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PROFITABILITY AND BOARD DYNAMICS: UNVEILING THEIR ROLE IN CORPORATE SUSTAINABILITY DISCLOSURE

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***Abstract**: This type of quantitative research aims to investigate whether the profitability seen from ROA and board characteristics consisting of board size, board independence, and board gender diversity influences the disclosure of sustainability reporting. The sample used in this research is companies from the food and beverage sub-sector listed on the IDX during the period from 2018 to 2021, selected using the purposive sampling method. Therefore, the number of observations in this research was 124. The results of this study indicate that (1) profitability and board size have a negative and significant effect on the disclosure of sustainability reporting and (2) board independence and board gender diversity have a positive and significant effect on the disclosure of sustainability reporting. This study offers practical contributions by serving as a valuable reference for companies, investors, and creditors in making informed decisions related to sustainability reporting. Academically, it enhances the understanding of how profitability and board characteristics influence sustainability disclosure and provides a foundation for future research on related topics.*
***Keywords:** Board Gender Diversity; Board Independence; Board Size; Return on Asset; Sustainability Reporting Disclosure.*

Abstrak: Penelitian ini merupakan jenis penelitian kuantitatif yang bertujuan untuk menguji apakah profitabilitas yang dilihat dari ROA dan karakteristik dewan yang terdiri dari board size, board independence, dan board gender diversity mempunyai pengaruh terhadap pengungkapan laporan keberlanjutan perusahaan. Sampel yang digunakan dalam penelitian ini adalah perusahaan sub sektor industri makanan dan minuman yang terdaftar di BEI selama periode tahun 2020 s.d. 2023 yang dipilih menggunakan metode purposive sampling. Sehingga, jumlah observasi penelitian ini adalah sebanyak 124. Hasil penelitian ini menunjukkan bahwa (1) profitabilitas dan

board size berpengaruh positif dan signifikan terhadap pengungkapan laporan keberlanjutan perusahaan dan (2) board independence dan board gender diversity berpengaruh negatif dan signifikan terhadap pengungkapan laporan keberlanjutan perusahaan. Penelitian ini memberikan kontribusi praktis sebagai bahan pertimbangan bagi perusahaan, investor, dan kreditor dalam mengambil keputusan terkait laporan keberlanjutan. Secara akademis, penelitian ini menambah wawasan mengenai pengaruh profitabilitas dan karakteristik dewan terhadap pengungkapan laporan keberlanjutan, serta dapat menjadi referensi untuk penelitian selanjutnya.
Kata kunci: *Board Gender Diversity; Board Independence; Board Size*; Pengungkapan Laporan Keberlanjutan; Return on Asset.

INTRODUCTION

The primary objective behind the establishment of a company is to generate maximum profit. To achieve this, companies continuously develop strategies and innovations. These efforts are aimed at meeting the expectations of managers and stakeholders, as well as ensuring the sustainability of business operations. Historically, businesses operated under a single-profit paradigm, where the primary focus was maximizing financial gain, often at the expense of environmental and social consequences. However, in the current era of rapid globalization, the issue of corporate social responsibility (CSR) has gained significant attention from the public and stakeholders alike. The emergence of global challenges such as climate change, pollution, and biodiversity loss has raised public awareness of the importance of environmental preservation. These environmental issues, which have triggered global concern, laid the foundation for the establishment of the Sustainable Development Goals (SDGs). Business activities that have negative environmental impacts and cause ecological harm are increasingly criticized by society and pose a threat to business continuity. As a result, the business paradigm has gradually shifted from a profit-centric model to a sustainable development paradigm (Utami, 2020).

The sustainable development paradigm emphasizes the importance of human resources, social communities, and broader societal welfare. Companies are expected to actively contribute to their communities and demonstrate concern for their surrounding environment. This not only reflects a commitment to improving the quality of life and community well-being but also helps strengthen the company’s image and ensure the long-term viability of its operations. Sustainability report disclosures support the achievement of sustainable development principles by providing a measurable and consistent framework aligned with the company’s vision, enabling stakeholders, particularly investors to evaluate the company’s long-term value.

A study by PricewaterhouseCoopers (PwC) found that 62% of 470 surveyed companies included SDGs in their corporate or sustainability reports, yet only 37% prioritized SDG targets as core corporate goals. The rest did not align SDG targets with corporate objectives (Wahyuningrum et al., 2022). Sustainability reports are typically voluntary disclosures by companies concerning their environmental and social responsibilities. Comprehensive voluntary disclosures help investors better understand corporate strategies and build trust (Aulla et al., 2022). Companies that give attention to sustainability reporting tend to receive greater support from stakeholders such as investors, regulators, employees, consumers, suppliers, and other interest groups. Given that sustainability emphasizes long-term business continuity, the ability to communicate environmental and social performance effectively through sustainability reports is increasingly vital.

