Article Type: Research Paper

Corporate Board Diversity and Sustainability Reporting: Empirical Evidence from Indonesia Before and During COVID-19

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DOI: 10.18196/jai.v23i1.12767

CITATION:
Juwita, N., & Honggowati, S. (2022). Corporate Board Diversity and Sustainability Reporting: Empirical Evidence from Indonesia Before and During COVID-19. *Journal of Accounting and Investment*, *23*(1), 1-15.

ARTICLE HISTORY
Received:
20 Sep 2021
Revised:
16 Oct 2021
25 Oct 2021
Accepted:
29 Oct 2021

Abstract:
Research aims: This study aims to investigate how the influence of board diversity before and during the COVID-19 pandemic.
Design/Methodology/Approach: The researchers used purposive sampling method. The research sample was 70 companies in the pre-pandemic period and 52 companies during the pandemic with the following criteria: all companies in Indonesia listed on the IDX that published complete sustainability reports and annual reports. In testing the hypotheses, multiple linear regression analysis was employed.
Research findings: The presence of board diversity affected sustainability reporting in the pre-pandemic period, but during the pandemic, it did not affect the sustainability report disclosure.
Theoretical contribution/Originality: This study is empirical evidence regarding the comparison of the effect of the presence of board diversity before the pandemic and during the pandemic.
Research limitation/Implication: The sample period during the pandemic was still too short. As known that the initial COVID-19 pandemic entered Indonesia was in 2020, so the researchers experienced limited data regarding sustainability reports during the pandemic.
Keywords: Board Diversity; Gender; Education; Size; Sustainability Report Disclosure

Introduction

Issues related to the environment have become a hot topic to discuss, especially company operational issues that impact the environment and people's lives. The existence of the COVID-19 pandemic has also had a significant impact not only on the health sector but also on the economic sector. As a result, it is not uncommon for companies to want to maximize profits regardless of their impact on the environment. Cases of the impact of the company's operations on the environment and people's lives, for example, are the case of PT Lapindo's hot mudflow in Sidoarjo (Setiawan et al., 2018); the case of coal mining in Berau, East Kalimantan, recycling the rapid antigen test at Kualanmu International Airport, carried out at the Kimia Farma office; environmental pollution in the Citarum watershed by PT HAYI; tin mining with suction vessels produced by PT Stanindo

Inti Perkasa (SIP) in Bangka Belitung; tin mining activities in the Matras beach area that impact local people's livelihoods; environmental pollution carried out by PT Indomico Mandiri in Santan Ilir Village, Marangkayu District, Kutai Kartanegara, a Coal Mining Concession Work Agreement (PKP2B) company, suspected of polluting the environment or dumping B3 waste (Hazardous and Toxic Materials) in the form of fly ash and bottom ash around the PLTU PT Indomico Mandiri (Madona & Khafid, 2020). The existence of the above phenomenon makes the public aware of the importance of transparency and corporate accountability. The company's transparency and accountability can be presented in the sustainability report.

A sustainability report is a report issued by the company as a social and environmental responsibility due to the company's operations. Sustainability reports are needed by stakeholders, including the community, to recognize all forms of corporate responsibility towards society and the environment. Corporate social responsibility activities can be presented in the annual report or separately in the sustainability report (Wahyudi, 2021). The main challenge of sustainable development is the demands and choices of new and innovative ways of thinking. Here, technological developments are not only required to have an impact on the economy but can also have a social and environmental impact (Madona & Khafid, 2020).

However, the emergence of the COVID-19 pandemic in Indonesia has become a challenge for sustainable development and the economy because the COVID-19 pandemic has had a significant impact on various aspects of life. Due to the COVID-19 pandemic, there has been an increase in poverty, inequality, and a decline in the quality of education (Maryana & Carolina, 2021). Nevertheless, these challenges do not prevent the company from achieving success. Companies can achieve sustainability success if they are not only profit-oriented but also pay attention to the impact of the company's operations on the environment and various stakeholders. In this case, the sustainability report has an essential role in the company's success because, with the sustainability report, the company can meet the demands of stakeholders in activities that impact the economy, society, and environment (Ariyani & Hartomo, 2018).

