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The influence of corporate governance elements on the disclosure of sustainability reporting

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ABSTRACT

This research aims to provide empirical evidence on the influence of the implementation of corporate governance on sustainability reporting disclosure. The governance components in this study focus on the presence, educational background, and frequency of board of commissioners, board of directors, and audit committee meetings that contribute to the establishment, implementation, and oversight of sustainability-related company policies. The research sample consists of 78 non-financial sector companies listed on the Indonesia Stock Exchange (BEI) during the period 2020-2022, selected using a purposive sampling method. This research utilizes secondary data sources obtained from the official BEI website, the respective company websites, and S&P Capital IQ to fulfill the data completeness tested with a multiple linear regression model using SPSS application. The research results indicate that the size of the commissioners and the frequency of audit committee meetings have a positive impact on sustainability reporting disclosure. Meanwhile, the research proves that the size of independent commissioners, the size of the board of directors, the size of the audit committee, the educational background of commissioners, the educational background of independent commissioners, the educational background of directors, the frequency of board of commissioners meeting, and the frequency of board of directors meeting do not have a significant impact on sustainability reporting disclosure. The implications of this research can raise awareness among business stakeholders and regulators about the importance of the role of commissioners and the frequency of audit committee meetings in enhancing sustainability reporting practices.

Keywords: *Sustainability reporting, corporate governance, commissioners, independent commissioners, directors, audit committee.*

INTRODUCTION

In recent decades, sustainability issues have become an increasingly important topic for companies worldwide. In Indonesia, several companies have faced serious sustainability-related problems. For instance, PT Toba Pulp Lestari has been involved in illegal waste disposal for 34 years, leading to water and air pollution and health problems for the surrounding communities. Additionally, in 2022, PT Sawit Inti Prima Perkasa was found to have illegally disposed of hazardous waste into rivers without following proper waste treatment procedures, negatively impacting the environment and public health.

These sustainability issues have heightened awareness among the public, investors, and other stakeholders about the importance of social and environmental considerations. Many companies have yet to fully adopt the Global Reporting Initiative (GRI) standards in their sustainability reports, despite these standards being internationally recognized and providing a comprehensive framework for disclosing a company's economic, environmental, and social impacts. Only 79 out of 888 public companies in Indonesia consistently disclosed sustainability reports based on GRI standards during the 2020-2022 period.

This study focuses on the role of corporate governance in the disclosure of sustainability reporting. The uniqueness of this research lies in an in-depth analysis of how corporate governance elements, such as board size, board independence, educational background, and meeting frequency, influence sustainability report disclosure. The study also examines the implementation of GRI standards in Indonesia, which all companies have not widely adopted.

The research uses the concept of Good Corporate Governance as its theoretical framework. Corporate governance is a set of relationships that guide and control corporate organizations to achieve desired objectives, emphasizing ethical behavior, transparency, and accountability (Utama et al., 2022). Based on the triple bottom line concept, which underscores the importance of profit, planet, and people, also forms a theoretical foundation for this study (Elkington, 1997).

The urgency of this research lies in the need to enhance corporate transparency and accountability regarding their sustainability performance. With increasing demands from stakeholders for companies to be more socially and environmentally responsible, this study aims to provide empirical evidence on the importance of corporate governance in disclosing sustainability reports in accordance with GRI standards. The research is expected to contribute to the improvement of sustainability practices in Indonesia and provide recommendations for policymakers and companies to enhance the quality of their sustainability reports.

This study will examine the influence of corporate governance elements, including quantity (such as board size and audit committee size), quality (such as the educational background of board members), and activity (such as meeting frequency) on the disclosure of sustainability reporting. By dividing the research questions into these three parts, the study aims to provide a comprehensive overview of the factors influencing sustainability reporting disclosure within the context of corporate governance in Indonesia.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder Theory emphasizes that the primary goal of a company is to achieve sustainable financial and non-financial performance to create value for all stakeholders. Stakeholders have a reciprocal relationship with the company; the company contributes to stakeholders' well-being through good performance, and stakeholders contribute to the company's value by assessing performance and demanding accountability (Fogarty and Rezaee, 2019).