One of the key factors in maintaining long-term business operations is securing investor trust. Additionally, public legitimacy is equally essential for corporate sustainability. Through sustainability disclosures, investors and the public can assess a company's performance and make informed investment decisions. Sustainability reports are based on the Triple Bottom Line principle: Profit, People, and Planet, highlighting a balance among economic welfare, environmental quality, and social equity (Elkington, 1999). Companies can contribute to sustainable development by increasing profitability, caring for people (including internal human resources and surrounding communities), and taking responsibility for environmental preservation. This concept aligns with the Global Reporting Initiative (GRI) standards (2016), which took effect on July 1, 2018. The GRI standards cover three key performance areas: economic (7 disclosures), environmental (7 disclosures), and social (17 disclosures), totaling 31 disclosures.

In Indonesia, companies that exploit natural resources are mandated to disclose their CSR initiatives in accordance with Article 74 (1) of Law No. 40 of 2007 on Limited Liability Companies. Companies that have implemented CSR programs are expected to report their progress in annual or sustainability reports under Article 66 (2) of the same law. For companies not explicitly governed by such legislation, CSR disclosures remain voluntary. Publicly listed companies, however, are obligated to produce sustainability reports either as standalone documents or as part of their annual reports under the Financial Services Authority Regulation (POJK) No. 51 of 2017 concerning Sustainable Finance Implementation.

The decision to disclose sustainability information lies largely with a company's board of directors. The board plays a pivotal role in corporate governance and decision-making across all business activities (Justin & Hadiprajitno, 2019). It also determines whether the company will adopt sustainable development policies, making it instrumental in shaping corporate sustainability. A board that implements good corporate governance significantly influences the quality and transparency of the sustainability information disclosed to the public (Ardiani et al., 2022). However, such disclosures are not guaranteed, as boards often prioritize financial reporting over sustainability disclosures (Prabaningrum & Pramita, 2020).

This study aims to examine the correlation between board characteristics, specifically board size, board independence, and board gender diversity, and the disclosure of sustainability reports. Board size refers to the number of directors serving on a board. According to agency theory, a larger board typically has a greater capacity for oversight and is considered more effective in monitoring management performance (Welford, 2007), thereby enhancing transparency. Board independence is measured by the proportion of independent non-executive directors, who are believed to significantly influence corporate decision-making and strategy (Riyadh et al., 2019). From an agency theory and stakeholder perspective, independent directors are seen as key instruments for monitoring managerial behavior and ensuring transparency.

Traditionally, boards have been male dominated. Gender stereotype theory suggests that such structures reinforce the perception that women lack the qualifications to serve on boards (Justin & Hadiprajitno, 2019). The inclusion of women introduces gender diversity, and today, women are increasingly gaining equal opportunities to hold positions at all levels, including senior management. Furthermore, gender equality has become a key component of sustainability information and adds value for stakeholders (Riyadh et al., 2019). Companies with female board members tend to perform better than those with homogenous male boards (Purnomo & Rizki, 2020). This aligns with SDG Goal 5: Gender Equality, which emphasizes equal representation in managerial roles. Women's collaborative leadership styles can enhance a company's responsiveness to employee concerns, foster innovation, and increase social engagement. Hiring more women, who are generally more sensitive to environmental and social issues, can also strengthen a company's social responsibility and reputation. Women's empathetic and nurturing traits are particularly supportive of community and environmental well-being (Farida, 2019). Therefore, further research is needed to better understand the motivations behind companies' gender equality disclosures in sustainability reporting (Campbell, 2007).

Beyond board decisions, profitability also plays a critical role in sustainability reporting (Damayanti et al., 2021). Profitability is a key financial indicator used to assess a company's ability to generate earnings. A higher profit-generating capacity generally correlates with greater sustainability disclosure (Hidayat, 2017). Return on Assets (ROA) is a profitability ratio that measures how effectively a company utilizes its assets to generate earnings. Higher ROA values reflect strong performance and help enhance a company's public image, thereby increasing investor commitment.

In Indonesia, the consumer goods sector, particularly food and beverage, has demonstrated relatively stable financial performance. In 2018 and 2019, companies in this sector showed significant growth despite setbacks in Q1 2019 for major firms like PT Unilever Tbk, Garudafood Putra Putri Jaya Tbk, and Mayora Indah Tbk. During the COVID-19 pandemic in 2020, BPS data indicated a general GDP contraction across sectors, but the consumer goods industry showed resilience. Sales in food and beverage spiked due to panic buying triggered by government-imposed lockdowns. Increased home-based consumption further drove demand (Primadita & Haryono, 2021), indicating this sector's deep connection to society and the environment, as well as its impact on public well-being.