Several researchers have carried out research on the effect of board diversity, but their research results obtained are inconsistent. Research on the gender diversity of the board of directors has also been conducted by Mudiyanselage (2018), Khan at al. (2019), Katmon et al. (2017), who stated that the presence of a female board of directors had a positive effect on disclosure. Further, Justin and Hadiprajitno (2019) asserted that the presence of a female board of directors had a negative effect on disclosure, while Farida's research (2019) affirmed that the presence of a female board of directors did not affect disclosure. In addition, Katmon et al. (2017) found that the educational diversity of the board of directors had a positive effect on disclosure, while Khan et al. (2019) stated that the diversity of the board of directors' education did not affect disclosure. Besides, the studies on the size of the board of directors have been carried out by Justin and Hadiprajitno (2019), Latifah et al. (2019), and Mudiyanselage (2018), who uncovered that the size of the board of directors had a positive effect on disclosure.

In this case, a comparison of research before and during the COVID-19 pandemic needs to be done. Before the COVID-19 pandemic, companies know what decisions will be taken to improve the quality of the sustainability report disclosures. Thus, post-pandemic COVID-19 decision-making can be decided based on the data analysis of sustainability report disclosure before and during the COVID-19 pandemic. Comparing the period before and during the COVID-19 pandemic can also be a differentiator of this study with previous studies. In addition, research on the COVID-19 pandemic needs to be carried out since COVID-19 is a global problem. It is hoped that this research will contribute to (1) the theoretical benefits for academics and researchers; this research can be used as a reference for future research on the effect of board diversity on sustainability report disclosure. (2) Regarding practical benefits, companies can pay attention to the diversity of the board of directors to improve the quality of disclosure of sustainability reports. The research results related to the period before and after the pandemic are also expected to be considered in improving the quality of sustainability reports in the post-pandemic period.

Literature Review and Hypotheses Development

Resource-Based View Theory

The Resource-Based View Theory (RBV) theory asserts that the diversity of directors plays a major role concerning the disclosure of sustainability reports so that the diversity of directors is a valuable resource owned by the company in improving the company's habits related to the disclosure of sustainability reports (Katmon et al., 2017). Based on RBV theory, the diversity of directors can improve the quality of more strategic decision-making (Kyaw et al., 2017). In this case, Khan et al. (2019) argued that the RBV theory supports education, gender, and the size of the board of directors as valuable resources owned by companies to improve the quality of sustainability report disclosure. With the diversity of education, the board of directors is more aware and has broad insight about what steps will be taken to improve the quality of sustainability report disclosure. The existence of female directors can also provide a different perspective and make the company more compliant with the applicable regulations and norms so that the company will pay more attention to the impact of the company's operations on the social and environmental aspects. The selection of the right size of the board of directors can support the company to make decisions more quickly and effectively (Tasya & Cheisviyanny, 2019).

Gender and Sustainability Report Disclosure

According to Gallego-Álvarez et al. (2010) the RBV theory explains that the diversity of the board of directors can be used as an alternative to achieve a competitive advantage. Because the presence of a female board of directors can illustrate gender variations in the company, female and male boards of directors can exchange ideas from different perspectives. Based on Law No. 44/2007 article 97, the board of directors has responsibility for the company's management for the interests and objectives of the company (Farida, 2019). Basically, women are more careful in their actions and tend to avoid risks in decision-making. With the presence of female directors, it is expected to positively impact company operations because women tend to be more detailed in supervising the implementation of sustainability (Setiawan et al., 2018). The presence of women on the board of directors also makes the company more compliant with applicable regulations and norms (Tasya & Cheisviyanny, 2019). Based on the research results of Setiawan et al. (2018) and Tasya and Cheisviyanny (2019), the presence of a female board of directors had a positive effect on sustainability. Based on the explanation, the hypotheses in this study are:

***H_{1a}*:** *Gender diversity positively affects the disclosure of the sustainability report before the pandemic COVID-19.*

***H_{1b}*:** *Gender diversity positively affects the disclosure of the sustainability report during pandemic COVID-19.*

