

THE INFLUENCE OF BOARD SIZE ON SUSTAINABILITY REPORTING (STUDY ON FOOD AND BEVERAGE INDUSTRY COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2021-2023)

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Abstract. *This study aims to analyze the effect of board size on the disclosure of sustainability reports in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2021-2023. Using quantitative methods and multiple linear regression analysis, this study found that board size has a significant positive effect in sustainability report disclosure. These results indicate that the larger the number of board members, the higher the level of sustainability disclosure by the company. This finding provides important implications for companies and regulators to pay attention to board composition in an effort to improve transparency and accountability of sustainability reporting. Meanwhile, for independent commissioners, gender, and education level a negative influence on sustainability reporting.*

Keywords: *Board Size; Corporate Governance; Disclosure; Food And Beverage Companies; Sustainability Reporting.*

1. INTRODUCTION

The development of the business world today requires companies to not only convey financial information but also non-financial information such as environmental and social issues. Sustainability reports have become an important element in modern business practices, especially for publicly listed companies. This is driven by increasing public and stakeholder awareness of the importance of sustainable business practices.

In the era on globalization and increasingly fierce business competition, companies are required not only to focus on financial benefits, but also to pay attention to aspects of sustainability. The concept of sustainability is becoming increasingly important due to awareness of the negative impacts of business activities on the economic, social and environmental aspects (tripe bottom line).

In Indonesia, sustainability reporting is still voluntary despite regulations that encourage companies to increase transparency (OJK Regulation No.51/PJOK.03/2017). Data shows that there has been an increase in the number of companies preparing sustainability reports from year to year, although the percentage is still relatively small compared to the total number of companies. The quality of sustainability report is influenced by various factors, one of which is corporate governance, which can be measured through board characteristics. As the company's supervisory organ, the board has an important role in monitoring and directing sustainable business practices. Board size, as one of the board characteristics, is thought to have an influence on the quality of sustainability report disclosures.

2. LITERATURE REVIEW

Board size refers to the number of individuals who sit as members of the board of directors in a company. In the context of corporate governance, board size is often

considered an important factor the influences the effectiveness of supervision and strategic decision-making, including in the aspect of sustainability report disclosure. Resource dependence theory argues that larger boards have enriched perspectives and increase the company's ability to adapt to external pressures, including the demands of sustainability reporting. Stakeholder theory emphasizes that greater diversity and representation capacity in large boards can facilitate the fulfillment of stakeholders' information needs.

Several studies show that board size has a positive effect on the level of sustainability report disclosure. A greater diversity of board perspectives tends to facilitate a more diverse exchange of ideas and viewpoints, thus opening up opportunities for more comprehensive reporting policies. Better oversight of the presence of more members allows for more effective distribution of oversight tasks. In studies such as Muldiyanselage (2018) found board size has a positive effect on sustainability disclosure, the findings of Shamil et al. (2014) found that a large board strengthens the oversight function of sustainability reporting. Kilic & Kuzey (2019), Setiawan et al. (2018) provides the Indonesian context of a large board increasing transparency and Martinez-Ferrero & Garcia-Sanchez (2017) in his research on diversity improving reporting quality. On the other hand, there is a negative or insignificant effect on several different research results in coordination inefficiencies, which have an impact on slow strategic decision making on sustainability reporting. There is a free rider phenomenon in the number of members that has the potential to create less active board members, thus reducing the effectiveness of supervision and disclosure of sustainability reports. Studies by Lucis & Penggabean (2018), and Sari & Marsono (2013) in Indonesia show that there is not always a significant correlation between board size and the level of disclosure of sustainability reports.

Multisectoral and multinational research highlights that the relationship between board size and sustainability reporting can be strongly influenced by industry-specific factors and regulation, with industry context and applicable rules moderating the relationship between board size and reporting transparency. Other variables such as firm size, profitability, and other governance characteristics have also been shown to influence either directly or as control factors on the relationship between board size and sustainability disclosure. In general, the academic literature tends to support that board size has a positive impact on the quality and extent of sustainability disclosure, noting that such benefits are only optimal if board management and governance are effective. However, too large a board size without good management can lead to new challenges, such as delayed decisions, inefficiency, or decreased active oversight of sustainability aspects.

The majority of research supports the benefits of a larger board on sustainability reporting, provided the balance between diversity and effectiveness is maintained. Context and organizational structure need to be considered in assessing the effect of board size, as research results across sectors and countries may vary depending on the internal and external mechanisms of the company. Current research is needed to adjust to the changing dynamics of regulation and business practices, and to identify the optimal board size for sustainability disclosure.

3. RESEARCH METHODS

3.1 Type and Source of Data

This study uses a quantitative approach with secondary data collected from annual reports and sustainability reports of companies listed on the Indonesia Stock Exchange for the year. Data was obtained through the company's official website and the Indonesia Stock Exchange, as well as other relevant sources to enrich research information.

3.2 Population and Sample

The population is all companies in the specified sector in the food and beverage industry listed on the Indonesia Stock Exchange in 2021-2023. With a sample technique

using purposive sampling method, namely selective selection based on criteria, such as companies that publish complete sustainability reports during the observation period.

3.3 Analysis Method

This study uses Multiple Linear Analysis to test the hypotheses that have been formulated. The model developed in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Description:

- Y : Symbol used for sustainability report from the number of days form the closing date of the company's sustainability book until date the sustainability report is published on the Indonesia Stock Exchange (IDX) with units of days.
- X1 : Independent Board of Commissioners
- X2 : Board Size
- X3 : Gender
- X4 : Education level
- α : Constant
- β : Regression Coefficient
- ε : Error

4. RESULTS AND DISCUSSION

4.1 Description of Research Objects

The population used in this study are manufaktur companies listed on the Indonesia Stock Exchange in 2021-2023. The number of companies in this study were 63 companies.

