**DIPONEGORO JOURNAL OF ACCOUNTING** *Volume 15, Nomor 3, Tahun 2026, Halaman 1-15*
*http://ejournal-s1.undip.ac.id/index.php/accounting* *ISSN (Online): 2337-3806*

# The Influence of Board of Commissioners Characteristics on ESG Performance (An Empirical Study of Consumer Non-Cyclicals Companies Listed on The IDX 2020-2024)

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***ABSTRACT***

Consumer non-cyclicals companies listed on the Indonesia Stock Exchange operate in a sector that is closely associated with daily consumption, supply chain scrutiny, and growing expectations from stakeholders regarding ethical and sustainability practices. In this context, the adoption of Environmental, Social, and Governance (ESG) principles, along with effective internal oversight structures, is considered essential in strengthening corporate accountability and long-term value creation. This study seeks to investigate empirically the impact of board characteristics namely board independence, board size, gender diversity, board education, and board meetings on the ESG performance of consumer non-cyclicals firms listed on the Indonesia Stock Exchange for the 2020–2024 period.

This research applies a quantitative research design using secondary data collected from the Refinitiv database, as well as companies published annual and sustainability reports. The sample was determined through purposive sampling based on specific selection criteria. A total of 18 consumer non-cyclicals companies met the requirements and were observed over five years, resulting in 90 firm-year observations. ESG performance is proxied by the Refinitiv ESG Score and ESG Content Analysis based on the Global Reporting Initiative (GRI) Standards. The data are analyzed using multiple linear regression analysis.

The empirical findings reveal that board independence, board size, gender diversity, board education, and board meetings do not show a significant effect on ESG performance. This result implies that various structural and demographic attributes of the board of commissioners in this sector have not been effectively translated into substantive drivers for enhanced sustainability investments. ESG disclosure practices among consumer non-cyclical companies in Indonesia appear to be driven more by external regulatory compliance or institutional pressures rather than internal variations in board characteristics themselves.

**Keywords:** ESG Performance, Board Characteristics, Gender Diversity, leverage, profitability, Indonesia Stock Exchange.

## INTRODUCTION

Sustainable business practices based on Environmental, Social, and Governance (ESG) principles have evolved into an essential element of modern business strategies for long-term value creation. In Indonesia, the urgency of implementing and disclosing ESG has escalated significantly, primarily driven by the enactment of Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 concerning Sustainable Finance. This demand is particularly relevant for the consumer non-cyclicals sector on the Indonesia Stock Exchange (IDX), whose operations are directly linked to daily consumption and natural resource supply chains, subjecting the sector to dual pressures from strict regulatory compliance and consumer ethical expectations.

Although there has been an aggregate paradigm shift toward more holistic and quantitative ESG reporting in the post-pandemic era, actual implementation remains highly uneven. Large-capitalization companies (blue-chips) have recorded significant jumps in ESG scores, whereas mid-to-small scale issuers still exhibit limited disclosure levels. This

disparity indicates that the successful integration of ESG relies heavily on resource capacity and the effectiveness of a firm's internal governance mechanisms. Rooted in the Agency Theory by Jensen & Meckling (1976) , the Board of Commissioners within Indonesia's two-tier board system serves a crucial supervisory function to prevent opportunistic managerial behavior, such as greenwashing, and to ensure that the sustainability agenda is strategically integrated rather than treated as mere administrative compliance.

## THEORETICAL FRAMEWORK

### Agency Theory

Grounded in Jensen and Meckling's (1976) foundational framework, Agency Theory posits an inherent conflict of interest between shareholders (principals) and corporate management (agents) arising from the structural separation of ownership and control. Driven by human tendencies toward self-interest and bounded rationality, this separation creates information asymmetry, which provides agents with the opportunity to engage in opportunistic behaviors such as adverse selection and moral hazard. To mitigate these principal-agent conflicts and align managerial actions with the firm's best interests, principals must incur agency costs, primarily through the establishment of robust monitoring mechanisms. Within modern corporate governance, the Board of Commissioners serves as this critical oversight instrument, actively constraining managerial opportunism to ensure that strategic decisions including long-term investments in Environmental, Social, and Governance (ESG) performance remain consistently oriented toward sustainable value creation for shareholders.