Research on the relationship between profitability, board characteristics, and sustainability disclosure in Indonesia has yielded mixed results. Damayanti (2021) found a positive correlation between profitability and sustainability disclosure, as did Liana (2019). In contrast, Yuliani (2019) found no significant relationship. Wahyuningrum et al. (2022) reported that profitability and company size had no effect, while leverage, company type, and board gender diversity were significant. Purnomo & Rizki (2020) reported that board gender diversity and independence had no impact on CSR disclosure, but national diversity did. Said et al. (2022), focusing on mining companies, found that female board representation positively influenced sustainability reporting. Similarly, Farida (2019) confirmed a positive impact of female directors on SDG disclosure. Conversely, Ardiani et al. (2022) found that board size had a negative effect on sustainability disclosure, while the presence of female directors had no significant impact.

This research aims to provide empirical evidence on the influence of profitability and board characteristics on sustainability disclosures, with a focus on companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX). Profitability is proxied by Return on Assets (ROA), while board characteristics are measured through board size, board independence, and board gender diversity. Sustainability disclosure, the dependent variable, is assessed using the Global Reporting Initiative (GRI) Standards 2016. Control variables include company size, capital structure, company growth, and the impact of the COVID-19 pandemic.

This study makes several important contributions to the existing literature. First, it addresses a gap by focusing specifically on the food and beverage sub-sector, an industry that remains underexplored in sustainability disclosure research. Second, it incorporates the COVID-19 pandemic as an environmental factor, offering a timely perspective on corporate sustainability practices during a global crisis. Third, by linking board characteristics, particularly gender diversity, to the achievement of Sustainable Development Goals (SDGs), especially SDG 5 (Gender Equality), this study expands the discussion on how corporate governance supports broader global development agendas.

Additionally, the use of the GRI Standards 2016 ensures that the measurement of sustainability disclosure aligns with international best practices. By integrating profitability and multiple aspects of board governance within a single analytical framework, this research provides a more comprehensive understanding of the factors driving sustainability reporting in the food and beverage industry.

Profitability is used to measure a company's ability to generate maximum profits and serves as an indicator of the company's financial health. The greater a company's ability to earn profits, the higher its level of sustainability report disclosure is likely to be, as stated by Hidayat (2017) in Damayanti et al. (2021). Return on Assets (ROA) is one of the profitability ratios commonly employed to assess a company's capacity to achieve optimal profitability. A strong level of profitability reflects superior company performance, which in turn contributes to building a positive corporate image and enhancing investor confidence to commit their capital to the company.

Previous findings by Damayanti et al. (2021) revealed that profitability exerts a positive influence on sustainability report disclosure. A similar conclusion was drawn by Liana (2019) in her study on the effect of profitability on sustainability report disclosure, which demonstrated that profitability has a positive impact on the extent of such disclosures. Based on these explanations, this study proposes the following hypothesis:
H1: Profitability has a positive effect on corporate sustainability report disclosure.

The board of directors plays a crucial role in corporate governance by carrying out decision-making functions in every aspect of the company's business activities (Mudiyanselage, 2018). A board of directors that successfully implements sound corporate governance significantly influences the information disclosed to the public, including the sustainability report (Ardiani et al., 2022). Board size refers to the total number of individuals serving on the board of directors. According to agency theory, a larger board size enhances the board's capacity for monitoring and oversight, thus serving as an effective governance mechanism in supervising management performance (Welford, 2007). This, in turn, promotes transparency and ensures more comprehensive information disclosure by the company. A larger board brings together a greater diversity of thoughts, perspectives, values, and ideas during the decision-making process. Consequently, decisions regarding the publication of a sustainability report are expected to be more robust, benefiting from a wider array of viewpoints (Hamidah & Sastra, 2020).

Findings by Budiyani & Erawati (2024) indicate that board size is positively associated with the disclosure of corporate sustainability reports. A larger board tends to offer greater stability and is less susceptible to external influence compared to smaller boards Justin & Hadiprajitno (2019). Based on the above explanation and previous studies, this research proposes the following hypothesis:
H2: Board size has a positive effect on corporate sustainability report disclosure.

Board independence refers to the proportion of independent non-executive directors within the board structure, which is considered to have a significant influence on the decisions and strategies implemented by a company (Riyadh et al., 2019). The focus on board independence is grounded in agency theory and the stakeholder perspective, where independent non-executive directors are regarded as mechanisms for monitoring managerial behavior in promoting transparency and information disclosure.

Independent board members are generally more objective in evaluating managerial performance compared to non-independent directors, as they are not directly involved in the company's day-to-day operations. Consequently, a higher proportion of independent directors is associated with stronger oversight and tighter management control. Purnomo & Rizki (2020) further highlight that the presence of independent directors tends to encourage companies to engage in voluntary disclosure to preserve their reputation and independence, thereby reducing information asymmetry between shareholders and management, and mitigating the risk of corporate litigation.