Sustainability performance is an action that can add value for all stakeholders, indicating that companies need to integrate all aspects of business activities to achieve optimal sustainability performance (Zhou et al., 2019).

Legitimacy Theory

Legitimacy Theory highlights the importance of companies demonstrating behavior that aligns with societal values and norms to gain legitimacy. Organizations need to evaluate the prevailing societal values and norms to assess their legitimacy (Dowling and Pfeffer, 1975). The binding social contract tends to encourage companies to communicate their governance to stakeholders to gain social support and maintain corporate reputation (Fogarty and Rezaee, 2019). Transparent disclosure of sustainability information in sustainability reports can help companies gain recognition or legitimacy from society.

Sustainability Reporting

Sustainability reporting is a crucial document that presents information related to a company's non-financial performance, covering the economic, environmental, and social impacts of its operations. Success in sustainability reporting disclosure heavily relies on effective corporate governance, which regulates mechanisms and institutional structures to ensure transparency and accountability. Good corporate governance not only enhances the quality of information disclosed in sustainability reports but also strengthens stakeholder trust.

Roles of the Board of Commissioners, Board of Directors, and Audit Committee

The roles of the board of commissioners and the board of directors are crucial in ensuring proper corporate governance. The board of commissioners provides strategic direction and oversees the performance of the board of directors to ensure that corporate management aligns with the interests of the company and its stakeholders. The independence and competence of the board of commissioners, including their educational background and experience, significantly influence the effectiveness of this oversight. The board of directors, on the other hand, is responsible for the company's operational management, including making strategic decisions that impact business sustainability.

The audit committee plays a vital complementary role in corporate governance by ensuring the effectiveness of internal control systems and financial reporting. The primary tasks of the audit committee include overseeing the quality of financial reports, risk management, and compliance with regulations. The audit committee, which must be independent and competent, serves as a liaison between the board of commissioners, the board of directors, and external auditors, ensuring that all information reported in sustainability reports is reliable and meets established standards, such as the GRI standards.

Hypothesis Development

Quantity Aspects of Corporate Governance

The quantity in corporate governance refers to the number of individuals involved in governance structures such as the board of commissioners, board of directors, and audit committee. This quantity is important because the number of members can influence the capacity for oversight, decision-making, and sustainability information disclosure. Several studies have shown that larger boards and committees tend to enhance oversight effectiveness and reporting quality. In this context, this research develops hypotheses related to the influence of the size of the board of commissioners, the independence of the board of commissioners, the size of the board of directors, and the size of the audit committee on the disclosure of sustainability reporting.

The size of the board of commissioners plays an essential role in ensuring that shareholder interests are met through efficient and effective oversight. Larger boards are better able to process complex information, including social and environmental aspects, which influence corporate sustainability decisions (Tjahjadi et al., 2021). Support this finding, the companies with larger boards tend to be more transparent in disclosing sustainability reports (Girella et al., 2022). Thus, the first hypothesis proposed is H_1.

H_1: The size of the commissioners has a positive impact on the disclosure of sustainability reporting

Independent commissioners play a crucial role in maintaining corporate objectivity and transparency. The independent boards free from internal management influence, tend to promote sustainability reporting practices more intensively (Al-Qudah & Houcine, 2023). A higher composition of independent commissioners can drive more objective decision-making and protect stakeholder interests (Madona & Khafid, 2020). Therefore, the second hypothesis proposed is H_2.

H_2: The independence of the board of commissioners has a positive impact on the disclosure of sustainability reporting

The board of directors, as the top management of a company, has a significant responsibility in implementing sustainability policies. Support this findings that a larger number of board members enhances sustainability reporting disclosure practices (Erin & Adegboye, 2022; Anyigbah et al., 2023). Based on the significant contribution of the board of directors to making strategic sustainability decisions, the third hypothesis proposed is H_3.

