measurements	Sources
Anti-corruption Disclosures (ACD)	The ACD is the anti-corruption disclosures score, which consists of five items disclosed by a firm regarding its anti-corruption efforts. Each item is a categorical indicator, with "1" if information is disclosed by a firm and "0" otherwise. Consequently, firms with higher levels of anti-corruption disclosures will have higher scores on the anti-corruption index. These items identify whether the company (1) describes in the code of conduct that it strives to avoid bribery and corruption at all its operations, (2) trains its employees on the prevention of corruption and bribery, (3) describes, claims to have or mentions processes in place to avoid bribery and corruption practices at all its operations, (4) has a policy to avoid bribery and corruption at all its operations, and (5) has appropriate internal communication tools, including newsletter, whistleblower, hotline, website and suggestion box, to avoid bribery and corruption at all its operations.	Al-Okaily (2024)
Family Ownership (FAMOWN)	The percentage of firm equity owned by family members.	Al-Okaily (2024)
Family Firm (FAMFIRM)	Dummy variable with a value of one if the firm is considered a family firm or zero otherwise	Al-Okaily (2024)
Female on the Board (FEMALE)	Measured by the presence of female directors on the board	Agustina and Barokah (2024)
FEMALE*FAMOWN	To test the moderating effect of female board directorship on the association between family ownership and anti-corruption disclosures, we include an interaction term between the FEMALE variable and FAMOWN.	
FEMALE*FAMFIRM	To test the moderating effect of female board directorship on the association between family firms and anti-corruption disclosures, we include an interaction term between the FEMALE variable and FAMFIRM.	
Board Size (BODSIZE)	The number of board directors.	Al-Okaily (2024); Widarwati et al. (2024)
Corporate Governance Score (CGS)	the CGS consists of audit committee effectiveness, CEO nonduality, board independence, and board meeting frequency. Audit committee effectiveness consists of three variables, i.e., audit committee size, meeting frequency of the audit committee, and audit committee expertise. A higher governance index represents more effective governance. Audit committee size is a dummy variable with one if the committee has three members or more and zero otherwise. The meeting frequency of the audit committee is a dummy variable, which equals one if the audit committee meets at least three times in a year and zero otherwise. Audit committee expertise is a dummy variable that equals one if the audit committee has at least one member with relevant financial experience and zero otherwise (Ghazwani et al., 2024). CEO nonduality is a dummy variable that equals one if the CEO and board chairman are separated and zero otherwise. Board independence is a dummy variable that equals one if the percentage of non-executive directors is greater than the median of the percentage of non-executive directors and zero otherwise. Board meeting frequency is a dummy variable with one if the number of board meetings in a year is greater than the median number of annual board meetings or zero otherwise.	Al-Okaily (2024); Ghazwani et al. (2024)
Affiliated Director (AFFDIR)	The average number of other corporate affiliations (i.e., directorship) of independent directors.	Al-Okaily (2024); Reguera-Alvarado

Table 2 Variables Measurements

Variables	Measurements	Sources
		and Bravo (2017)
Auditor (AUDITOR)	A binary variable denoting "1" if a corporation is audited by a high-quality auditor (E&Y, PWC, KPMG, or Deloitte) and "0" otherwise.	Utami and Barokah (2024); Hadisurja et al. (2024)
Firm Size (SIZE)	The natural logarithm of a firm's total assets at year-end.	Utami and Barokah (2024); Hadisurja et al. (2024); Firmansyah et al. (2023); Doan et al. (2023)
Loss (LOSS)	Dummy variable, which takes a value of zero if the firm has a loss.	Al-Okaily (2024)
CRISIS/COVID	Dummy variable with a value of one for each of the years 2020, 2021, and 2022 or zero otherwise.	Agustina and Barokah (2024)
Firm Age (AGE)	Natural logarithm of how long the company has existed.	Ghazwani et al. (2024)
State-Owned Enterprise (SOE)	Dummy variable with a value of one if a company is a state-owned company or zero otherwise.	McGuinness et al. (2017)

Empirical Models

The equation in Model 1 analyzes the influence of family ownership and females on the board on anti-corruption disclosures. The equation in Model 2 shows the impact of females on the board on the association between family ownership and anti-corruption disclosures.