Board of Directors' Education Level and Sustainability Report

Based on the RBV theory, the education level of the board of directors can be used as a company's human resources in achieving a competitive advantage. Barney (1991) stated that the level of education is a difficult-to-imitate resource, so companies need to have a highly educated board of directors. The level of education can also show the extent of the competence possessed by the individual. The higher the education, the higher the competencies possessed. Besides, the level of competence can show how individuals solve problems. Individuals who have high competence will tend to be easier to solve the problems. The level of education can also affect the pattern of thinking. Individuals with high education tend to think critically and have broad knowledge (Hadya & Susanto, 2018). Based on the research results (Hadya & Susanto, 2018), education positively affected the disclosure of sustainability reports. In this regard, individual mindset is influenced by education level. The higher the level of education a person has, the wider the thinking he has. Because education has a vital role in improving one's quality, a broad mindset can contribute to the disclosure of the sustainability report. With higher education, the board of directors will also be aware of the importance of sustainability reports for the company's sustainability. It is because, basically, the company cannot be profit-oriented but also needs to pay attention to the impact of the company's operations on the environment and society. Katmon et al. (2017) and Amaliyah and Solikhah (2019) found that education diversity positively affected the disclosure of the sustainability report. Based on the explanation, the hypotheses in this study are:

***H_{2a}*:** *Education diversity positively affects the disclosure of the sustainability report before pandemic COVID-19.*

***H_{2b}*:** *Education diversity positively affects the disclosure of the sustainability report during pandemic COVID-19.*

Size of the Board of Directors and Sustainability Report Disclosure

Based on the RBV theory, the board of directors is a human resource owned by the company. Implementing the right size of the board of directors in the company can produce quick and appropriate decisions so that the size of the board of directors can be used to achieve a competitive advantage. There are two opinions regarding the size of the board of directors. In the first opinion, the large size of the board of directors has a positive impact on the disclosure of the sustainability report. The more the number of members of the board of directors, the more it will provide various kinds of thoughts and expertise to make good decisions. Meanwhile, in the second opinion, the larger the size of the board of directors, the worse it will be on decision making. It is because the more members of the board of directors, the more suggestions will be generated. Thus, the number of boards of directors is large, and it takes a long time for decision making (Setiawan et al., 2018). The research results by Setiawan et al. (2018), Ramadhani and Maresti (2021), and Mudiyanselage (2018) uncovered that the size of the board of directors had a positive effect on the sustainability report since the greater the number of members of the board of directors, it will produce various kinds of inputs and ideas so that the decisions taken are better. Based on the explanation, the hypotheses in this study are:

***H_{3b}**: Board size diversity positively affects the disclosure of the sustainability report before pandemic COVID-19.*

***H_{3b}**: Board size diversity positively affects the disclosure of the sustainability report during pandemic COVID-19.*

Theoretical Framework

Figure 1 shows the research framework consisting of three independent variables, one dependent variable, and five control variables.

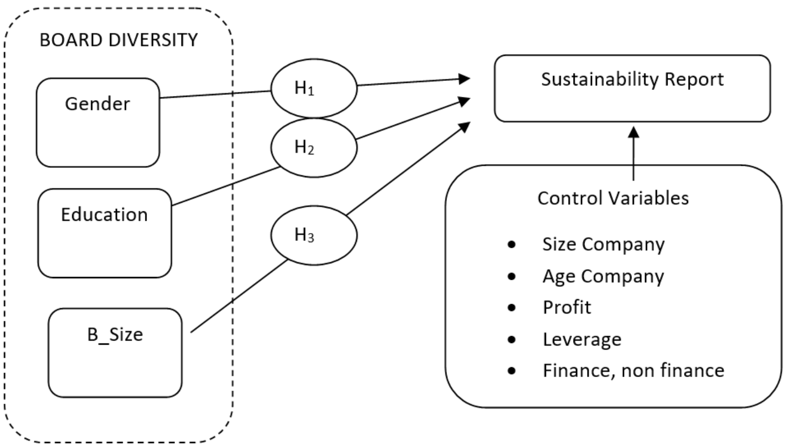

Figure 1 Theoretical Framework

Research Method

The population of this study was all companies listed on the IDX. The researchers chose all companies listed on the IDX because, basically, all company operations would impact the economy, society, and environment. This study used a quantitative approach. In determining the sample, the researchers employed the purposive sampling method. Purposive sampling is a sampling technique with certain criteria (Liana, 2019). There were 750 companies listed on the IDX from 2015-2020. However, companies that did not publish sustainability reports for 2015-2020 were 680 companies. Therefore, the number of companies that met the criteria was 70 companies. Meanwhile, the number of research samples (unbalanced data) was 303 companies.