H_3: The size of the board of directors has a positive impact on the disclosure of sustainability reporting

The audit committee plays a vital role in ensuring compliance with sustainability reporting standards. Larger audit committee positively influences the disclosure of sustainability reports (Buallay & Al-Ajmi, 2020). Increasing the number of audit committee members improves the quality of sustainability reports (Erin et al., 2022). Therefore, the fourth hypothesis proposed is H_4.

H_4: The size of the audit committee has a positive impact on the disclosure of sustainability reporting

Quality Aspects of Corporate Governance

The quality in corporate governance refers to the characteristics and backgrounds of individuals holding roles in governance structures. This includes the education, expertise, and experience of the members of the board of commissioners, independent commissioners, and the board of directors. Good governance quality can enhance oversight effectiveness and decision-making, thereby improving the quality of sustainability disclosure. In this context, this research develops hypotheses related to the impact of the educational background of the board of commissioners, independent commissioners, and the board of directors on the disclosure of sustainability reporting.

The educational background of board members significantly influences the quality of decision-making related to sustainability. Cognitive bases and values formed by educational backgrounds affect the board's strategic decisions (Hambrick & Mason, 1984). Boards with financial expertise improve sustainability report disclosure (Githaiga & Kosgei, 2023). Based on the contribution of education to understanding sustainability, the hypothesis proposed is H_5.

H_5: The educational background of the commissioners has a positive impact on the disclosure of sustainability reporting

Independent commissioners with strong educational backgrounds in finance or sustainability can enhance objectivity and quality of oversight. Support this findings that boards with financial expertise tend to improve the quality of sustainability reports (Erin & Adegboye, 2022). Therefore, the hypothesis proposed is H_6.

H_6: The educational background of independent commissioners has a positive impact on the disclosure of sustainability reporting

The board of directors with a strong educational background in finance or sustainability can make better decisions regarding corporate sustainability policies. Boards of directors with financial backgrounds enhance CSR reporting (Ahmad et al., 2018). Therefore, the hypothesis proposed is H_7.

H_7: The educational background of the board of directors has a positive impact on the disclosure of sustainability reporting

Activity Aspects of Corporate Governance

The activity in corporate governance reflects the frequency and intensity of oversight and evaluation activities carried out by the board of commissioners, the board of directors, and the audit committee. Meeting frequency is a crucial indicator of this activity, reflecting the commitment and dedication of board members in managing and overseeing corporate sustainability performance. In this context, this research develops hypotheses related to the impact of meeting frequency of the board of commissioners, the board of directors, and the audit committee on the disclosure of sustainability reporting.

The frequency of board of commissioner meetings reflects the intensity of oversight and evaluation of corporate sustainability performance. Sustainability reporting disclosure increases with the frequency of board meetings (Kumar et al., 2022). Therefore, the hypothesis proposed is H_8.

H_8: The frequency of board of commissioner meetings has a positive impact on the disclosure of sustainability reporting

The frequency of board of director meetings reflects the commitment of top management in managing and disclosing sustainability information. Higher meeting frequency of the board of directors enhances sustainability report disclosure (Anyigbah et al., 2023). Therefore, the hypothesis proposed is H_9.

H_9: The frequency of board of director meetings has a positive impact on the disclosure of sustainability reporting

The frequency of audit committee meetings reflects the intensity of oversight and evaluation of corporate sustainability performance. Sustainability report disclosure increases with the higher intensity of audit committee meetings (Buallay & Al-Ajmi, 2020). Therefore, the hypothesis proposed is H_{10}.

H_{10}: The frequency of audit committee meetings has a positive impact on the disclosure of sustainability reporting

By developing hypotheses based on various quantity, quality, and activity factors influencing sustainability reporting disclosure, this research aims to provide deeper insights into how corporate governance plays a role in sustainability practices.