Model 1:

$ACD_{i,t}=\alpha+\beta_1 FAMOWN_{i,t}+\beta_2 FEMALE_{i,t}+\beta_3 BODSIZE_{i,t}+\beta_4 CGS_{i,t}+ \beta_5 AFFDIR_{i,t}+ \beta_6 AUDITOR_{i,t}+ \beta_7 SIZE_{i,t}+ \beta_8 LOSS_{i,t}+ \beta_9 COVID_t +\beta_{10} AGE_{i,t}+ \beta_{11} SOE_{i,t}+ Industry+ \acute{\varepsilon}$.....................................(1)

Model 2:

$ACD_{i,t}=\alpha+\beta_1 FAMOWN_{i,t}+\beta_2 FEMALE_{i,t}+ \beta_3 FAMOWN_{i,,t}*FEMALE_{i,t}+\beta_4 BODSIZE_{i,t}+\beta_5 CGS_{i,t}+ \beta_6 AFFDIR_{i,t}+ \beta_7 AUDITOR_{i,t}+ \beta_8 SIZE_{i,t}+ \beta_9 LOSS_{i,t}+ \beta_{10} COVID_t +\beta_{11} AGE_{i,t}+ \beta_{12} SOE_{i,t}+ Industry+ \acute{\varepsilon}$.....................................(2)

Result and Discussion

Table 3 presents the descriptive statistics for the research variables, based on a sample of 443 firm-year observations from the top 100 non-financial companies listed in the Indonesia Stock Exchange between 2018 and 2023. The average anti-corruption disclosure score across six years is 0.963, suggesting that Indonesian companies generally demonstrate a strong commitment to transparency in anti-corruption practices despite the voluntary nature of these disclosures. Notably, the trend in anti-corruption disclosures has shown consistent growth from 2018 to 2023 (see Figure 2), which aligns with the broader trend of increased corporate transparency to stakeholders.