### Environmental, Social, and Governance (ESG)

ESG performance represents a holistic evaluation system used to measure a company's commitment to sustainable operations, ethical conduct, and robust internal oversight (Nazarova & Lavrova, 2022). Unlike traditional corporate social responsibility (CSR) initiatives, which were often treated as peripheral activities, ESG integration has become a strategic necessity for modern firms to maintain competitiveness and long-term sustainability (Fatemi et al., 2018). The efficacy of ESG practices acts as a strategic hedge against non-financial risks while simultaneously enhancing business resilience and fostering investor confidence (Nirino et al., 2021). Furthermore, a comprehensive ESG strategy signals market quality, effectively reducing the cost of equity by minimizing information asymmetry for external investors (Dhaliwal et al., 2010).

### Board Independence

Board independence is a fundamental corporate governance characteristic defined by the proportion of commissioners who maintain no financial, professional, or familial affiliations with management or controlling shareholders (Menicucci & Paolucci, 2026), a standard structurally mandated in Indonesia by an OJK requirement of at least 30 percent representation. Viewed through the lenses of agency and legitimacy theories, these non-affiliated members act as impartial referees who strengthen supervisory effectiveness, curb principal-agent conflicts, and align corporate operations with the expectations of broader stakeholders (Menicucci & Paolucci, 2026). This objective oversight is strategically critical for enhancing Environmental, Social, and Governance (ESG) performance, as independent directors drive managerial accountability, promote sustainable practices, and reduce information asymmetry through transparent reporting an essential function for mitigating risks in highly scrutinized industries like the consumer non-cyclicals sector (Menicucci & Paolucci, 2026).

**Board Size**

Board size, defined as the aggregate number of commissioners engaged in strategic decision-making (Zahra & Pearce, 1989), serves as a critical indicator of a firm's monitoring capacity and available human capital. In Indonesia, public entities are mandated by UUPT No. 40/2007 and POJK No. 33/2014 to maintain a minimum of two board members to establish a fundamental baseline for collective oversight and debate. Theoretically, larger boards offer a wider array of expertise, resources, and professional networks, which facilitates a more effective division of monitoring tasks across specialized committees (Amara & Ahmadi, 2024). Consequently, an increased number of members can lead to a more comprehensive integration of ESG values, allowing firms to effectively mitigate controversies (Treepongkaruna et al., 2024) and enhance the transparency of their sustainability reporting (Mufti & Wibowo, 2024). However, this relationship is often nonlinear; excessively large boards may encounter coordination inefficiencies, communication friction, and "free-rider" problems (Chatjuthamard & Jiraporn, 2023) that can paradoxically reduce oversight effectiveness and negatively impact specific sustainability outcomes, such as social performance (Pramesti & Nita, 2022).

**Gender Diversity**

Gender diversity on corporate boards enhances ESG performance by introducing empathetic, ethical, and stakeholder-oriented perspectives rooted in Gender Socialization Theory (Amara & Ahmadi, 2024; Birindelli et al., 2018; Dawson, 1997; Gilligan, 2009; Menicucci & Paolucci, 2026). However, in Indonesia's regulatory landscape, the absence of binding quotas often limits female participation to symbolic "tokenism" rather than substantive strategic influence (Nurbaity et al., 2025). Consequently, while some empirical studies show that female directors significantly boost ESG and financial outcomes (Rohman et al., 2025), others find insignificant effects in emerging markets (Septiana & Puspawati, 2022). This inconsistency is best explained by critical mass theory, which posits that the positive influence of female commissioners on sustainability only materializes when their representation reaches a sufficient threshold typically three or more members to effectively shift the dominant masculine corporate culture (Birindelli et al., 2018; Menicucci & Paolucci, 2026; Nurbaity et al., 2025).

**Board Education**

Board education encompassing both formal academic degrees and informal professional training reflects the critical human capital, cognitive capacity, and analytical skills within a company's governance structure (Harjoto et al., 2019; Hillman & Dalziel, 2003). While Indonesian regulations (OJK No. 33/POJK.04/2014) do not mandate specific academic degrees, they explicitly require commissioners to possess specialized competencies and engage in continuous professional development to ensure effective corporate oversight. In the context of ESG, this intellectual capital is vital for comprehensively deciphering complex socio-environmental risks; empirically, highly competent boards are significantly more effective at advising management and driving robust sustainability strategies (Surbakti et al., 2025). Furthermore, the institutional reputation of a commissioner's formal education plays a paramount role, as graduates from prestigious, top-tier universities demonstrate a more profound ethical understanding of sustainability issues, which directly enhances the quality of ESG reporting and overall supervisory effectiveness (Tanputra et al., 2023).