METHOD

This research employs a quantitative method, encompassing all companies listed on the official Indonesia Stock Exchange (IDX) website from 2020 to 2022. The total population serving as the sample foundation consists of 888 companies. The sampling method implemented is purposive sampling, as detailed in table 1.

This research utilizes secondary data sourced from sustainability reports and annual reports published on the respective companies' official websites for the 2020-2022 period. Additionally, secondary data sources from the S&P platform are used to extract financial data for control variable fulfillment. The study uses a multiple linear regression analysis model, directly testing ten independent variables and four control variables against the dependent variable.

Table 1. Sample Criteria

Criteria	Total
Companies from all sectors listed on the IDX website for the 2020-2022 period as of August 2023	888
Companies classified under the financial sector	(104)
Companies that did not consistently report sustainability reporting based on GRI standards from 2020 to 2022	(704)
Companies that did not consistently report annual reports from 2020 to 2022	(1)
Total companies meeting all sample criteria	**78**
Number of observation periods	3
Total observed sample data	**234**

Source: Author's processing (2023)

Research Variable and Empirical Model

In this research, the dependent variable is the sustainability report disclosure index (SRDI). The calculation process involves content analysis based on a dummy variable with binary values, assigning a value of 1 for each sustainability item disclosed by the company and a value of 0 for each item not disclosed. Subsequently, the sum of disclosed sustainability items is divided by the total items based on the GRI 2016 standards, which encompass 247 items.

Table 2. **Operationalization Variables**

Variables	Measurement
Commissioners size (UK)	Based on the number of individuals serving as commissioners (Chams & García-Blandón, 2019).
Commissioners' independence size (UKI)	Indicates the proportion of independent commissioners among the total number of commissioners (A. A. Zaid et al., 2020).
Directors size (UD)	Proxied by the total number of individuals serving as directors (Tjahjadi et al., 2021 ; Setiawan et al., 2018).
Audit committee size (UKA)	Based on the total number of individuals serving on the audit committee (Erin et al., 2022).
Commissioners' education background (LPK)	Commissioners' independence education background (LPKI), and Directors' education background (LPD): Refers to the proportion of the board with financial expertise, including those with educational backgrounds in economics, accounting, or finance (Naheed et al., 2021).
Board of Commissioners meeting frequency (RDK)	Refers to the number of meetings all board members hold in a year (Wijayanti & Setiawan, 2023).
Board of Directors meeting frequency (RDD)	Proxied by the total number of meetings held by all directors within the board structure in a year (Kumar et al., 2022).
Audit committee meeting frequency (RKA)	Proxied by the number of meetings held by the audit committee (Triwacananingrum et al., 2021).
Company size	Refers to logarithm natural of total assets (Saragih et al., 2021 ; A. A. Zaid et al., 2020).
Liquidity	Based on the current ratio (Davidson, 2020).
Profitability	Proxied by return on assets (Triwacananingrum et al., 2021).
Solvency	Proxied by debt-to-equity ratio (Davidson, 2020).

Source: Author's processing (2023)

The variables used in this study are commissioner size, commissioners' independence size, director size, audit committee size, commissioners' education background, board of commissioners meeting frequency, board of directors meeting frequency, audit committee meeting frequency, company size, liquidity, profitability, and solvency. Measurements of these variables are presented in Table 2.

This research employs two stages of testing:

1. Testing corporate governance's quantity, quality, and activity aspects individually against sustainability reporting disclosure.
2. Including variables that have a positive and significant impact in models 1, 2, and 3 into model 4 for comprehensive testing.