Table 1 Operationalization and Measurement of Variables

No	Variable	Definition	Proxy
1.	Sustainability Report	Sustainability reports are prepared by the company to communicate the company's performance regarding economic, social, and environmental aspects. In the research samples, the company uses the G4 or the GRI standard.	$G4 = \frac{\text{total poin disclosure}}{91}$ $\text{Star} = \frac{\text{total poin disclosure}}{77}$ (Latifah et al., 2019)
2.	Gender	Gender is a different view between women and men, both in terms of biological and non-biological.	if the company has a female board of directors, 1 is given; if there is no female board of directors in the company, it is 0 (Justin & Hadiprajitno, 2019)
3.	Education	Education is taken by the board of directors.	Average education, S1=1 S2=2 S3=3 (Amaliyah & Solikhah, 2019)
4.	Size of the Board of Directors	The size of the board of directors describes the number of members of the board of directors in each company.	The size of the board of directors describes how many total boards of directors are in the company (Setiawan et al., 2018)
5.	Profit	Profitability describes the profits obtained by the company in a certain period.	$\text{ROE} = \frac{\text{Net Profit}}{\text{Equity}}$ (Setiawan et al., 2018)
6.	Leverage	Leverage is used by companies to assess how much of the company's capital is charged by debt.	$DER = \frac{\text{Amount of Debt}}{\text{Equity}}$ (Setiawan et al., 2018)
7.	Company Size	Company size serves to classify the size of a company.	Company Size = Ln (Total Assets) (Krisyadi & Elleen, 2020)
8.	Company Age	Company age describes how long the company has been in existence.	The company's age is calculated based on the year the company was founded until the sample calculation. (Setiawan et al., 2018)
9.	Finance Non-Finance	Identity of companies that fall into the category of finance or non-finance	Non-Finance is proxied; if it is a finance company, 1 is given; if it is a non-finance company, 0 is given. (Widiastuti et al., 2018)

In addition, the type of data used in this study was secondary data that were obtained from the website of each company. Directors' profile data and financial reports were obtained from annual reports, and sustainability data were obtained from sustainability reports issued by each company. For data processing, the researchers utilized the STATA 16.0 application. Table 1 presents the operationalization and measurement of all variables in this research.

The analytical method used in this study was multiple linear regression, where the equation describes the relationship between the dependent variable (Y) and the independent variables (X). The regression models in this study are:

$$SR = \alpha + \beta_1 GDR + \beta_2 EDU - \beta_3 B\_SIZE + \beta_4 PROF + \beta_5 LEV + \beta_6 SIZE + \beta_7 AGE\_COMP + \beta_8 FNF + \varepsilon \quad (1)$$

Description: SR= Sustainability Report, A= Constant, GDR= Gender, EDU = Education, B_SIZE= Board Size, PROF = Profitability, LEV = Leverage, SIZE = Company Size, AGE_COMP = Company Age, FNF = Finance/Non-Finance, E = Error term, namely the level of estimator error in the study.

Hypothesis Tests

In this study, hypothesis testing was carried out twice, utilizing the STATA 16.0 application. The first hypothesis testing before the 2015-2019 pandemic used panel data, while during the 2020 pandemic, cross-section data was employed. In testing the hypothesis of the panel data, the researchers needed to perform the Chow test, Hausman test, and the Breusch and Pagan Lagrangian multiplier test to determine the best regression model. Meanwhile, it was not necessary to perform the Chow test, Hausman test, and the Breusch and Pagan Lagrangian multiplier test during the pandemic to determine the best regression model. For cross-section data, the researchers used the common effect model.

Result and Discussion

The Table 2 shows the summary of descriptive statistics before and during the COVID-19 pandemic. The mean total points of disclosure made by companies before and during the pandemic increased, but the increase in total points of disclosure was not very significant. Meanwhile, the mean presence of female directors in the company increased by 9.3%.

Table 2 Summary of descriptive statistics before and during the COVID-19 pandemic

Before the COVID-19 pandemic					
Variable	**Obs**	**Mean**	**Std. Dev**	**Min**	**Max**
SR	252	0.317	0.166	0.051	0.967
GDR	252	0.456	0.499	0	1
EDU	252	1.601	0.288	1	2.400
SD	252	6.777	2.381	2	13
ROE	252	0.140	0.233	-0.337	1.399
DER	252	2.673	2.852	0.144	20.558
SIZE_COMP	252	31.267	1.679	24.180	37.290
AGE_COMP	252	48.674	27.367	2	124
FNF	252	0.226	0.419	0	1

Table 2 Summary of descriptive statistics before and during the COVID-19 pandemic (cont')