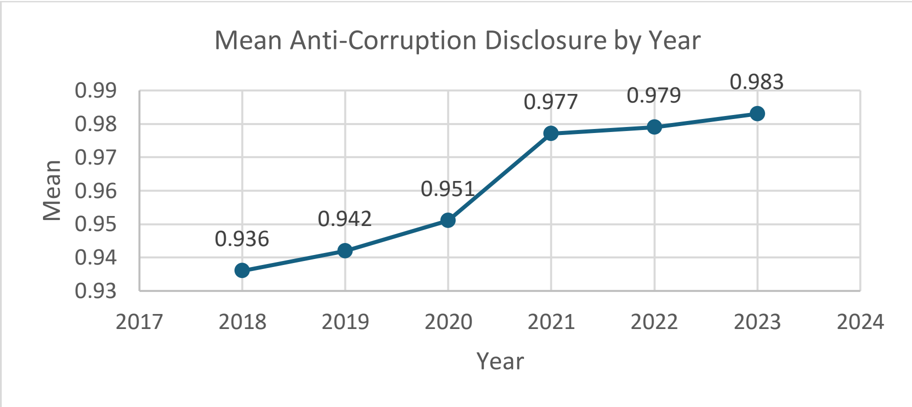

Figure 2 Mean Anti-Corruption Disclosure by Year

Table 3 Descriptive Statistics

Panel A: Continuous Dependent and Independent Variables								
Variable	**N**	**Mean**	**Median**	**SD**	**P5**	**P25**	**P75**	**P95**
$ACD_{i,t}$	443	0.963	1.000	0.101	0.600	1.000	1.000	1.000
$FEMALE_{i,t}$	443	0.126	0.091	0.125	0.000	0.000	0.214	0.400
$FAMOWN_{i,t}$	443	0.243	0.000	0.313	0.000	0.000	0.555	0.851
$BODSIZE_{i,t}$	443	2.391	2.398	0.333	1.792	2.197	2.639	2.944
$CGI_{i,t}$	443	0.799	0.833	0.120	0.667	0.667	0.833	1.000
$AFFDIR_{i,t}$	443	1.430	0.727	1.665	0.000	0.200	2.000	6.000
$SIZE_{i,t}$	443	14.158	14.306	1.215	11.725	13.169	15.074	16.040
$AGE_{i,t}$	443	3.591	3.555	0.611	2.565	3.178	3.912	4.796

Panel B: Frequency of Dummy Variables			
Variable (N)		**Freq**	**%**
$FAMFIRM_{i,t}$	443	213	48.08
$AUDITOR_{i,t}$	443	299	67.49
$LOSS_{i,t}$	443	163	36.79
$COVID_{t}$	443	221	49.89
$SOE_{i,t}$	443	42	9.48

$ACD_{i,t}$=Anti-corruption Disclosure; $FAMOWN_{i,t}$=Family Ownership; $FEMALE_{i,t}$=Female Directors on the Board; $CGI_{i,t}$=Corporate Governance Index; $FAMFIRM_{i,t}$= Family Firm; $BODSIZE_{i,t}$=The Number of Board Directors; $AGE_{i,t}$= Firm Age; $AFFDIR_{i,t}$=Affiliations Directors; $LOSS_{i,t}$=Loss; $COVID_{t}$=Dummy Years COVID; $SIZE_{i,t}$=Firm Size; $SOE_{i,t}$ =SOE Firm;
All Variables are winsorized at the 5th and 95th percentiles.

The increasing trend in anti-corruption disclosures may be driven by both government and international pressures on Indonesian companies. In an effort to avoid governmental scrutiny or potential penalties, companies are likely to enhance their anti-corruption disclosures to demonstrate their commitment to combating and preventing corruption (Joseph et al., 2024). Additionally, this increasing trend may reflect companies' responses to the introduction of new regulations, such as the Indonesia Financial Service Authority (OJK) Regulation No. 51/POJK/03/2017, which mandates certain industries to disclose sustainability information -- including anti-corruption measures -- beginning in 2019 (OJK, 2017). Furthermore, companies are increasingly aligning their anti-corruption practices with broader efforts to improve corporate governance. Recognition through awards, such as those from the Indonesian Institute for Corporate Directorship, Corporate Governance Award, Bung Hatta Anti-corruption

Award, Annual Report Award, and Indonesia Most-Trusted Award, incentivizes companies to disclose their anti-corruption reports, ultimately enhancing their reputation and fostering continued support from stakeholders (Joseph et al., 2024). Companies tend to increase their disclosures to gain a reputation, which will result in continued support from the stakeholders.

With regard to the board composition, the average female representation is 12.60%, indicating that women remain underrepresented in Indonesian company boards. While this figure is notably lower than the 62.3% representation found in Indonesia and Malaysia (Agustina & Barokah, 2024), it is slightly higher than the 9.92% female board representation reported by Al-Okaily (2024). The average Corporate Governance Score (CGS) stands at 79.90%, suggesting that the corporate governance framework is relatively robust across the sample. In terms of audit practices, 67.49% of companies are audited by Big Four firms. Furthermore, family-controlled businesses make up 48.08% of the sample, indicating that nearly half of the companies in the study are family-owned. Lastly, the sample is divided into six industry clusters: communication services and IT (16.25%), consumer discretionary and staples (29.12%), energy and utilities (17.83%), health care (5.42%), industrials and materials (23.25%), and real estate (8.13%).