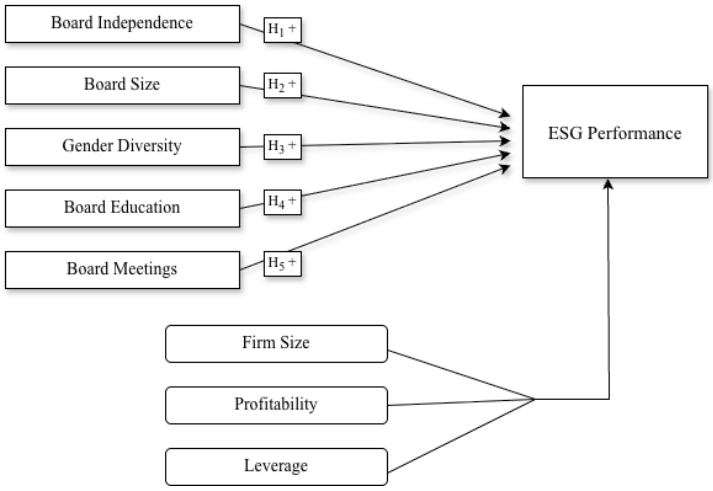
**Board Meetings**

The frequency of board meetings serves as a salient quantitative indicator of a board's active involvement in its ESG oversight functions (Birindelli et al., 2018). In Indonesia, OJK

Regulation No. 33/POJK.04/2014 mandates that the Board of Commissioners convene at least once every two months to ensure consistent strategic engagement. Empirically, greater regularity in these sessions provides continuous forums to evaluate non-financial risks, which significantly improves the quality of corporate sustainability reporting (Mufti & Wibowo, 2024). However, this positive impact on ESG performance depends heavily on the substantive quality of the discussions; without adequate preparation, frequent meetings risk becoming mere administrative formalities rather than drivers of effective strategic governance (Birindelli et al., 2018).

## Conceptual Model

**Figure 1 Conceptual Framework**




## Hypothesis

### The Effect of Board Independence on ESG Performance

Board independence enables the supervisory body to exercise objective oversight and evaluate corporate strategies free from management biases, making it a crucial determinant of sustainability practices. Grounded in Agency Theory, independent commissioners mitigate agency costs and reduce information asymmetry by ensuring that management prioritizes long-term Environmental, Social, and Governance (ESG) investments over short-term gains, thereby securing stakeholder legitimacy particularly in scrutinized industries like the consumer non-cyclicals sector. Empirically, research consistently supports this positive relationship, demonstrating that independent commissioners encourage robust ESG disclosure practices (Septiana & Puspawati, 2022), serve as primary catalysts for corporate sustainability performance (Naciti et al., 2022), enhance environmental and social risk management (Birindelli et al., 2018), and optimize disclosure quality in emerging markets (Jafar et al., 2024).

$H_1$: Board Independence has a positive influence on ESG Performance.

### The Effect of Board Size on ESG Performance

Board size reflects the total number of supervisory members, providing the collective expertise, human capital, and task-division capacity necessary to navigate complex Environmental, Social, and Governance (ESG) issues. Interpreted through Agency Theory, larger boards enhance a firm's monitoring vigilance, effectively constraining opportunistic managerial behavior and ensuring that management remains pressured to implement comprehensive sustainability policies rather than sacrificing long-term welfare for short-term gains. Empirically, research supports this positive relationship, showing that larger boards are more effective at mitigating ESG-related controversies (Treepongkaruna et al.,

2024), improving sustainability performance in Indonesia (Surbakti et al., 2025), facilitating task division (Amara & Ahmadi, 2024), and offering the enhanced monitoring capabilities that outweigh potential coordination inefficiencies to achieve superior environmental and social risk management (Almulhim et al., 2024; Cai et al., 2024; Menicucci & Paolucci, 2026).

$H_2$: Board Size has a positive influence on ESG Performance.

**The Effect of Gender Diversity on ESG Performance**

Gender diversity on the board improves strategic decision-making and ethical oversight by introducing varied perspectives and reducing information asymmetry. Interpreted through the combined lenses of Agency Theory and Gender Socialization Theory, female commissioners bring communal, empathetic, and cautious traits that strengthen monitoring against managerial opportunism and foster a stronger commitment to long-term stakeholder welfare and corporate social responsibility. Empirically, research supports this positive relationship, demonstrating that gender diversity significantly improves ESG ratings and profitability among Indonesian companies (Rohman et al., 2025), acts as a critical driver for corporate sustainability agendas (Naciti et al., 2022), and provides a long-term oriented approach essential for managing complex socio-environmental risks.

$H_3$: Gender Diversity has a positive influence on ESG Performance.

