



The Impact Board Attributes On ESG Disclosure

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Abstract

corporate behavior and ensuring business sustainability in relation to their investment decisions. This study aims to examine the board attributes that influence ESG disclosure. The board attributes analyzed include board size, gender diversity, and board independence. The research focuses on food and beverage subsector companies listed on the Indonesia Stock Exchange during the period 2021–2023. Hypothesis testing was conducted using a multiple linear regression model. Results indicate that board attributes, board size have a positive and significant relationship with ESG disclosure. However, no significant association is found between gender diversity, board independence and ESG disclosure. In line with stakeholder theory, the disclosure of ESG information to all stakeholders is an important factor in creating the company's competitive advantage.

Keywords

Board Size, Gender Diversity, Board Independence, ESG Disclosure.

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1. INTRODUCTION

Globally, businesses are facing demands to be more transparent about their business practices, including those related to environmental, social, and governance issues. One important factor in shaping these sustainable business practices is ESG (Environmental, Social, Governance) disclosure (Risanti et al., 2024). ESG is a standard and strategy used by investors to assess the future behavior of companies and financial services. ESG principles are a framework that encompasses environmental (E), social (S), and governance (G) factors (Li et al., 2021). In carrying out its business activities, a company is not only required to prioritize financial performance, but must also consider the impact of those activities.

In line with these efforts, the Indonesian government also continues to provide guidance to companies operating in Indonesia to implement sustainable practices in order to protect the environment. This guidance is primarily aimed at companies that are still classified as black in the



Anugerah Lingkungan PROPER. This year, 4.495 companies participated in PROPER. However, many companies in Indonesia still received Red and Black PROPER ratings, which are the two worst levels. A total of 1.313 companies received Red PROPER ratings, and 16 companies received black PROPER ratings. The Red PROPER rating indicates that a company's environmental management does not yet meet the requirements of applicable laws and regulations. Meanwhile, PROPER black is given to companies that still engage in actions or negligence that result in pollution and/or damage to the environment. Companies that still receive many PROPER red and black ratings are those engaged in oil palm plantations, one example being PT Tunas Baru Lampung Tbk. This company has caused coal dust pollution from its stockpile, which is believed to have contaminated people's homes. Therefore, the government continues to encourage improved compliance and environmental responsibility from all companies, especially those still in the red and black categories, in order to improve their environmental performance and contribute to environmental conservation efforts in Indonesia (www.cnbcindonesia.com, downloaded April 28, 2025).

One factor that influences Environmental, Social, and Governance (ESG) is board attributes. Board attributes responsible for implementing corporate governance and public regulatory policies show how to evaluate the success of implementing good corporate governance (Karinda et al., 2022). Board attributes such as board size, gender diversity, and board independence directly contribute to the effectiveness of oversight and decision-making in line with good governance principles. Therefore, the evaluation of the success of good corporate governance implementation can largely be traced to the extent to which the board demonstrates these attributes in its daily practices.

The first attribute of the board is its size. Board size is the number of board members reported by the company, and only includes full-time board members, excluding board members (Husted & Sousa-Filho, 2019). Thus, in analyzing corporate governance, it is important to consider the size of the full-time board as one of the key factors that can influence the quality of strategic decision-making and the effectiveness of oversight of management. However, optimal board size not only plays an important role in improving the quality of strategic decision-making and the effectiveness of oversight of management, but also significantly contributes to the achievement of better environmental, social, and governance (ESG) performance. Previous studies conducted by Menicucci & Paolucci, (2022), Ismail et al., (2019), Birindelli et al., (2018), Suttipun (2021), Jimantoro et al., (2023), Zachary & Faud (2025) indicate that board size influences ESG disclosure. Meanwhile,

the results of studies by Husna et al., (2023) and Septiana & Puspawati (2022) indicate that board size does not influence ESG disclosure.

The second factor is gender diversity, which is an implementation of Corporate Governance (CG) (Ismail & Latiff, 2019). Gender diversity on the board refers to differences based on sex or gender in the composition of the board, both the board of directors and the board of commissioners (Medidjati et al., 2023). Since 1999, Board Gender Diversity has become a relevant topic due to demands for equality between men and women (Hosny & Elgharbawy, 2022). Thus, research on gender diversity issues can provide valuable insights into the best ways to select board members. In this regard, very few companies have diverse boards, as they are predominantly male-dominated (Jovietha & Pangestuti, 2024). Gender diversity on boards is not only important for promoting equality but also significantly contributes to improving a company's environmental, social, and governance (ESG) performance in a more effective and sustainable manner. Research conducted by Alam & Nuhu (2024), Ismail & Latiff (2019), Birindelli et al., (2018), Odriozola et al., (2024), Risanti et al., (2024), Wulandari et al., (2024) showed that gender diversity influences ESG disclosure, while the results of studies by Menicucci & Paolucci, (2022), Manita et al., (2018), Fuad (2024), Oktafiyani et al., (2024), Zachary & Faud (2025) indicate that gender diversity does not influence ESG disclosure.