During the COVID-19 pandemic					
Variable	**Obs**	**Mean**	**Std. Dev**	**Min**	**Max**
SR	53	0.385	0.157	0.103	0.727
GDR	53	0.549	0.500	0	1
EDU	53	1.514	0.257	1	2
SD	53	6.773	2.275	3	12
ROE	53	0.041	0.710	-4.112	2.543
DER	53	3.082	3.908	0.145	24.848
SIZE_COMP	53	31.298	1.498	28.623	34.952
AGE_COMP	53	48.113	25.022	6	125
FNF	53	0.226	0.422	0	1

However, during the pandemic, the company experienced a decrease in the education level of the directors. The decrease in the level of directors' education during the pandemic was due to changes in the board of directors' structure.

Based on the Table 2, it can also be concluded that there was no significant change related to the size of directors. During the pandemic, there was a 9.9% decrease in profit and a 40.9% increase in leverage. The decrease in profit and the increase in leverage are thought to be the impact of the COVID-19 pandemic. As known, the COVID-19 pandemic has had a significant impact on various aspects of life. Meanwhile, the company's age has increased since the age of the company will increase over time.

Table 3 Before the COVID-19 pandemic results

	REM Test 1	REM Test 2	REM Test 3	REM Test 4
C	0.545 (0.029)	0.431 (0.083)	0.533 (0.033)	0.440 (0.076)
GDR	0.039 (0.067)***			0.048 (0.072)***
EDU		0.115 (0.004)**		0.107 (0.008)**
B_SIZE			-0.009 (0.052)***	-0.010 (0.087)***
PROF	-0.319 (0.594)	-0.3257 (0.581)	-0.239 (0.689)	-0.306 (0.603)
LEV	0.008 (0.594)	0.008 (0.155)	0.007 (0.199)	0.006 (0.285)
SIZE	-0.008 (0.315)	-0.1002 (0.215)	0.005 (0.487)	-0.008 (0.304)
AGE_COMP	0.0002 (0.714)	0.0003 (0.609)	0.0004 (0.505)	0.0004 (0.489)
FNF	-1.323 (0.017)**	-0.123 (0.021)**	-0.093 (0.095)***	0.440 (0.076)***
R^2	0.1422	0.014	0.124	0.0072
F-Statistic	9.61	15.94	10.00	20.97
Prob (F-Statistic)	0.026	0.041	0.027	0.075

Significance level: 1%*; 5%**; 10%***

Table 4 During the COVID-19 pandemic results

	REM Test 1	REM Test 2	REM Test 3	REM Test 4
C	0.116	-0.274	-0.046	-0.121
	(0.845)	(0.963)	(0.940)	(0.985)
GDR	-0.055			-0.558
	(0.260)			(0.267)
EDU		0.106		0.107
		(0.268)		(0.272)
B_SIZE			-0.006	-0.003
			(0.595)	(0.769)
PROF	0.035	(0.043)	0.295	0.046
	(0.285)	(0.210)	(0.384)	(0.201)
LEV	-0.001	-0.003	0.295	-0.003
	(0.865)	(0.644)	(0.384)	(0.617)
SIZE	0.007	0.007	0.013	0.008
	(0.683)	(0.704)	(0.514)	(0.706)
AGE_COMP	0.001	0.0009	0.012	0.001
	(0.148)	(0.329)	(0.188)	(0.238)
FNF	-0.650	-0.786	-0.952	-0.466
	(0.384)	(0.271)	(0.177)	(0.545)
R^2	0.135	0.134	0.116	0.161
F-Statistic	1.20	1.19	1.01	1.06
Prob (F-Statistic)	0.3246	0.328	0.432	0.406

Significance level: 1%*; 5%**; 10%***

Based on the Table 3 and Table 4, in the pre-pandemic period, the existence of a female board of directors had a positive effect on the company’s sustainability report disclosure; 45.63% of companies had a female board of directors. Basically, women and men have different characteristics either in terms of thought or behavior. The female board of directors tends to be more sensitive than the male board of directors because the level of sensitivity of the female board of directors is higher than that of men, thus making the female board of directors tend to think more about the impact of the company's operations on the environment and society. In decision-making, women's board of directors are also more careful and tend to avoid conflict. The results of this study are in line with the research results by Setiawan et al. (2018), Justin and Hadiprajitno (2019), Tasya and Cheisviyanny (2019), and Indriyani and Sudaryati (2020).