Model 1 (*Quantity*)

$$SRDI_{i,t} = \alpha + \beta_1 UK_{i,t} + \beta_2 UKI_{i,t} + \beta_3 UD_{i,t} + \beta_4 UKA_{i,t} + \beta_5 UP_{i,t} + \beta_6 LQDT_{i,t} + \beta_7 PFT_{i,t} + \beta_8 LEV_{i,t} + \varepsilon \quad \ldots\ldots (1)$$

Model 2 (*Quality*)

$$SRDI_{i,t} = \alpha + \beta_1 LPK_{i,t} + \beta_2 LPKI_{i,t} + \beta_3 LPD_{i,t} + \beta_4 UP_{i,t} + \beta_5 LQDT_{i,t} + \beta_6 PFT_{i,t} + \beta_7 LEV_{i,t} + \varepsilon \quad \ldots\ldots (2)$$

Model 3 (*Activity*)

$$SRDI_{i,t} = \alpha + \beta_1 RDK_{i,t} + \beta_2 RDD_{i,t} + \beta_3 RKA_{i,t} + \beta_4 UP_{i,t} + \beta_5 LQDT_{i,t} + \beta_6 PFT_{i,t} + \beta_7 LEV_{i,t} + \varepsilon \quad \ldots\ldots (3)$$

Model 4 (*Primary Model*)

$$SRDI_{i,t} = \alpha + \beta_1 QTY_{i,t} + \beta_2 QUAL_{i,t} + \beta_3 ACT_{i,t} + \beta_4 UP_{i,t} + \beta_5 LQDT_{i,t} + \beta_6 PFT_{i,t} + \beta_7 LEV_{i,t} + \varepsilon \quad \ldots\ldots (4)$$

Descriptive Statistics

The descriptive statistics for all variables used in this study are based on 234 data points corresponding to the sample size. On average, companies disclosed 42.39% of the total 247 items in their sustainability reports according to GRI standards during the three-year observation period from 2020 to 2022. The average number of commissioners in the 78 companies studied was 3 individuals, with independent commissioners constituting 43% of the board. The board of directors averaged 6 individuals, while the audit committees averaged 3 members. The proportion of commissioners with financial expertise was 52%, and for independent commissioners, it was 51%. Directors with a financial expertise background made up 61% of the board. The board of commissioners held meetings 16 times per year on average, the board of directors 33 times per year, and the audit committee 11 times per year. Additionally, the average company size, proxied by the logarithm of total assets, was 16.53.

The average liquidity, measured by the current ratio, was 204%, while profitability, based on the return on assets ratio, was 5.65%. The average solvency, measured by the debt-to-equity ratio, was 50.27%. These descriptive statistics provide a comprehensive overview of the sample characteristics, laying the groundwork for further analysis to understand the factors influencing sustainability reporting disclosure among Indonesian companies.

Table 3. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
SRDI	234	0.13	0.94	0.4239	0.16109
UK	234	0.00	9.00	2.9444	1.52557
UKI	234	0.00	1.00	0.4378	0.14047
UD	234	2.00	15.00	5.7051	2.11945
UKA	234	3.00	7.00	3.3547	0.76276
LPK	234	0.00	1.00	0.5202	0.35257
LPKI	234	0.00	1.00	0.5068	0.35757
LPD	234	0.00	1.00	0.6141	0.20984
RDK	234	3.00	88.00	16.3162	11.17373
RDD	234	7.00	151.00	33.4957	22.57886
RKA	234	0.00	62.00	11.641	11.04222
UP	234	12.93	19.84	16.5304	1.4194
LQDT	234	0.05	9.90	2.0419	1.60189
PFT	234	-0.17	0.46	0.0565	0.06774
LEV	234	0.10	1.85	0.5027	0.24266

Source: Processed by Author using SPSS 29 (2023)

RESULTS AND DISCUSSION

Result of Quantity Model Testing

The hypothesis testing for Model 1 indicates that the variables commissioner size (UK) and commissioner independence size (UKI) have a positive and significant effect on the dependent variable SRDI at the 1% and 5% significance levels. However, the variables director size (UD) and audit committee size (UKA) do not show a significant effect, with significance values exceeding the maximum threshold of 10%. This indicates that the number of commissioners and the proportion of independent commissioners within the board of commissioners play a crucial role in enhancing sustainability reporting disclosure.