**The Effect of Board Education on ESG Performance**

Board education reflects the intellectual quality, analytical capacity, and cognitive bandwidth of the supervisory board, which shapes its ability to navigate complex Environmental, Social, and Governance (ESG) issues. Interpreted through Agency Theory, a highly educated board enhances monitoring capacity and mitigates information asymmetry by providing the superior analytical skills needed to decipher specialized sustainability metrics and constrain opportunistic managerial behavior that sacrifices long-term stakeholder welfare. Empirically, research supports the positive role of board education, demonstrating that the educational background of commissioners in Indonesia significantly enhances corporate sustainability performance (Surbakti et al., 2025), and that higher educational attainment particularly from reputable institutions leads to a profound understanding of environmental issues and higher-quality sustainability reporting (Tanputra et al., 2023).

$H_4$: Board educational background has a positive influence on ESG Performance.

**The Effect of Board Meetings on ESG Performance**

The frequency of board meetings reflects the level of activity, diligence, and involvement of the supervisory body, serving as a dynamic indicator of a firm's operational engagement and governance infrastructure. Interpreted through Agency Theory, regular meetings provide the essential forums required to monitor management, reduce information asymmetry, and constrain opportunistic behavior, ensuring that executives remain accountable for long-term environmental and social impacts. Empirically, research supports this positive relationship, demonstrating that higher meeting frequency improves oversight quality and risk mitigation in complex environments (Vafeas & Vlittis, 2024), and that a greater intensity of board meetings positively influences the overall quality of corporate sustainability reporting within the Indonesian context (Mufti & Wibowo, 2024).

$H_5$: Meeting Frequency has a positive influence on ESG Performance.

## RESEARCH METHODOLOGY

### Population and Sample

The population in this study comprises all consumer non-cyclical companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample is selected using a purposive sampling approach based on predetermined criteria, including consistent listing, complete data availability, published Refinitiv ESG scores, and comprehensive disclosures of board characteristics. This rigorous selection process yields a balanced panel dataset consisting of 18 companies observed over five consecutive years, resulting in a total of 90 firm-year observations. The following table presents the population criteria, sample selection procedures, and final observation details used in this study.

**Research Variable and Operational Definition of Variables**

The research variables in this study consist of the dependent variable, independent variables, and control variables aligned with the conceptual framework. ESG performance serves as the dependent variable, board independence, size, gender diversity, education, and meetings serve as independent variables, and firm size, profitability, and leverage act as control variables.

**Table 1**
**Research Variable and Operational Definition of Variables**

| No | Variable | Type | Operational Definition | Measurement |
|---|---|---|---|---|
| 1 | ESG Performance | Dependent | A comprehensive evaluation system measuring a corporation's strategic commitment to sustainable operations and oversight. | Standardized ESG score (0–100) from Refinitiv and a GRI-based disclosure index (0–3 scale) |
| 2 | Board Independent | Independent | The proportion of independent commissioners within the board to curb agency conflicts | Ratio of independent commissioners to total board members |
| 3 | Board Size | Independent | The total number of members comprising the Board of Commissioners. | Total number of individuals serving on the Board of Commissioners |
| 4 | Gender Diversity | Independent | The inclusive representation and participation of female members on the board | Ratio of female commissioners to total board members. |
| 5 | Board Education | Independent | The collective intellectual capacity and academic attainment of board members | Weighted average scoring system based on each commissioner's highest academic degree |
| 6 | Board Meetings | Independent | The frequency and intensity of supervisory board sessions held annually | Total number of board meetings held during the fiscal year. |
| 7 | Firm Size | Control | The scale of corporate resources representing capacity to fund ESG initiatives | Natural logarithm of total assets. |

| | | | | |
|---|---|---|---|---|
| 8 | Profitability | Control | A firm's operational efficiency in generating earnings from its assets | Return on Assets |
| 9 | Leverage | Control | The degree of a firm's reliance on borrowed funds to finance activities | Debt to Asset Ratio |

**Type, Source, and Data Collection Method**

This study uses a quantitative approach with secondary data to examine the influence of board characteristics on ESG performance. The data were obtained from the Indonesia Stock Exchange, company annual reports, sustainability reports, and Refinitiv. The collected data include Refinitiv ESG scores, GRI-based disclosure items, independent commissioners, board size, gender diversity, board education, board meetings, total assets, net income, and total debt for consumer non-cyclicals companies during 2020–2024. Data collection was conducted using the documentation method. The analysis consists of descriptive statistics, classical assumption testing, multiple linear regression analysis, and hypothesis testing.