Findings by Damayanti et al. (2021) provide evidence that independent board members have a positive influence on corporate social responsibility (CSR) disclosure. Based on these arguments and prior empirical studies, this research proposes the following hypothesis:

H3: Board independence has a positive effect on corporate sustainability report disclosure.

The presence of women on the board of directors introduces gender diversity. Information regarding gender equality practices is a growing aspect of sustainability disclosure and serves as an added value for corporate stakeholders (Riyadh et al., 2019). This is because the disclosure of gender equality reflects a company's commitment to the process of sustainable development. Companies tend to achieve higher levels of success when women are present on their boards compared to those with more homogeneous board compositions (Purnomo & Rizki, 2020).

Beyond managerial or board decisions that determine a company's sustainability reporting practices, gender diversity among board members brings forth diverse insights and perspectives based on each member's personal knowledge and experiences. The perspectives of female directors often introduce distinct viewpoints that influence the policies enacted by the board. The inclusion of women fosters greater uniqueness in thought, perspective, experience, and working styles compared to their male counterparts. Furthermore, the presence of women encourages companies to disclose more about their social responsibilities, driven by higher levels of social concern among female directors (Utami, 2020).

This aligns with stakeholder theory, which posits that all groups or individuals capable of affecting the achievement of corporate objectives must be considered. Thus, the proportion of male directors is not necessarily a determinant of the extent of social responsibility disclosure. Previous findings by Said et al. (2022), based on a study of mining companies listed on the Indonesia Stock Exchange, indicate that the representation of women on boards has a positive influence on the disclosure of sustainability reports. Similar conclusions were reached by Farida (2019), who also found that female board representation positively affects sustainability disclosure. Based on the above explanation and the results of prior studies, this research proposes the following hypothesis:

H4: Board gender diversity has a positive influence on the disclosure of corporate sustainability reports.

RESEARCH METHOD

The population of this study comprises all companies listed on the Indonesia Stock Exchange (IDX). The sample was selected using a purposive sampling technique based on the following criteria:

1. Companies operating in the food and beverage sub-sector that were listed on the Indonesia Stock Exchange (IDX) during the period from 2020 to 2023.
2. Companies that consistently published complete financial statements and sustainability reports or annual reports, containing the necessary data relevant to the research variables.

Based on these criteria, a total of 124 observations were obtained, as presented in Table 1.

Table 1. Research Sample

Total Companies Listed on the Indonesia Stock Exchange (IDX)	824
Total Consumer Goods Sector Companies Listed on the Indonesia Stock Exchange (IDX)	253
Total Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX)	49
Total Food and Beverage Sub-Sector Companies Providing Complete and Consistent Reports in Accordance with Sample Criteria	31
Research Data Observation Years	4
Total Sample	124

The data for this study is sourced from secondary materials, including financial statements, sustainability reports, and annual reports of the target sample companies published between 2020 and 2023. These data were obtained from both the official IDX website and the companies' respective official websites. To analyze the relationship between the independent and dependent variables, multiple linear regression analysis is conducted using STATA 17 with the following model:

$$SRD_{i,t} = \alpha 0 + \boldsymbol{\beta}_1 ROA_{i,t} + \boldsymbol{\beta}_2 BS_{i,t} + \boldsymbol{\beta}_3 BI_{i,t} + \boldsymbol{\beta}_4 BD_{i,t} + \boldsymbol{\beta}_5 SIZE_{i,t} + \boldsymbol{\beta}_6 LEV_{i,t} + \boldsymbol{\beta}_7 GRO_{i,t} + \boldsymbol{\beta}_8 COV_{i,t} + \varepsilon_{i,t}$$

Information:

α	: Constant Coefficient
β_1, β_2, β_3.... B_8	: Regression Coefficient
i	: Firm i
t	: Year t
SRD	: Corporate Social Responsibility Disclosure Index
ROA	: Return on Asset
BS	: Board Size
BI	: Board Independence
BD	: Board Gender Diversity
SIZE	: Company SIze
LEV	: Leverage
GOR	: Company's Growth
COV	: COVID-19 Pandemic
ε	: Residual Errors

Table 2. Research Variables and the Measurements

No	Variable	Proxy	Formula
1	Sustainability Report Disclosure	Sustainability Report Disclosure Index (SRDI) based on 2016 Global Reporting Initiative (GRI) Standard (Mapparessa et al., 2017)	$\mathrm{SRD} = \frac{\Sigma x}{n}$ SRD = Sustainability Report Disclosure ∑x = The total number of disclosures made by the company n = The total number of disclosures based on the 2016 GRI Standards