Table 4. Hypothesis Test Results for Model 1 (Quantity)

Variables	Direction of Hypothesis	Coefficients B	t	Sig.	Sig. (One-Tailed)
(Constant)		-0.102	-0.789	0.431	0.2155
UK	(+)	0.031	3.413	<,001	0.0005***
UKI	(+)	0.150	1.745	0.082	0.041**
UD	(+)	-0.005	-0.873	0.383	0.1915
UKA	(+)	0.008	0.538	0.591	0.2955
UP		0.025	2.871	0.004	0.002
LQDT		-0.004	-0.514	0.608	0.304
PFT		0.199	1.222	0.223	0.1115
LEV		-0.084	-1.485	0.139	0.0695

F = 5.708, Sig = <0.001
R-Square = 0.169
Adjusted R-Square = 0.139
***,**,* indicate significance levels of 1%, 5%, 10% (*sig. one-tailed*)

Source: Processed by Author using SPSS 29 (2023)

Result of Quality Model Testing

The hypothesis testing for Model 2 shows that the variables commissioner education background (LPK), commissioner independence education background (LPKI), and directors education background (LPD) do not have a significant effect on SRDI. This suggests that the educational background of commissioners and directors does not significantly influence sustainability reporting disclosure, indicating a need to focus on other aspects of corporate governance to enhance sustainability disclosure practices.

Table 5. Hypothesis Test Results for Model 2 (Quality)

Variables	Direction of Hypothesis	Coefficients B	t	Sig.	Sig. (One-Tailed)
(Constant)		-0.168	-1.295	0.197	0.0985
LPK	(+)	0.016	0.545	0.587	0.2935
LPKI	(+)	0.021	0.706	0.481	0.2405
LPD	(+)	0.041	0.823	0.411	0.2055
UP		0.037	4.886	<,001	0.0005
LQDT		-0.003	-0.405	0.686	0.343
PFT		0.095	0.585	0.559	0.2795
LEV		-0.113	-2.082	0.038	0.019

F = 4.719, Sig = <0.001
R-Square = 0.127
Adjusted R-Square = 0.1
***,**,* indicate significance levels of 1%, 5%, 10% (*sig. one-tailed*)

Source: Processed by Author using SPSS 29 (2023)

Result of Quantity Model Testing

The hypothesis testing for Model 3 shows that the variable audit committee frequency meeting (RKA) has a significant effect on SRDI at the 5% significance level. Conversely, the variables board of commissioner frequency meeting (RDK) and director frequency meeting (RDD) do not show a significant effect. This highlights the importance of the frequency of audit committee meetings in enhancing sustainability disclosure practices by ensuring the accuracy and transparency of the company's sustainability report disclosures in accordance with GRI reporting standards.

Table 6. Hypothesis Test Results for Model 3 (Activity)

Variables	Direction of Hypothesis	Coefficients B	t	Sig.	Sig. (One-Tailed)
(Constant)		-0.042	-0.336	0.737	0.3685
RDK	(+)	0.000	-0.267	0.789	0.3945
RDD	(+)	0.000	0.415	0.678	0.339
RKA	(+)	0.003	2.204	0.029	0.0145**
UP		0.029	3.748	<,001	0.0005
LQDT		-0.001	-0.134	0.893	0.4465
PFT		0.138	0.859	0.391	0.1955
LEV		-0.113	-2.068	0.040	0.02

F = 6.056, Sig = <0.001
R-Square = 0.158
Adjusted R-Square = 0.132
***,**,* indicate significance levels of 1%, 5%, 10% (*sig. one-tailed*)

Source: Processed by Author using SPSS 29 (2023)