## RESULT AND DISCUSSION

**Description of Research Object**

This investigation aims to evaluate the impact of Board of Commissioners' characteristics specifically board independence, board size, gender diversity, board education, and board meeting frequency on ESG performance among companies in the consumer non-cyclicals sector, with firm size, profitability, and leverage incorporated as control variables. The research focuses on identifying how these internal governance attributes drive corporate sustainability reporting and non-financial risk management within the Indonesian capital market from 2020 to 2024.

**Table 2 Criteria and Sample of Research**

| No | Description | Total Firms |
|---|---|---|
| 1 | Consumer Non-Cyclicals companies listed and actively traded on the Indonesia Stock Exchange (IDX) during the 2020–2024 period | 132 |
| 2 | Companies that do not consistently publish ESG scores in Refinitiv during the 2020–2024 period | (113) |
| 3 | Companies with incomplete corporate governance information necessary for assessing the research variables | (1) |
| 4 | Final Sample Firms | 18 |
| 5 | Observation Period | 5 Years |
| Total Firm-Year Observations | | 90 |

The sample selection was conducted using purposive sampling based on predetermined criteria. The sample selection process shows that the initial population of Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period comprised 132 firms. Several companies were excluded because they did not consistently publish ESG scores in Refinitiv or lacked complete corporate governance information necessary for assessing the research variables. After applying all selection criteria, the final sample consists of 18 companies observed over a 5-year observation period, resulting in a balanced panel dataset of 90 firm-year observations.

**Statistical Procedures**

The analysis begins with descriptive statistics. Classical assumption tests are conducted to evaluate multicollinearity using tolerance and VIF statistics, heteroscedasticity

using the Glejser test combined with Weighted Least Squares (WLS), and autocorrelation using the Durbin-Watson statistic. Multiple linear regression analysis is employed to examine the partial and simultaneous effects of the independent variables on ESG performance. Hypotheses are tested using individual t-tests at a 5 percent significance level, while the F-test and adjusted R-squared assess overall model feasibility and explanatory power.

## RESULT AND DISCUSSION

### Descriptive Statistics: Model 1

**Table 3 Descriptive Statistics**

| Variable | Mean | Minimum | Maximum | Std. Dev. |
|---|---|---|---|---|
| ESGP | 32.4901 | 20.90 | 48.50 | 7.440 |
| BIND | 0.4669 | 0.20 | 0.83 | 0.13731 |
| BSIZE | 4.3111 | 2.00 | 8.00 | 1.37100 |
| GDV | 0.1150 | 0.00 | 0.50 | 0.15583 |
| BEDU | 3.3110 | 2.20 | 4.40 | 0.57677 |
| BMEET | 10.0111 | 3.00 | 18.00 | 3.24814 |
| Firm Size | 30.4237 | 27.42 | 32.94 | 1.40783 |
| Profitability | 0.0838 | -0.06 | 0.35 | 0.07031 |
| Leverage | 0.4580 | 0.09 | 0.87 | 0.18742 |

*Source: Data processed by the author, 2026*

The descriptive statistics for Model 1 indicate that the dependent variable, ESG Performance (ESGP), records a mean value of 32.4901 with a minimum of 20.90 and a maximum of 48.50, along with a standard deviation of 7.440, reflecting a moderate level of variation and diverse sustainability commitment levels among the sample companies. Furthermore, the explanatory and control variables display sufficient distributional range across the 90 firm-year observations to establish a solid foundation for subsequent multiple regression estimation.

### Classical Assumption Test

**Table 4 Kolmogorov-Smirnov Normality Test**

| Description | | Value |
|---|---|---|
| N | | 90 |
| Normal Parameters | Mean | 0.000 |
| | Std. Deviation | 4.86942643 |
| Most Extreme Differences | Absolute | .080 |
| | Positive | .080 |
| | Negative | -.042 |
| Test Statistic | | 0.080 |
| Asymp. Sig. (2-tailed) | | 0.200 |

*Source: SPSS Output 2026*

The Kolmogorov-Smirnov procedure yields an Asymp. Sig. (2-tailed) statistic of 0.200. The recorded value surpasses the established significance threshold of 0.05, indicating that the residuals are normally distributed. Therefore, the null hypothesis stating indicating that the model residuals exhibit a normally distributed pattern cannot be rejected. The empirical finding indicates that the estimated regression model conforms to the assumption of normality, while the residual terms exhibit an even distribution.