Table 4 presents regression results to examine the influence of family ownership and female directors on firms' anti-corruption disclosures. Additionally, we report the regression results for the interaction between female directors and family ownership on these disclosures. As noted earlier, this study employs an OLS regression model that controls for industry effects and uses robust standard errors (Hasan & Jiang, 2023). Model 1 in Table 4 tests the direct effect of family ownership (FAMOWN) and female directors (FEMALE) on anti-corruption disclosures, while Model 2 examines whether the interaction between family ownership and female directors influences the disclosures.

The results show that $FAMOWN_{i,t}$ has a negative and significant effect on $ACD_{i,t.}$ (b = -0.027; p<0.01), supporting Hypothesis 1. This indicates that family ownership tends to provide less transparent anti-corruption disclosures. Our result is consistent with agency theory (Jensen & Meckling, 1976) and previous literature (Amidjaya & Widagdo, 2020; Anderson et al., 2012; Chau & Gray, 2002; Chen et al., 2008; Gavana et al., 2016; Ghazali Mohd 2007) which find that family ownership affects corporate voluntary disclosures. Further, Model 1 shows that FEMALE has a positive and significant effect on ACD (b = 0.079; p<0.05), supporting Hypothesis 2. This suggests that female directors positively influence the promotion of anti-corruption disclosures. These findings are in line with upper-echelon theory (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984) and previous literature (Gul et al., 2011; Jaggi et al., 2021; Previtali & Cerchiello, 2023). Females on the board have a strong commitment to wide anti-corruption disclosure as a commitment to combat bribery.

Furthermore, Model 2 reveals that the interaction variable FAMOWN*FEMALE has a positive and significant effect on anti-corruption disclosures (b = 0.197; p<0.05) after controlling for the direct effects of female directors and family ownership. This indicates that female directors mitigate the negative impact of family ownership on the transparency of anti-corruption disclosures, supporting Hypothesis 3. Our results support Al-Okaily (2024) and Javeed et al. (2022). Regarding control variables, Table 4 shows that SIZEi,t AGEi,t, LOSSi,t, and COVIDt are positively and significantly associated with ACDi,t., while AFFDIRi,t and CGIi,t are negatively associated with ACDi,t.

Table 4 Regression Results of Family Ownership, Female, and Anti-corruption Disclosures

Variable	FAMOWN Model-1	Model-2
	$ACD_{i,t}$	$ACD_{i,t}$
Cons	0.741***	0.737***
	(10.128)	(10.065)
$FAMOWN_{i,t}$	-0.030**	-0.056**
	(-1.659)	(-2.159)
$FEMALE_{i,t}$	0.071**	0.025
	(1.858)	(0.545)
$FAMOWN_{i,j,t}$* $FEMALE_{i,t}$		0.199**
		(1.919)
$BODSIZE_{i,t}$	0.012	0.017
	(0.187)	(0.683)
$CGS_{i,t}$	-0.057*	-0.064*
	(-1.299)	(-1.459)
$AFFDIR_{i,t}$	-0.009***	-0.008***
	(-3.340)	(-3.255)
$AUDITOR_{i,t}$	0.014	0.011
	(1.218)	(0.967)
$SIZE_{i,t}$	0.014**	0.012**
	(1.918)	(1.930)
$LOSS_{i,t}$	0.015*	0.017*
	(1.500)	(1.645)
$COVID_{t}$	0.015**	0.014*
	(1.655)	(1.612)
$AGE_{i,t}$	0.017***	0.018***
	(2.428)	(2.536)
$SOE_{i,t}$	0.005	0.006
	(0.517)	(0.650)
Industry	Yes	Yes
Adj R-sq	0.130	0.133
F-statistic	4.545 (p<0.0001)	4.338 (p<0.0001)
N	443	443
Significant at the level of ***1%, **5%, *10%		

$ACD_{i,t}$=Anti-corruption Disclosure; $FAMOWN_{i,t}$=Family Ownership; $FEMALE_{i,t}$=Female Directors on the Board; $CGS_{i,t}$=Corporate Governance Score; $BODSIZE_{i,t}$=The Number of Board Directors; $AGE_{i,t}$= Firm Age; $AFFDIR_{i,t}$=Affiliations Directors; $LOSS_{i,t}$=Loss; $COVID_{t}$=Dummy Years COVID; $SIZE_{i,t}$=Firm Size; $SOE_{i,t}$ = State-Owned Enterprise Firms.