Table 1. Research Sample

Criteria	Total
Manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2021-2023	26
Companies that do not publish complete sustainability financial reports on the IDX consecutivelt from 2021-2023	(5)
Total Sample	21
Total Observations 21 Companies X 3 Years	63

(Source: Secondary data processing 2025)

Table 2. Statistical Descriptive Analysis

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Dewan Komisaris Independen	63	.2500	4.0000	.444067	.4626535	.214
Ukuran Dewan	63	1.00	10.00	4.5556	2.34712	5.509
Gender Direksi	63	.0000	.7500	.200794	.2082516	.043
Tingkat Pendidikan	63	.1000	1.0000	.323810	.2052491	.042
Laporan Keberlanjutan	63	.1667	1.0000	.619044	.2667830	.071
Valid N (listwise)	63					

(Source: IBM SPSS 23 output, secondary data 2025)

Table 2 shows the results of descriptive statistics on research data. In the descriptive statistical results above, it can be seen that the minimum number of independent variables of the independent board of commissioners is 0.2500 while the maximum

number is 4 with a mean of 0.444067 and a standard deviation value of 0.4626535. From the results of the descriptive statistics above, it can be seen that the minimum number of board size variables is 1.00 while the maximum number is 10.00 with a mean value of 4.5556 and a standard deviation value of 2.34712. In the output, it can be seen that the gender variable of directors has a minimum value of 0 in some companies that do not have a female board of directors while the maximum number is 0.7500 with a mean value of 0.200794 and a standard deviation value of 0.2082526. In the Education level variable with a minimum value of 0.1000 with a maximum value of 1.0000 with a mean value of 0.323810 and a standard deviation value of 0.2052491. Judging from the overall average sustainability report from the research sample is 0.619044 which indicates that the majority of public companies in Indonesia still do not disclose sustainability reports, or only a few public companies in Indonesia have disclosed sustainability reports with a minimum value of 0.1667 and a maximum value of 1.0000.

4.2 Discussion of research results

**Table 3. Regression Result
Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.401	.136		2.945	.005
	Dewan Komisaris Independen	.053	.076	.091	.696	.489
	Ukuran Dewan	.033	.023	.190	2.487	.045
	Gender Direksi	.115	.175	.089	.653	.516
	Tingkat Pendidikan	.053	.179	.041	.296	.769

a. Dependent Variable: Laporan Keberlanjutan

(Source: IBM SPSS 23 output, secondary data 2025)

The first hypothesis of this study based on the results of the analysis can be seen that the profitability value of the significance of the Independent Board of Commissioners variable is $0.489 > 0.05$ and the tcount value $(0.696) < \text{table } (2.00172)$, then H_0 is accepted and H_1 is rejected. It can be concluded that partially there is no influence between the Independent Board of Commissioners on the Sustainability Report. So, the first hypothesis (H_1) is rejected.

The second hypothesis of this study based on the results of the analysis, it can be seen that the profitability value of the significance of the Board of Directors variable is $0.045 < 0.05$ and the value of tcount $(2.149) > \text{table } (2.00172)$, then H_0 is rejected and H_1 is accepted. It can be concluded that partially the size of the Board of Directors has an effect on the Sustainability Report. So, the second hypothesis (H_2) is accepted.

The third hypothesis of this study based on the results of the analysis can be seen that the significance profitability value of the Gender variable is $0.516 > 0.05$ and the tcount value $(0.653) < \text{table } (2.00172)$, then H_0 is accepted and H_1 is rejected. It can be concluded that partially there is no influence between the Gender of the Board of Directors on the Sustainability Report. Therefore, the third hypothesis (H_3) is rejected.

The fourth hypothesis of this study based on the results of the analysis can be seen that the profitability value of the significance of the Education Level variable is $0.769 > 0.05$ and the tcount value $(0.296) < \text{table } (2.00172)$, then H_0 is accepted and H_1 is rejected. It can be concluded that partially there is no influence between the level of education on sustainability reporting. Thus, the fourth hypothesis (H_4) is rejected.

CONCLUSION

Based on the results of research on the effect of board size on the disclosure of

sustainability reports, several main points can be taken, namely the size of the board of commissioners has a significant positive effect on the level of disclosure of the company's sustainability report. This means that the more members of the board of commissioners in a company, the more extensive and open the disclosure of sustainability information submitted in the company's report. More effective supervision and more optimal distribution of tasks occur on boards with a larger number of members, thus encouraging transparency and accountability in sustainability reporting. This is in line with stakeholder theory, which emphasizes the importance of accountability to all stakeholders, not just shareholders. Nonetheless, some studies have also found that too large a board size can pose coordination challenges, which can reduce the effectiveness of oversight. However, in the context of T the sample and research period, the positive relationship between board size and sustainability disclosure is more dominant. This finding reinforces the importance of corporate governance policies that consider the composition and number of board members for the sake of sustainability disclosure. improve the quality of sustainability report disclosure and fulfill stakeholder demands more optimally. Strengthening the importance of corporate governance policies that consider the composition and number of board members in order to improve the quality of sustainability report disclosure and fulfill stakeholder demands more optimally.

Thus, company management and regulators need to pay attention to aspects of board structure, especially the number of members, in an effort to improve transparent, accountable and meaningful sustainability reporting practices.

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