No	Variable	Proxy	Formula
2	Profitability	Return on Asset (ROA) (Liana, 2019)	$ROA = \frac{Net\ Income}{Total\ Asset}$
3	Board Size	The total number of members on a company's board of directors (Riyadh et al., 2019)	$BS = \sum Board\ of\ Directors$
4	Board Independence	The percentage of independent commissioners relative to the total number of a company's board of commissioners (Riyadh et al., 2019)	$BI = \frac{\text{Number of Independent Commissioners}}{Number\ of\ Board\ Commissioners}$
5	Board Gender Diversity	The proportion of female board members to the total number of a company's board of directors (Riyadh et al., 2019)	$BD = \frac{\sum Female\ Board\ of\ Directors}{\sum Board\ of\ Directors}$
6	Company Size	Natural Logarithm of Total Asset (Attia et al., 2023)	$Size\ = Ln\ (Total\ Asset)$
7	Capital Structure	Leverage (Liana, 2019)	$Leverage\ = \frac{Total\ Liabilities}{Total\ Equity}$
9	Company Growth	Sales Growth (Dewi & Candradewi, 2018)	$\frac{Total\ Sales_1 - Total\ Sales_0}{Total\ Sales_0}$
10	Covid-19	Dummy Variable (Yan et al., 2022)	1: Covid Year 0: Non-Covid Year

RESULT AND DISCUSSION

Descriptive Statistics

Table 3. Descriptive Statistics

Variable	Total Sample	Minimum	Maximum	Mean	Standard Deviation	Skewness	Kurtosis
ROA	124	-0,1544	0,6072	0,0712	0,1135	1,9417	10,3058
Board Size	124	1	11	4,5806	2,1188	0,7550	3,4645

Variable	Total Sample	Minimum	Maximum	Mean	Standard Deviation	Skewness	Kurtosis
Board Independence	124	0	0,6	0,3757	0,1173	-1,1366	5,8742
Board Gender Diversity	124	0	0,75	0,1243	0,1807	1,3204	3,7246
SRD	124	0,06	0,94	0,6958	0,1899	-1,3265	4,3365
Size	124	11,31	29,17	15,6003	3,9205	2,3226	8,1313
Leverage	124	-2,13	13,55	1,1115	1,5036	5,0486	40,3094
Growth	124	-0,85	4,65	0,1430	0,5379	5,5935	44,0964
Covid-19	124	0	1	0,5	0,5020	0	1

Source: processed using STATA, 2025

The ROA variable ranges from -0.1544 to 0.6072, with an average of 0.0712, indicating a 7.12% return on assets. The standard deviation of 0.1135 suggests a moderate variation around the mean over the four-year observation period. For the Board Size variable, values range from 1 to 11, with an average of 4.5806 and a standard deviation of 2.1188, indicating some variability in board sizes. The Board Independence variable has a minimum value of 0 and a maximum value of 0.6, with an average of 0.3757 and a standard deviation of 0.1173, reflecting a moderate level of board independence in the sample.

Regarding Board Gender Diversity, the average value is 0.1243, with a standard deviation of 0.1807, suggesting limited gender diversity within the boardrooms. For SRD variable, the values range from 0.06 to 0.94, with an average of 0.6958, indicating that companies disclose, on average, 69.58% of the expected sustainability indicators. The standard deviation of 0.1899 shows moderate variability in SRD across the observed period.

Correlation Analysis

Table 4. Correlation Analysis

	SRD	ROA	BS	BI	BD
SRD	1,0000				
ROA	0,1528* (0,0901)	1,0000			
BS	0,1984** (0,0272)	-0,0200 (0,8257)	1,0000		
BI	0,0215 (0,8126)	0,0445 (0,6235)	0,0493 (0,5867)	1,0000	
BD	-0,1041 (0,2498)	-0,1574* (0,0809)	0,0927 (0,3058)	-0,0697 (0,4419)	1,0000

Source: processed using STATA, 2025

The correlation between ROA and SRD shows a positive coefficient of 0.1528 with a significance level of 0.0901 (at 10% significance), indicating a relationship between higher profitability and increased social responsibility disclosure. The correlation between Board Size (BS) and SRD is positive at 0.1984 with a significance level of 0.0272 (at 5% significance), supporting the theory that a larger board size enhances monitoring capacity and governance effectiveness. Conversely, the correlation between Board

Diversity (BD) and ROA shows a negative coefficient of -0.1574 with a significance level of 0.0809 (at 10% significance).

Classical Assumption Test

Normality Test

The normality test is used to assess whether the data follows a normal distribution with a bell-shaped curve. If the probability value (Prob > z) is greater than 0.05, the data is considered to have a normal distribution. Conversely, if the probability value is less than 0.05, the data is not normally distributed. The results of all three normality tests indicate that none of the variables exhibit a normal distribution, as their probability values are less than 0.05, as shown in Table 5.