However, the presence of a female board of directors during the pandemic in this study had no impact on the company's sustainability report disclosure. Besides, there was an increase in the presence of a female board of directors compared to before the pandemic, but if looked deeper, the presence of a female board of directors still tended to be in the minority. The low proportion of female directors' attendance will reduce the ability of female directors to influence the total points disclosed. According to Farida (2019), the presence of less than three female directors could not influence the board of directors' decisions, which would be detrimental to the company since the company loses the opportunity to achieve a competitive advantage through the diversity of directors. Based on RBV theory, the diversity of the board of directors can be used as an alternative to achieve a competitive advantage. It is because the presence of a female board of directors can illustrate the existence of gender variations in the company; thus, female and male boards of directors can exchange ideas from different perspectives. Therefore, the low proportion of female board of directors had a negative impact on cognitive diversity related to information and knowledge, which tends to be heterogeneous. If the number of female directors balances an organization, it will create gender diversity and diversity of thought so that the presence of female directors can affect the total points expressed. The results of this study align with the research of Manita et al. (2018) and Farida (2019).

In the period before the pandemic, the education of the board of directors affected the disclosure of the sustainability report. Based on the RBV theory, the education level of the board of directors can be used as a company's human resources in achieving a competitive advantage. Barney (1991) stated that the educational level is a difficult-to-imitate resource, so companies need to have a highly educated board of directors. Highly educated members of the board of directors can certainly think critically, plan, and solve the company's problems. In the pre-pandemic period, the average education level of the board of directors was Masters. In this case, not only high education but the diversity of educational backgrounds can also improve the quality of sustainability report disclosure because the diversity of educational backgrounds will generate suggestions from various perspectives. The results of this study corroborate the research by Hadya and Susanto (2018).

Nevertheless, the education of the board of directors during the pandemic in this study did not affect the sustainability report disclosure as there was a decrease in the education level of the board of directors. The decrease in the education level of the board of directors was caused by changes in the structure of the board. In fact, during the pandemic, the members of the board of directors who are broad-minded are needed, which can solve company problems and plan strategies for the company. As known, the COVID-19 pandemic is a global problem that has a major impact on various sectors, so companies need competent human resources. This research agrees with the research of Fernandes et al. (2018) and Amaliyah and Solikhah (2019), which did not find the effect of education on total disclosure.

Moreover, the size of the board of directors had a negative effect on the disclosure of sustainability reports. Based on the RBV theory, the board of directors is a human resource owned by the company. Implementing the right size of the board of directors in the company can produce quick and appropriate decisions so that the size of the board of directors can be used to achieve a competitive advantage. In the pre-pandemic period, companies were more suited to implementing a smaller board of directors. In this regard, there are differences of opinion regarding the size of the board of directors. The first opinion states that the large size of the board of directors influences total disclosure. With a large board of directors, the more varied the proposals given and the board of directors can complement each other due to differences in expertise, enabling them to make good decisions. In contrast, the second opinion argues that the larger the size of the board of directors, the less effective the company's performance. It is because the larger the size of the board of directors, it will produce varied opinions so that it takes a relatively long time to determine the decision. The larger the size of the board of directors in the company is also prone to conflict between the board of directors. Based on the study results, the size of the board of directors that was well applied in the pre-pandemic period was that the size of the board of directors was not too large. With the size of the board of directors that is not too large, it is expected to produce faster decisions and minimize conflicts between the boards of directors.

However, during the pandemic, the size of the board of directors in this study did not affect the total disclosures made by the company. Based on the comparison of the summary table, it can be seen that the size of the board of directors in the pre-pandemic and post-pandemic periods did not change significantly in the composition of the board of directors, even though the situation before and during the pandemic was different. Besides, the total number of companies that disclosed sustainability reports during the pandemic also decreased. The results of the study are not in line with Justin and Hadiprajitno (2019), Latifah et al. (2019), and Mudiyanselage (2018), which stated that board size had a positive effect on design. Meanwhile, the results of this study align with research conducted by Fuente et al. (2017), which did not confirm the relationship between board size and performance.

In this research, the control variables of profitability, leverage, company size, and company age did not affect the disclosure of the sustainability report before and during the pandemic. In addition, the classification of financial and non-financial companies during the pandemic negatively affected disclosure, while during the pandemic, the classification of financial and non-financial companies in this study did not affect the disclosure of sustainability reports.