**Table 5 Multicollinearity Test Result**

| Variable | Collinearity Statistics | |
|---|---|---|
| | Tolerance | VIF |
| Board Independence (X1) | 0.575 | 1.740 |
| Board Size (X2) | 0.559 | 1.790 |
| Gender Diversity (X3) | 0.607 | 1.647 |
| Board Education (X4) | 0.791 | 1.264 |
| Board Meetings (X5) | 0.671 | 1.490 |
| Firm Size (Z1) | 0.558 | 1.791 |
| Profitability (Z2) | 0.591 | 1.693 |
| Leverage (Z3) | 0.670 | 1.492 |
| Dependent Variable: ESG Performance | | |

*Source: SPSS Output (2026)*

The multicollinearity test results presented in Table 4 indicate that all explanatory and control variables record tolerance values well above 0.10 and Variance Inflation Factor (VIF) values significantly below 10.0. Specifically, VIF values range from 1.264 for Board Education to 1.791 for Firm Size, confirming that the estimated regression model is entirely free from severe multicollinearity issues and that each predictor provides independent explanatory information.

**Table 6 Heteroscedasticity Test Result (Glejser Test)**

| Variable | B | Sig. |
|---|---|---|
| Board Independence (X1) | -2.868 | 0.373 |
| Board Size (X2) | -0.372 | 0.284 |
| Gender Diversity (X3) | -3.353 | 0.188 |
| Board Education (X4) | -0.133 | 0.830 |
| Board Meetings (X5) | -0.009 | 0.937 |
| Firm Size (Z1) | -0.051 | 0.869 |
| Profitability (Z2) | 9.007 | 0.153 |
| Leverage (Z3) | 0.694 | 0.737 |
| Dependent Variable: ABS_RES | | |

*Source: SPSS Output (2026)*

The heteroscedasticity test results using the Glejser test presented in Table 5 show that all explanatory and control variables record significance (Sig.) values greater than the 0.05 threshold. Specifically, the significance levels range from 0.153 for Profitability to 0.937 for Board Meetings, confirming that the regression model is free from heteroscedasticity and satisfies the assumption of homoscedasticity.

**Table 7 Autocorrelation Test Result**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | 0.632 | 0.399 | 0.339 | 3.63335 | 1.803 |

*Source: SPSS Output (2026)*

The autocorrelation test results presented in Table 6 show a Durbin-Watson statistic of 1.803. Since this value lies within the acceptable range of 1.5 to 2.5, it confirms that the estimated regression model is free from serial correlation and satisfies the assumption of non-autocorrelation.

**Multiple Regression Analysis**

**Table 8 Hypothesis Test Result**

| Variable | Coefficient (B) | t-value | Sig. |
|---|---|---|---|
| Constant | -17.311 | -2.425 | 0.018 |
| Board Independence (X1) | -0.985 | -0.237 | 0.813 |
| Board Size (X2) | -0.924 | -1.762 | 0.082 |
| Gender Diversity (X3) | 7.725 | 1.640 | 0.105 |
| Board Education (X4) | -6.368 | -5.426 | 0.000 |
| Board Meetings (X5) | -0.020 | -0.139 | 0.889 |
| Firm Size (Z1 - Ln) | 3.968 | 4.682 | 0.000 |
| Profitability (Z2) | -15.476 | -1.733 | 0.087 |
| Leverage (Z3) | -9.029 | -2.542 | 0.013 |
| Dependent Variable: ESG Performance | | | |

The multiple regression results presented in Table 7 establish the quantitative relationship between the board characteristics, control variables, and ESG performance. The constant term of -17.311 indicates the baseline level of ESG performance when all independent and control variables are zero. Among the explanatory variables, board education ($X_4$) exhibits a significant negative coefficient of -6.368 ($p = 0.000$), whereas board independence ($X_1$), board size ($X_2$), gender diversity ($X_3$), and board meetings ($X_5$) show statistically insignificant partial effects on ESG performance. Furthermore, among the control variables, firm size ($Z_1$) exerts a significant positive effect with a coefficient of 3.968 ($p = 0.000$), while leverage ($Z_3$) shows a significant negative effect of -9.029 ($p = 0.013$) and profitability ($Z_2$) is marginally significant at the 10% level with a coefficient of -15.476

**Hypothesis Test**

The hypothesis testing results demonstrate that board independence, board size, gender diversity, and board meetings do not exert a statistically significant influence on ESG performance, resulting in the rejection of hypotheses $H_1$, $H_2$, $H_3$, and $H_5$. These findings indicate that structural and activity-based attributes of the board of commissioners within the consumer non-cyclicals sector often function as administrative formalities rather than substantive drivers of sustainability investments. Furthermore, board education exhibits a significant negative relationship with ESG performance, leading to the rejection of $H_4$. This unexpected result suggests that higher formal academic qualifications among commissioners tend to prioritize short-term financial returns and cost efficiency over voluntary, long-term environmental and social initiatives.