Table 5. Normality Test Result

Variabel	***Shapiro-Wilk***	***Shapiro-Franchia***	***Skewness/Kurtosis Test***
	p-value	**p-value**	**p-value**
SRD	0,00000	0,00001	0,0000
ROA	0,00000	0,00001	0,0000
Board Size	0,00219	0,00651	0,0051
Board Independence	0,00001	0,00001	0,0000
Board Gender Diversity	0,00000	0,01579	0,0000
Size	0,00000	0,00001	0,0000
Leverage	0,00000	0,00001	0,0000
Growth	0,00000	0,00001	0,0000
Covid-19	1,00000	0,00001	0,0000

Source: processed using STATA, 2025

According to Kline (2016), a skewness value greater than 3 and a kurtosis value greater than 10 indicate a problem with normality. Based on Table 3, all variables have skewness values below 3 and kurtosis values below 10, except for the ROA variable, which has a kurtosis value of 10.3058; the Leverage variable, with a skewness of 5.0486 and kurtosis of 40.3094; and the Growth variable, with a skewness of 5.5935 and kurtosis of 44.0964.

To address the issue of non-normal data distribution, one method employed is winsorizing, which aims to reduce skewness and kurtosis values. Therefore, the researcher applied the winsorization procedure to these variables to ensure the data follows a normal distribution, making it suitable for subsequent testing.

Multicollinearity Test

The multicollinearity test is used to detect any correlation issues among independent variables. This test employs the Variance Inflation Factor (VIF) and Tolerance (1/VIF) as the key metrics. The results of the multicollinearity test are shown in the table 6 below.

Table 6. Multicollinearity Test Result

Variable	VIF	Nilai *Tolerance* (1/VIF)
ROA	1,18	0,848572
Board Size	1,05	0,954608
Board Independence	1,11	0,901843
Board Gender Diversity	1,08	0,925478
Size	1,11	0,897557
Leverage	1,14	0,873384

Growth	1,04	0,962745
Covid-19	1,07	0,936352
Mean VIF	1,10	

Source: processed using STATA, 2025

As shown in Table 6, the tolerance values (1/VIF) and the mean VIF are all close to 1 and below the threshold of 5. This indicates that there are no significant multicollinearity issues among the dependent, independent, and control variables, especially among the independent variables.

Heteroscedasticity Test

To assess whether there are differences in variance and residual values, a heteroskedasticity test is conducted. Specifically, this test evaluates whether the error variance remains constant across all independent variables relative to the predicted regression line. In this study, two methods are used to test for heteroskedasticity: the Breusch-Pagan Test and the White Test.

Table 7. Heteroscedasticity Test Result

Variabel	chi-square	p-value
SRD	12,09	0,0005

Source: processed using STATA, 2025

The results of the Breusch-Pagan Test indicate the presence of heteroskedasticity in the regression model. The p-value of 0.0005, which is smaller than the significance level of 0.05, and the chi-square value of 12.09 confirm this finding. Therefore, to address the heteroskedasticity issue, robust standard errors are applied in the regression analysis.

Autocorrelation Test

The autocorrelation test is conducted to determine the linear relationship between a variable's value and its previous value over time. This test is relevant when the assumption of independent residuals in the regression model is violated, meaning that there is a correlation between residuals at one time point and those at previous time points. In this study, the Durbin-Watson Test is used to assess autocorrelation.

Table 8. Autocorrelation Test Result

Total Variable	Total Sample	Durbin-Watson
9	124	0,7586121

Source: processed using STATA, 2025

Table 8 shows a Durbin-Watson value of 0.7586121, indicating no autocorrelation in the residuals. Since the value falls within the acceptable range of 0.5 to 1.5, the independence of residuals is confirmed.

Model Specification Test

Coefficient Determination Test (R-squared)

In linear regression analysis, the coefficient of determination (R-squared) is used to assess how well the regression model explains the variation within the data. R-squared values range from 0 to 1, with values closer to 1 indicating a better fit between the model and the observed data. It represents the proportion of the variance in the dependent variable that can be explained by the independent variables.

Table 9. Coefficient Determination Test Result

Dependent Variable	Predictors	R-squared
SRD	ROA, BS, BI, BD, SIZE, LEV, GRO, COV	0,3234

Source: processed using STATA, 2025

As shown in Table 9, the R-squared value of 0.3234 indicates that the independent variables explain 32.34% of the variation in the company's sustainability report disclosure (SRD). The remaining 67.66% is attributed to other factors not included in the regression model.

F Test

The F-test is used to determine whether at least one independent variable has a statistically significant effect on the dependent variable. In this test, the null hypothesis (H_0) states that none of the independent variables significantly affect the dependent variable, while the alternative hypothesis (H_1) asserts that at least one independent variable has a significant impact.

Table 10. F Test Result

Dependent Variable	Predictors	F-test	Prob > F
SRD	ROA, BS, BI, BD, SIZE, LEV, GRO, COV	7,30	0,0000

Source: processed using STATA, 2025

As shown in Table 10, the F-test yields a p-value of 0.000, which is substantially lower than the conventional significance levels of 1% and 5%. This result leads to the rejection of the null hypothesis, indicating that at least one independent variable significantly influences the dependent variable within the model.