Additional Analysis

This study also conducted sensitivity tests by replacing the family ownership variable with the family firm indicator. In the main regression analysis, family firms are defined using a categorical variable, where a firm is coded one if a director is a family member and zero otherwise. As shown in Table 5, the results are consistent with the main findings. Additionally, female directors play a crucial role in ensuring the comprehensive disclosure of non-financial information, including anti-corruption disclosures. This helps to enhance transparency and meet stakeholder expectations (Al-Okaily, 2024; García-Lara et al., 2017; Ntim & Soobaroyen, 2013). The findings suggest that female directors moderate the relationship between family firms and anti-corruption disclosures. Specifically, their presence mitigates the negative impact of family ownership on the extent of such disclosures.

Table 5 Regression Results for Additional Analysis

Variables	FAMFIRM Model-1	FAMFIRM Model-2
	$ACD_{i,t}$	**$ACD_{i,t}$**
Cons	0.748***	0.731***
	(10.086)	(9.714)
$FAMFIRM_{i,t}$	-0.027***	-0.051***
	(-2.424)	(-2.782)
$FEMALE_{i,t}$	0.079**	-0.019
	(2.071)	(-0.346)
$FAMFIRM_{i,j,t}$* $FEMALE_{i,t}$		0.197**
		(2.304)
$BODSIZE_{i,t}$	0.015	0.023
	(0.637)	(1.063)
$CGS_{i,t}$	-0.057*	-0.073**
	(-1.316)	(-1.691)
$AFFDIR_{i,t}$	-0.008***	0.009***
	(-3.201)	(-3.506)
$AUDITOR_{i,t}$	0.012	0.013
	(1.041)	(1.043)
$SIZE_{i,t}$	0.011**	0.013**
	(1.911)	(2.103)
$LOSS_{i,t}$	0.015*	0.017*
	(1.484)	(1.614)
$COVID_{t}$	0.015**	0.015 **
	(1.661)	(1.689)
$AGE_{i,t}$	0.017***	0.016**
	(2.399)	(2.221)
$SOE_{i,t}$	0.001	0.000
	(0.061)	(0.043)
Industry	Yes	Yes
Adj R-sq	0.137	0.147
F-statistic	4.680	4.401
	(*p*<0.0001)	(*p*<0.0001)
N	443	443
Significant at the level of ***1%, **5%, *10%		

$ACD_{i,t}$=Anti-corruption Disclosure; $FAMOWN_{i,t}$=Family Ownership; $FEMALE_{i,t}$=Female Directors on the Board; $CGS_{i,t}$=Corporate Governance Score; $BODSIZE_{i,t}$=The Number of Board Directors; $AGE_{i,t}$= Firm Age; $AFFDIR_{i,t}$=Affiliations Directors; $LOSS_{i,t}$=Loss; $COVID_{t}$=Dummy Years COVID; $SIZE_{i,t}$=Firm Size; $SOE_{i,t}$ = State-Owned Enterprise Firms.

Family firms often face a higher risk of entrenchment due to Type II agency conflicts, making them less likely to invest in anti-corruption initiatives, which typically results in lower levels of anti-corruption disclosures. In this context, the findings indicate that female board members help mitigate these conflicts, preventing entrenchment practices that disadvantage minority shareholders and strengthening the ethical standards of family-controlled firms.