Moreover, the company's profitability in the period before and during the pandemic did not affect the company's disclosure of the sustainability report. Utami et al. (2019) stated that the disclosure of sustainability reports made by companies is not only influenced by the level of profit generated by the company but is influenced by all elements of fundamental financial performance because financial performance is a system unit that is interrelated and complements each other. If the company has a high ROE, the funds are not necessarily allocated to social activities; thus, the company's sustainability disclosure tends to be low. It could be that the company is only oriented to obtain high profits. Ariyani and Hartomo (2018) asserted that companies with high profitability would not expand company policy information in sustainability reports. They assume that if companies have high profits, they do not need to bother to report things that can interfere with financial information. The results of this study are in line with Karlina et al. (2019).

Leverage before and during the pandemic also did not affect the disclosure of the sustainability report. The leverage ratio is the ratio used to measure how much the company is financed with debt. Concerning this, the use of debt that is too high can harm the company. When a company is interested in disclosing a good sustainability report, of course, the company needs to spend quite a lot of money. Meanwhile, a company with a high leverage ratio indicates that the company is mostly financed by debt; of course, the company will reduce various costs, such as the costs incurred for disclosing the sustainability report (Afsari et al., 2018). Utami et al. (2019) revealed that the size of the company's leverage ratio did not affect the quality of the sustainability report disclosure. It is because a well-established relationship with debtholders and good company performance can make debtholders not pay too much attention to the company's leverage ratio. The results of this study are in line with Tobing et al. (2019) and Krisyadi and Elleen (2020).

In addition, company size before and during the pandemic did not affect the disclosure of the sustainability report. According to Jensen and Meckling (1976) large companies have the urge to withhold information that contains relevant value to avoid the pressure of political costs in law and tax increases, as well as pressure to carry out social responsibility. Therefore, it allows management to prefer to disclose only the necessary reports. The results of this study are in accordance with Dewi and Pitriasari (2019) and Karlina et al. (2019).

The company age also did not affect the disclosure of the sustainability report by the company. Companies that have been established for a long time do not guarantee that the company will disclose the company's performance more fully since companies that have an older age understand what points should be disclosed and not. Older companies are used to disclosing the company's performance on the company's website to feel that the public already knows about the company's operations, so there is no need to disclose the company's operations in detail in the sustainability report. In contrast to younger companies, they feel the need to fully disclose their points because newly established companies seek and build legitimacy, so it is vital to make full disclosures. The results of this study align with the research of Safar and Widyaningsih (2021).

Furthermore, the grouping of industry types into financial or non-financial companies in the pre-pandemic period had a negative effect on the disclosure of sustainability reports. In comparison, during the pandemic period, the grouping of industrial types did not affect the disclosure of the sustainability report. Based on Law No. 40 of 2007 Article 74 Paragraph 1 concerning the Limited Liability Company, the awareness of the need to protect the environment is regulated. It states that "companies that carry out their business activities in the field and/or related to natural resources are obliged to carry out social and environmental responsibilities." It indicates that both financial and non-financial companies will continue to make sustainability reporting based on the above regulations and management awareness, even though only a few companies have implemented it. In addition, every company wants to create a good image among the public by publishing sustainability reporting (Syakirli et al., 2019).

Conclusion

Based on the study results, the board of directors' characteristics (gender, education, and size of the board of directors) before the pandemic affected the total disclosure. Meanwhile, the characteristics of the board of directors during the pandemic did not affect total disclosure.

This research will contribute to (1) benefits for academics; for readers, this journal can be used as a reference to add information related to board diversity and sustainability reports and the importance of sustainability reports for stakeholders. As for other researchers, this research can be used as a reference related to any factors that can affect the disclosure of the sustainability report. (2) Regarding practical benefits, companies can pay attention to the diversity of the board of directors to improve the quality of the sustainability report disclosure.

However, the weakness of this research is that the researcher only examined the diversity of the board of directors based on gender, education, and size of the board of directors. For further researchers, the diversity of directors can be added based on nationality, age, years of service, and ethnicity. If possible, researchers can also increase the research period during the pandemic. It is because the current researchers only used the 2020 year for data during the pandemic. In this study, the researchers also only examined the effect of board diversity on the disclosure of sustainability reports in Indonesia. For further researchers, it is suggested to add samples from several developing countries that publish sustainability reports, or researchers can increase the number of samples by making ASEAN countries as samples.

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