**Table 9 Hypothesis Test Result**

| Test | Indicator | Result | Conclusion |
|---|---|---|---|
| t-Test ($H_1$) | BIND = -0.985 (0.813) | Not significant | Rejected |
| t-Test ($H_2$) | BSIZE = -0.924 (0.082) | Not significant | Rejected |
| t-Test ($H_3$) | GDV = 7.725 (0.105) | Not significant | Rejected |
| t-Test ($H_4$) | BEDU = -6.368 (0.000) | Significant negative | Rejected |
| t-Test ($H_5$) | BMEET = -0.020 (0.889) | Not significant | Rejected |
| F-Test | F = 6.640 (0.000) | Significant simultaneously | Accepted |
| Adjusted $R^2$ | 0.339 | 33.90% explanatory power | Moderate model |

In contrast, simultaneous evaluation through the F-test yields an F-statistic of 6.640 with a significance value of 0.000, confirming that all independent and control variables

collectively exert a significant simultaneous effect on ESG performance. The model achieves an adjusted R-squared of 0.339, demonstrating that 33.9% of the variance in ESG performance is explained by the board characteristics and control variables, with the remaining portion driven by external factors. Among the control variables, firm size demonstrates a significant positive impact on sustainability disclosures, whereas profitability and leverage show negative associations.

**Discussion of Findings**

**The Effect of Board Independence on ESG Performance**

The regression analysis reveals that board independence records a negative coefficient of -0.985 but lacks statistical significance with a p-value of 0.813, leading to the rejection of Hypothesis 1. This inverse yet insignificant relationship indicates that independent commissioners have not effectively driven sustainability practices among consumer non-cyclical companies in Indonesia, as their oversight often remains a formal administrative compliance mechanism rather than a strategic catalyst. Through the lens of agency theory, while independent members are expected to mitigate conflicts, their monitoring is frequently confined to traditional financial auditing and regulatory mandates without active intervention in non-financial ESG strategies.

These empirical results align with prior studies by Mufti and Wibowo (2024), Sentosa et al. (2021), and Birindelli et al. (2018), who found that board independence does not significantly impact ESG disclosure quality because independent directors are often constrained by legal formalities. Conversely, this finding contrasts with the research of Septiana and Puspawati (2022), Amara and Ahmadi (2024), and Naciti et al. (2022), which demonstrated that independent boards serve as a primary catalyst for transparency and sustainability performance.

**The Effect of Board Size on ESG Performance**

The estimation results yield a coefficient of -0.924 for board size with a significance value of 0.082, signifying that hypothesis 2 is not supported. This suggests that variations in board size are not statistically associated with ESG performance, and the negative coefficient implies that larger boards in emerging markets can encounter coordination friction, prolonged decision-making processes, and a diffusion of responsibility that hampers the execution of sustainability initiatives.

From a resource dependency perspective, expanding board membership does not automatically translate into improved environmental and social oversight if internal group dynamics prevent cohesive strategic alignment. These findings are consistent with the empirical observations of Septiana and Puspawati (2022), Tjahjadi et al. (2021), and Shabbir et al. (2024), who reported an insignificant or negative influence of board size on sustainability and social performance. On the other hand, this outcome contradicts research by Surbakti et al. (2025), Treepongkaruna et al. (2024), and Meeprom et al. (2024), which argued that larger boards possess broader human capital and advisory capacity to effectively mitigate ESG controversies and enhance reporting outcomes.

**The Effect of Gender Diversity on ESG Performance**

The empirical findings indicate that gender diversity exhibits a positive coefficient of 7.725 with a significance value of 0.105, resulting in the rejection of Hypothesis 3. Although the positive direction suggests that higher female representation theoretically enhances sustainability outcomes, the statistical insignificance reveals that female board participation remains too low to generate a measurable impact. This condition highlights the presence of tokenism within the consumer non-cyclicals sector, where women are appointed primarily for symbolic representation rather than being granted substantive decision-making

authority or achieving the critical mass threshold required to shift dominant corporate cultures.

These results corroborate the findings of Septiana and Puspawati (2022) and Arayssi et al. (2019), who noted that gender diversity does not yield a significant direct effect on ESG reporting in emerging markets due to token representation. Nevertheless, these insights diverge from the conclusions of Rohman et al. (2025), Al-Shaer et al. (2026), and Naciti et al. (2022), which asserted that gender heterogeneity acts as a vital driver for superior ESG ratings when supported by adequate institutional backing and critical mass.