Result of Primary Model Testing

The primary model testing involves the quantity aspects, namely commissioners size (UK) and commissioner independence size (UKI), and the activity aspect, namely audit committee frequency meeting (RKA). Classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation were conducted. This study indicated issues with normality as the data did not follow a bell curve in the histogram test and had an asymp. sig (2-tailed) value of 0.001, which is less than 0.05. Furthermore, the study did not pass the autocorrelation test as the Durbin-Watson value of 1.435 is not between 1.9221 (dU) and 2.0779 (4 - dU) but is lower than 1.7006 (dL). However, all independent variables in this study passed the multicollinearity test with tolerance values greater than 0.1 and VIF values less than 10. The study also passed the heteroscedasticity test, with significant values for all independent variables tested being greater than 0.05, indicating homoscedasticity. Therefore, the issues with normality and autocorrelation are acknowledged as limitations of the study.

Table 7. Hypothesis Test Results

Variabel	Direction of Hypothesis	Coefficients B	t	Sig.	Sig. (One-Tailed)
(Constant)		0.017	0.133	0.895	0.4475
UK	(+)	0.028	3.365	<,001	0.0005***
UKI	(+)	0.100	1.269	0.206	0.103
RKA	(+)	0.003	3.040	0.003	0.0015***
UP		0.017	1.982	0.049	0.0245
LQDT		-0.001	-0.126	0.900	0.45
PFT		0.232	1.451	0.148	0.074
LEV		-0.072	-1.332	0.184	0.092

F = 7.953, Sig = <0.001
R-Square = 0.198
Adjusted R-Square = 0.173
***,**,* indicate significance levels of 1%, 5%, 10% (*sig. one-tailed*)

Source: Processed by Author using SPSS 29 (2023)

Based on Table 7, it is known that the quantity variable, proxied by commissioners' size, tends to increase sustainability reporting disclosure. This indicates that a larger number of commissioners contribute to fulfilling stakeholder interests through the oversight function of each commissioner in supervising the sustainability reporting disclosure practices managed by the directors and providing guidance and advice to the directors to periodically evaluate material sustainability topics that need to be disclosed in sustainability reporting. This finding is indicate that a higher number of individuals with duties and responsibilities as commissioners can encourage sustainability reporting disclosure based on GRI standards (Hu & Loh, 2018; Girella et al., 2022; Erin & Adegboye, 2022)

However, the quantity aspect based on commissioners' independence size, as seen from its proportion within the board of commissioners, does not significantly influence sustainability reporting disclosure. This finding suggests that sustainability reporting disclosure is not determined by the number of independent commissioners in the board structure, as independent commissioners are often appointed merely to meet regulatory standards set by the OJK and do not significantly impact the enhancement of sustainability reporting practices. A higher proportion of independent commissioners did not significantly affect sustainability reporting disclosure (Kumar et al., 2022; Rachmadanty & Agustina, 2023)

The testing further demonstrates that the activity aspect, proxied by audit committee frequency meeting (RKA), significantly influences the enhancement of sustainability reporting disclosure practices. This finding aligns with the previously formulated hypothesis and is consistent with previous study, which found that sustainability reporting disclosure increases with the frequency of audit committee meetings (Buallay & Al-Ajmi, 2020). Meetings held by the audit committee contribute to ensuring data accuracy by verifying the transparency of sustainability information presented in sustainability reports, in line with the actual sustainability actions undertaken by the company. Therefore, meeting minutes, especially those related to the results of sustainability reporting disclosure evaluations generated from the intensity of audit committee meetings, can be used to provide periodic recommendations or feedback to directors to improve and enhance sustainability reporting disclosure through the establishment of corporate objectives and strategies by the directors.

Despite the significant influence of the quantity aspect in corporate governance based on the size of commissioners on sustainability reporting disclosure, the presence of independent commissioners, directors, and audit committees in a company does not impact sustainability reporting disclosure. Similar findings by previous researchers indicate that a higher proportion of independent commissioners does not significantly affect sustainability reporting disclosure (Kumar et al., 2022; Rachmadanty & Agustina, 2023). This suggests that the presence of independent commissioners within the board is mainly to comply with regulatory standards set by the OJK and does not enhance sustainability reporting practices.