The third factor is board independence or commissioner independence, which is determined based on the company itself, according to the company's report on the number of independent commissioners on the board (Husted & Sousa-Filho, 2019). According to Peraturan Otoritas Jasa Keuangan No.55/POJK.04/2015, an independent commissioner is a member of the board of commissioners who comes from outside the issuer or public company and meets the requirements as stipulated in this financial services regulation. The independence of the board of commissioners, particularly the presence of independent commissioners, plays an important role in promoting the disclosure and implementation of ESG (Environmental, Social, and Governance) practices in companies. The presence of independent commissioners is important to ensure objective oversight and promote the implementation of transparent and responsible ESG practices. In previous studies conducted by Menicucci & Paolucci (2022), Ismail et al., (2019), Ismail & Latiff (2019), Birindelli et al., (2018), Septiana & Puspawati (2022) showed that board independence influences ESG, while the results of Zachary & Faud, (2025) study indicated that board independence does not influence ESG disclosure..

2. METHOD

This study uses a quantitative method with a descriptive approach using secondary data (Sugiyono, 2020:7), based on annual reports and company sustainability reports obtained through www.idx.com or the company's official website. The objective of this study is to determine the influence of board attributes on Environmental, Social, and Governance (ESG) in food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. Based on the sample acquisition process, the research was conducted in several stages of selection. Initially, there were 95 companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period, with a total of 285 observations. Subsequently, a reduction was made based on several criteria: 12 companies (36 observations) not listed on the IDX, 16 companies (48 observations) that did not report financial statements, 3 companies (9 observations) that did not use the rupiah in their financial reporting, and 41 companies (123 observations) that did not report annual reports and sustainability reports. After this selection process, the number of samples used in this study was 23 companies with a total of 69 observations.

3. RESULTS AND DISCUSSION

The Effect of Board Size on ESG Disclosure

The research results indicate that the influence of board size on ESG disclosure is significant, or in other words, the board size variable significantly influences ESG disclosure. A larger number of directors or commissioners can maximize the supervisory role, making the supervisory function more effective and encouraging companies to be more compliant in ESG disclosure to meet stakeholder demands. A larger board of directors and board of commissioners enhances expertise and diversity of perspectives, leading to better decision-making related to ESG and improved ESG disclosure. Additionally, coordination and communication within a larger board support optimal management of ESG issues. These findings align with agency theory, which explains that the board, as an agent, is responsible for overseeing management in the interests of the principal (shareholders), so that an adequate board size can reduce information asymmetry and conflicts of interest. Furthermore, based on legitimacy theory, companies are encouraged to disclose ESG information transparently as a form of fulfilling their social contract with society to maintain recognition and legitimacy support. The results of this study are supported by previous research conducted by Menicucci & Paolucci (2022), Ismail et al., (2019), Birindelli et al., (2018), Suttipun (2021), Jimantoro et al., (2023), Zachary & Faud (2025) showing that board size influences ESG disclosure.

The Effect of Gender Diversity on ESG Disclosure

The research results indicate that the influence of gender diversity on ESG disclosure is not significant, or in other words, the gender diversity variable does not influence ESG disclosure. A high percentage of female directors does not necessarily influence the level of social disclosure, indicating that women are more sensitive to social issues. This can be explained through agency theory, which highlights information asymmetry and conflicts of interest between principals (shareholders) and agents (management), where a cultural structure with high power distance and traditional gender roles limits women's active role in strategic decision-making on the board. Additionally, legitimacy theory asserts that ESG disclosure is driven by companies' need to fulfill their social contract with society. However, in a cultural context that does not support gender diversity, recommendations for gender composition on boards are often overlooked, limiting women's contributions to ESG disclosure. Thus, without supportive cultural and organizational structural changes, this study aligns with research by Menicucci & Paolucci (2022), Manita et al., (2018), Fuad (2024), Oktafiyani et al., (2024), Zachary & Faud (2025) showing that gender diversity has no effect on ESG disclosure.

The Effect of Board Independence on ESG Disclosure

The research results indicate that the influence of board independence on ESG disclosure is not significant, or in other words, the board independence variable does not influence ESG disclosure. This means that the presence of independent commissioners has not effectively improved ESG transparency. This can be explained through agency theory, which highlights information asymmetry and conflicts of interest between principals and agents, where the independence of commissioners has not sufficiently addressed these challenges. Additionally, legitimacy theory states that companies will only disclose ESG information if it is considered important by society as part of a social contract. The lack of influence from board independence indicates that organizational culture, external pressure, and societal expectations also significantly influence ESG disclosure, meaning that independent directors alone are insufficient to drive improvements in ESG transparency. Thus, ESG disclosure is the result of an interaction between internal governance and external legitimacy demands. The results of this study are supported by previous research conducted by Zachary & Faud (2025), which shows that board independence does not affect ESG disclosure

4. CONCLUSION

This study investigated the impact of board attributes on ESG (Environmental, Social, and Governance) disclosure in food and beverage companies listed on the Indonesia Stock Exchange from 2021 to 2023. It can be concluded that Board Size is the only factor that has a positive and significant effect on ESG Disclosure. These results support the theory that the larger the board size, the better its

capacity for oversight, enhancing accountability, and broadening perspectives in strategic decision-making, including in terms of ESG reporting. Conversely, Gender Diversity and Board Independence do not influence ESG Disclosure. Meanwhile, simultaneously, the variables of Board Size, Gender Diversity, and Board Independence contribute 7.7% to ESG disclosure, while the remainder is influenced by other variables outside the model, such as institutional ownership, external stakeholder pressure, or government regulations.

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