**The Effect of Board Education on ESG Performance**

The regression analysis demonstrates that board education records a coefficient of -6.368 with a significance score of 0.000, establishing a statistically significant negative association that leads to the rejection of Hypothesis 4 due to the unexpected directional relationship. This negative association implies that companies with higher formal academic qualifications among board members tend to exhibit lower ESG performance, as highly educated commissioners in this sector frequently prioritize short-term financial returns, operational cost efficiencies, and shareholder value maximization over voluntary, long-term sustainability investments. General academic credentials do not automatically translate into practical expertise or a specialized focus on complex socio-environmental risks.

This empirical outcome concurs with Tjahjadi et al. (2021), who observed that high-level academic backgrounds can exert significant negative effects on sustainability outcomes by failing to align with practical environmental goals. Conversely, this finding contradicts studies by Surbakti et al. (2025), Tanputra et al. (2023), and Ermawati & Ashsifa (2025), which concluded that competent and highly educated boards from reputable institutions are more proficient in overseeing complex ESG strategies and improving reporting quality.

**The Effect of Board Meetings on ESG Performance**

The regression results show that board meetings record a coefficient of -0.020 and a significance value of 0.889, confirming that Hypothesis 5 is rejected because the relationship is statistically insignificant. While theoretical frameworks suggest that frequent board sessions provide essential forums for deliberating sustainability policies and evaluating non-financial risks, the insignificant outcome indicates that meeting frequency alone does not ensure effective governance or enhanced ESG performance. Descriptive statistics indicate an average of 10.01 meetings per year, implying that these sessions are largely dedicated to routine administrative tasks, compliance checklists, or reactive operational reviews rather than substantive, in-depth discussions on long-term ESG strategy.

These findings align with Birindelli et al. (2018), who documented that board meeting frequency does not exert a meaningful effect on ESG performance. In contrast, this result is inconsistent with Mufti and Wibowo (2024), Vafeas and Vlittis (2024), and Atalay et al. (2025), who established that higher meeting intensity allows for detailed oversight and positively influences the quality of corporate sustainability reporting.

## CLOSSING

### Conclusion

This empirical study investigates the influence of board of commissioners characteristics on ESG performance among consumer non-cyclical companies listed on the IDX from 2020 to 2024, revealing through multiple linear regression of 90 firm-year observations that board independence, size, gender diversity, and meetings lack statistical significance, whereas board education exhibits a significant negative relationship alongside notable impacts from control variables. Collectively accounting for 33.9% of the variance in ESG performance, these findings highlight that structural governance mechanisms in the

sector often function as administrative formalities rather than substantive drivers, with higher educational qualifications frequently prioritizing short-term financial returns over long-term sustainability. Consequently, regulatory bodies like the OJK and corporate leadership are encouraged to move beyond mere compliance quotas by implementing targeted guidelines and specialized ESG training to ensure governance structures actively foster sustainable corporate practices.

**Limitation**

Despite the rigorous methodology, this study acknowledges the following limitations:

1. Observation Period: The 2020–2024 timeframe primarily captures post-pandemic recovery dynamics and may not fully reflect long-term market cycles, shifting regulations, or structural sustainability changes under stable economic conditions.
2. Variable Scope: The model focuses exclusively on specific internal governance dimensions and control variables, omitting other potential drivers such as ownership structure, institutional investors, executive compensation, or macroeconomic indicators.
3. Model & Proxy Limitations: Several hypothesized relationships were statistically insignificant and board education showed an unexpected negative effect, suggesting that quantitative metrics or linear regression may not fully capture the intricacies of managerial decision-making and practical sustainability implementation.

**Suggestion for Future Research**

Future studies can expand the findings of this research through several directions:

1. For Companies: Consumer non-cyclical firms should move beyond administrative compliance to actively integrate ESG principles into core strategies. Additionally, companies must provide practical sustainability training and ESG competency development for commissioners to ensure high intellectual capital translates into long-term sustainable oversight rather than a narrow focus on short-term financial returns.
2. For Investors & Regulators: Investors should incorporate comprehensive ESG performance metrics alongside traditional financial indicators when evaluating firms. Furthermore, regulatory bodies such as the Financial Services Authority (OJK) should issue detailed competency frameworks to ensure board governance structures operate substantively rather than as symbolic compliance.
3. For Future Research: Subsequent researchers are advised to extend the observation period beyond 2024, incorporate additional governance mechanisms such as specialized sustainability committees and executive incentives, and utilize advanced methodological approaches to gain deeper insights into corporate ESG performance across diverse industry sectors.

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