The presence of individuals on the board of directors does not determine the extent of sustainability reporting disclosure, as each director may have different areas of focus, such as human resources, product research and development, finance, and marketing strategy. Additionally, a larger board size can lead to more complex communication processes, resulting in biased sustainability information provided to stakeholders (Tjahjadi et al., 2021).

The role of individual on the audit committee does not determine the extent of sustainability reporting disclosure, as each member's role is more focused on improving the accuracy and compliance of financial reports according to applicable accounting standards. The audit committee's responsibilities include reviewing the company's internal control systems, ensuring the quality of financial reports, and enhancing audit performance (Utama et al., 2022). Therefore, the size of the audit committee is irrelevant to the enhancement of sustainability reporting disclosure, as the audit committee's role is more focused on improving financial reporting quality and internal control.

Regarding the quality aspect in corporate governance, the educational background of commissioners, independent commissioners, and directors does not impact the enhancement of sustainability reporting practices. This may be due to the limited number of individuals with knowledge in accounting, finance, and economics. Additionally, these positions may be occupied by individuals with non-financial backgrounds, resulting in a lack of awareness of business sustainability practices and their disclosure in sustainability reporting. The financial educational background of board members does not always indicate that each individual pays more attention to sustainability reporting disclosure, as financial expertise is more relevant in setting corporate financial policies (Aladwey et al., 2022; Wijayanti & Setiawan, 2023).

Despite the significant influence of the activity aspect in corporate governance based on the frequency of audit committee meetings on sustainability reporting disclosure, the frequency of board of commissioners and board of directors’ meetings does not impact sustainability reporting disclosure. Meetings may not necessarily address issues related to the disclosure of non-financial sustainability performance for inclusion in sustainability reporting. Additionally, not all board members actively participate in the discussions during meetings.

This study contributes by demonstrating that the quantity and activity aspects in corporate governance that most influence the enhancement of sustainability reporting disclosure are the role of each commissioner and the frequency of audit committee meetings. Reflecting on stakeholder theory, the presence of commissioners is crucial in a company, given their duties and responsibilities in overseeing the implementation of corporate sustainability performance and supervising the disclosure of sustainability reporting. The frequency of audit committee meetings also contributes significantly to overseeing the company's sustainability activities and ensuring the accuracy of the information disclosed in sustainability reporting, aligning with the company's sustainability actions.

Through the contributions of each commissioner's role and the frequency of audit committee meetings, companies can enhance the disclosure of sustainability performance in sustainability reporting, fulfilling stakeholders' expectations and improving the company's reputation through legitimacy from society and other stakeholders.

CONCLUSION

This study concludes that the quantity and activity aspects of corporate governance significantly impact sustainability reporting disclosure. Specifically, the size of commissioners and the frequency of audit committee meetings contribute positively to enhancing the transparency and accountability of sustainability reporting. These findings underscore the importance of individual’s role on the board of commissioners and the intensity of oversight conducted through audit committee meetings. Conversely, variables such as the proportion of independent commissioners, the size of the board of directors, and the size of the audit committee do not show significant effects, indicating that merely complying with regulatory standards is insufficient to promote better sustainability practices. Additionally, the educational background of board members does not have a significant impact on sustainability reporting disclosure, highlighting the need for increased awareness and knowledge about sustainability among board members.

Based on these findings, it is recommended that companies in Indonesia enhance the oversight functions of the board of commissioners and audit committees to improve sustainability reporting disclosure, by making it one of the main agendas that must be prioritized by the company. Companies should also consider training and capacity-building initiatives for board members related to sustainability practices. Furthermore, regulators and the government should establish stricter regulations and clear sanctions to encourage companies to report sustainability transparently and by international standards like GRI. Future research should expand the study period and scale, and consider additional board diversity variables such as gender diversity and age diversity to provide more comprehensive insights into the factors influencing sustainability reporting disclosure.

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