Hypothesis Test

This study conducts hypothesis testing using the t-test. In regression analysis, the t-test is employed to assess whether the coefficients of the independent variables are statistically significant.

Table 11. Hypohesis Test Result

SRD	Coeff.	Standard Error	t-value	p-value (one-tailed)	p-value (two-tailed)	Sig
ROA	0,266	0,133	1,99	0,049	0,024	**
Board Size	0,019	0,007	2,69	0,008	0,004	***
Board Independence	-0,246	0,122	-2,02	0,046	0,023	**
Board Gender Diversity	-0,129	0,090	-1,42	0,158	0,079	*
Size	-0,001	0,005	-0,34	0,735	0,367	
Leverage	-0,026	0,013	-2,04	0,043	0,021	**
Growth	-0,090	0,024	-3,73	0,000	0,000	***

SRD	Coeff.	Standard Error	t-value	p-value (one-tailed)	p-value (two-tailed)	Sig
Covid-19	0,153	0,029	5,12	0,000	0,000	***
Constant	0,687	0,090	7,62	0,000	0,000	***

Notes: * p<10%, ** p<5%, *** p<1%
Source: processed using STATA, 2025

The analysis indicates that the ROA variable exhibits a positive coefficient of 0.266, with a p-value of 0.0245 (<5%). Thus, the null hypothesis is rejected at the 5% significance level, providing sufficient evidence that profitability has a positive and significant impact on sustainability report disclosure. Therefore, H1 is accepted.

The Board Size variable shows a positive coefficient of 0.019 and a p-value of 0.004 (<1%). This result confirms that board size has a positive and significant effect on sustainability report disclosure at the 1% significance level. Thus, H2 is accepted.

The Board Independence variable presents a negative coefficient of -0.246, with a p-value of 0.023 (<5%). Although the influence is statistically significant, the negative direction of the relationship contradicts the initial hypothesis. Therefore, H3 is rejected.

The Board Gender Diversity variable displays a negative coefficient of -0.129 with a p-value of 0.079 (<10%). While the relationship is statistically significant at the 10% level, the negative direction of the coefficient does not align with the proposed hypothesis. Thus, H4 is rejected.

Profitability Positively Influence Sustainability report disclosure

The results of the first hypothesis test indicate that profitability has a significant positive effect on the disclosure of sustainability reports, thus the first hypothesis is accepted. This finding concludes that the higher a company's ability to generate profits, the greater the level of sustainability report disclosure it provides. This result aligns with studies by Damayanti et al. (2021) and Liana (2019), which also found a positive relationship between profitability and sustainability report disclosure.

This positive association can be explained through the concept of the Triple Bottom Line, as proposed by Elkington (1999), which evaluates a company's success not only based on financial performance (profit), but also on its social (people) and environmental (planet) aspects. This concept underscores the importance for companies to maintain a balance between these three dimensions in order to achieve long-term business sustainability. Companies with higher profitability tend to prioritize social and environmental issues, recognizing that sustainability plays a crucial role in their future business continuity.

Furthermore, more profitable companies are more likely to provide detailed information in their sustainability reports to safeguard their reputation and mitigate risks related to social and environmental impacts. Moreover, companies with significant profitability generally possess greater financial capacity to fund and effectively implement sustainability programs, thus demonstrating a strong commitment to sustainability. However, this does not imply that companies with lower profitability disregard sustainability report disclosure. On the contrary, such companies may view sustainability reporting as an opportunity to enhance their performance and improve their public image in the future.

Board Size Positively Influence Sustainability report disclosure

The results of the second hypothesis test provide empirical evidence that board size has a significant positive impact on the disclosure of corporate sustainability reports, thus confirming the acceptance of the second hypothesis. Based on this empirical evidence, it can be concluded that the larger the board size, the higher the extent of sustainability report disclosures made by the company. This finding is consistent with the research of Justin & Hadiprajitno (2019), which shows a positive relationship between board size and sustainability report disclosures.

This positive association can be explained through agency theory, which posits that a larger board has a greater and more effective monitoring capacity, making it an important governance factor in overseeing management performance (Welford, 2007). This, in turn, fosters transparency and enhances corporate information disclosure. A larger board also generates a wider range of ideas, perspectives, values, and opinions in the decision-making process. Moreover, a larger and more diverse board signals that the company places greater importance on public involvement in decision-making, particularly decisions related to sustainability. Therefore, the decision to issue sustainability reports is more likely to be driven by more thoughtful and varied considerations (Hamidah & Sastra, 2020). A larger board allows for the leveraging of a broader set of expertise and experience, contributing to better decision-making.