Discussion

This study explores the impact of family ownership on the extent of firms' anti-corruption disclosures in Indonesian firms. Based on a sample of 443 non-financial companies listed on the Indonesia Stock Exchange between 2018 and 2023, the results support the proposed hypotheses. The findings reveal that family firms tend to disclose less transparent anti-corruption commitments, aligning with Type II agency conflicts that often arise between majority and minority shareholders in Indonesian family firms. Family owners are generally more focused on short-term private interests rather than implementing anti-corruption practices that would yield long-term benefits, such as protection from corruption and expropriation, for all shareholders, including minorities. This is consistent with previous studies that show family owners are more inclined to pursue private benefits rather than adopting environmental strategies with long-term advantages (i.e., El Ghoul et al. (2016) and that family firms tend to have fewer CSR initiatives and voluntary disclosures (Chen et al., 2008).

Regarding female board representation, this study finds that female directors positively influence the extent of anti-corruption disclosures. Additionally, female board members moderate the relationship between family ownership and anti-corruption disclosures. Specifically, the presence of women on boards helps to mitigate the negative impact of family control on the transparency of anti-corruption disclosures. While family firms in Indonesia are prone to Type II agency conflicts, the involvement of female directors seems to alleviate these issues. This finding is in line with prior research on UK firms, which suggests that female directors play a significant role in reducing the negative impact of family ownership on anti-corruption disclosures (Al-Okaily, 2024). It also supports earlier studies that find a positive association between gender diversity and anti-corruption disclosures (Blanc et al., 2017; Previtali & Cerchiello, 2023), as well as social disclosures (Ben-Amar et al., 2017). Furthermore, the results are consistent with the arguments of Gul et al. (2011) that female directors are more ethical in their decision-making and financial reporting, and Jaggi et al. (2021), who argue that the presence of women on boards signals a strong commitment to fairness and inclusivity within the organization.

Conclusion

This study investigates the impact of family ownership and female board directors on firms' anti-corruption disclosures. It further examines whether female directors can mitigate the negative effects of family ownership on these disclosures. Drawing on agency theory, we argue that family-controlled firms tend to exhibit less transparent anti-corruption disclosures. Meanwhile, from the perspective of upper-echelon theory, the presence of female directors on boards is expected to enhance the transparency of

such disclosures. We further hypothesize that female directors can reduce the negative influence of family ownership on anti-corruption transparency. Thus, we predict that family ownership negatively affects firms' anti-corruption disclosures, while female directors have a positive effect.
All data on anti-corruption disclosures and governance for 443 firm-year observations from Indonesian non-financial companies listed in the Indonesia Stock Exchange during 2018 and 2023 were hand-collected. The findings show that family-controlled firms generally provide less transparent anti-corruption disclosures. In contrast, the presence of female directors is positively correlated with higher levels of transparency in these disclosures. Furthermore, this study finds that when family-controlled firms include female directors on their boards, their anti-corruption disclosures become more transparent. These results support both agency theory and upper-echelon theory and align with previous studies that suggest gender diversity enhances corporate voluntary disclosures (Al-Okaily, 2024; Ben-Amar et al., 2017).

The implications of this study are significant. For policymakers and regulators, the findings highlight the importance of promoting gender diversity within corporate leadership, as it can play a crucial role in improving governance quality, particularly in the area of anti-corruption disclosures. For investors, the study emphasizes the value of considering both family ownership and board diversity when assessing a company's commitment to ethical practices and transparency. By focusing on these factors, investors can make more informed evaluations of a firm's integrity and its approach to managing corruption risks. Finally, this study offers valuable insights for both academics and practitioners working to enhance corporate governance and advance anti-corruption efforts on a global scale.

This study does have several limitations. The lack of diverse family firm measurements due to limited data availability in Indonesia is one constraint, as family firm data can be difficult to trace. Additionally, the model was not controlled for ESG scores. Future research could explore CEO attributes across various countries, particularly in emerging economies, to further expand our understanding of these dynamics.

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Conflicts of Interest

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