Furthermore, a larger board tends to be more stable and less susceptible to external influences compared to a smaller board Justin & Hadiprajitno (2019). With a broader perspective, a larger and more diverse board can assist the company in addressing sustainability challenges, ensuring that the company takes appropriate actions in managing sustainability risks and opportunities.

Board Independence Negatively Influence Sustainability report disclosure

The third hypothesis test provides empirical evidence that board independence has a significant negative impact on corporate sustainability reporting, leading to the rejection of the third hypothesis. Based on this evidence, it can be concluded that board independence is a key factor in sustainability disclosure. Specifically, as the number of independent board members decreases, the level of sustainability reporting increases. These findings align with Sari et al. (2018), which show that a lower proportion of independent board members correlates with higher levels of sustainability reporting.

Research data indicate that the average number of independent board members across companies remains consistent. According to Law No. 40 of 2007 on Limited Liability Companies, every public company must have at least two independent board members, with at least one serving as an independent commissioner. This regulation is linked to the size of the board of commissioners. As the size of the board increases, the proportion of independent members decreases, leading to greater sustainability reporting.

The consistency in the number of independent board members is due to regulations setting minimum and maximum limits for the board’s composition. Additionally, companies must consider that an excessive number of independent board members can result in higher costs, as they require compensation. Independent commissioners often have strong professional backgrounds outside sustainability, which may lead to limited understanding of sustainability issues. Furthermore, they may have insufficient knowledge or resources to ensure transparent and accurate sustainability reporting. However, it is important to note that not all companies are the same. Some companies may have independent board members with adequate knowledge of sustainability issues, allowing them to significantly contribute to improving sustainability disclosure.

Board Gender Diversity Negatively Influence Sustainability report disclosure

The results of the fourth hypothesis test provide empirical evidence that board gender diversity has a significant negative effect on the disclosure of corporate sustainability reports, leading to the rejection of the fourth hypothesis. This suggests that board gender diversity is a significant factor influencing sustainability report disclosures. Specifically, the lower the proportion of female board members, the greater the sustainability report disclosure by the company. This finding aligns with the research by Justin & Hadiprajitno (2019), which showed that female representation on boards negatively impacts sustainability report disclosures.

According to gender stereotype theory, women are perceived as a minority with less capability to serve on boards typically dominated by men (Justin & Hadiprajitno, 2019). If women are considered unequal to men in board structures, they have fewer opportunities to influence decision-making processes, leading to discrimination and a perception of lower effectiveness compared to male board members. The study also found that the average number of female board members was consistent across companies. This is related to the finding that larger board sizes correlate with increased sustainability report disclosures. As board size grows and the number of female board members remains constant, the proportion of female board members decreases, which in turn leads to greater sustainability report disclosures.

Several factors contribute to the similar average number of female board members across companies. One factor is the lack of trust among investors and stakeholders in women's ability to lead and make decisions within the corporate context. This can result in negative perceptions of women's ability to influence company performance and effective decision-making. Additionally, differences in leadership and communication styles between men and women may affect how women lead and motivate company staff to support sustainability programs. If not properly managed, these differences could influence both the quantity and quality of sustainability report disclosures.

CONCLUSION

This research finds that profitability has a significant positive impact on sustainability report disclosure, indicating that more profitable companies tend to disclose more information. Additionally, board size also has a significant positive effect on sustainability report disclosure, with larger boards leading to more comprehensive disclosures. Conversely, board independence and board gender diversity have a significant negative effect on disclosure, meaning that companies with smaller proportions of independent directors or female board members tend to disclose more information. This study has significant implications for both academic knowledge and business practice. From an academic perspective, the research contributes to the development of accounting and finance literature, particularly in the area of corporate sustainability report disclosures. The findings provide deeper insights into the factors influencing sustainability disclosures, as well as the role of profitability and board characteristics in these disclosures. For business practitioners, the results of this study are invaluable in formulating more effective strategies for sustainability report disclosures. Understanding how profitability and board characteristics impact disclosures can help businesses enhance their reporting practices. Furthermore, the study has important implications for environmental and social sustainability. Improved sustainability reporting can increase transparency regarding the social and environmental impacts of business operations, while also raising awareness of the importance of responsible and sustainable business practices.

However, the study has several limitations, including the use of a limited sample consisting of 31 companies from the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) and a research period spanning only from 2020 to 2023. Other limitations include the measurement of profitability using only ROA and the limited board characteristics considered, such as board size, board independence, and board gender diversity. The control variables used were also limited to company size, capital structure, company growth, and the impact of Covid-19. Therefore, future research could expand the sample to include companies from other sectors and extend the research period. Additionally, profitability could be measured using other indicators such as Gross Profit Margin or Net Profit Margin. Future studies could also consider a broader range of independent variables related to corporate governance mechanisms and utilize additional control variables that may provide a more comprehensive understanding of the various factors influencing corporate sustainability report disclosures.

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