Sustainability reporting quality: The effect of good corporate governance, gender diversity, and company age

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Abstract: *This study aims to determine the effect of good corporate governance (GCG), gender diversity, and company age on sustainability reporting quality. The three independent variables used include good corporate governance, gender diversity, and company age, with sustainability reporting quality as the dependent variable. This study used a sample of 44 companies from the manufacturing, energy, and financial sectors listed on the Indonesia Stock Exchange (IDX) in 2023. This research uses quantitative methods with secondary data obtained from various sources, such as Refinitiv Datastream and ESGI Dataset, as well as sustainability reports and annual reports in 2023. Data were collected through literature studies and documentation. The results showed that good corporate governance significantly positively affects sustainability reporting quality. However, gender diversity and company age do not significantly affect sustainability reporting quality. GCG implementation is essential in improving sustainability reporting quality through transparency and accountability, resulting in a more comprehensive and quality sustainability report.*

Keywords: Good corporate governance; Gender diversity; Company age; Sustainability reporting quality

Introduction

Sustainability has become a global concern across many sectors, as the pressures of human consumption potentially outstrip the earth's ability to support it. The worldview on sustainability continues to evolve with realizing the negative impacts of economic growth and globalization on the environment, such as environmental deterioration, climate change, and social injustice (Hector et al., 2014). Recognizing this urgency, the United Nations (UN) introduced seventeen Sustainability Development Goals (SDGs) as a guide in creating more sustainable business practices, including economic prosperity, social sustainability, environmental protection, and fair governance. These guidelines aim to maintain economic, social, and environmental balance in meeting the needs of current and future generations (Wirianata et al., 2023).

The sustainability trend in Indonesia continues to increase, along with the government's primary focus on achieving the SDGs, especially in addressing poverty, gender equality, improving access to education, and tackling climate change. By 2023, the UN will recognize Indonesia as one of the upper middle-income countries with the most progressive achievement of SDGs, with an SDGs index that increased by 91% from 2019 and ranked 75th globally (Bappenas, 2024). This government commitment is realized through various policies, one of which is OJK Regulation No.51/POJK.03/2017, which encourages companies to prepare sustainability reports as a form of transparency on their sustainability practices. This increased commitment can be seen from the 2022 data, which shows that 88% of listed companies in Indonesia have submitted sustainability reports (PwC, 2023).

Sustainability reports cover a company's economic, social, and environmental performance and are an essential tool in assessing a company's transparency and commitment to sustainability (Otoritas Jasa

Keuangan, 2021). Increased global pressure related to implementing environmental, social, and governance (ESG) has further strengthened the demand for corporate transparency in sustainability reporting. Good corporate governance (GCG) ensures transparent and accountable sustainability through better decision-making processes, increasing operational strengthening stakeholder efficiency and investor confidence (Farnham, 2023). GCG principles encourage companies to operate with high transparency, accountability, and responsibility, strengthening confidence in sustainability reporting.

The composition of gender diversity within the board of directors is likewise recognized as a significant element in advancing sustainability goals. The presence of women in leadership can improve the quality of sustainability decision-making through diverse perspectives and enhance the company's reputation with investors (Khan, 2023). In addition to gender diversity, company age can also influence the improvement of sustainability reporting quality. Older companies generally have more experience and a stronger organizational structure, making them more capable of presenting comprehensive sustainability disclosures in their sustainability reporting and adding to the quality of reporting (Dissanayake et al., 2016). For example, PT Astra International Tbk consistently publishes comprehensive sustainability reports, demonstrating its commitment to sustainable business practices and social responsibility (PT Astra International Tbk, 2024).

Numerous prior studies have produced varied outcomes concerning the influence of Good Corporate Governance (GCG), gender diversity, and the age of companies on sustainability reporting across Indonesia and other nations. This research zeroes in on organizations in the manufacturing, energy, and financial sectors publicly traded on the Indonesia Stock Exchange in 2023. These sectors have been specifically chosen due to their significant contribution to the national economy and the unique sustainability challenges they face. By analyzing the impact of GCG, gender diversity, and company age on the quality of sustainability reporting, this study aims to offer a more comprehensive understanding of the factors that enhance sustainable business practices within Indonesia. Additionally, the research seeks to identify how these determinants influence sustainability reporting, thereby providing actionable insights for policymakers and business leaders aiming to foster sustainable development in these critical sectors. This study highlights the current state of sustainability reporting in Indonesia and compares it with global standards, offering a benchmark for future improvements.

Literature review

Stakeholder theory

Edward Freeman's (1984) stakeholder theory underscores the necessity of acknowledging diverse constituent groups beyond shareholders, such as employees, creditors, customers, suppliers, government, and society, as parties worthy of corporate attention (Mallin, 2013; Soegiarto et al., 2022). Unlike the traditional approach focusing only on maintaining shareholder value, this theory expands the company's responsibility to these groups. Evan & Freeman (1988) clarified the main principle in identifying stakeholders by proposing two concepts: the principle of corporate rights, which requires companies to respect the rights of individuals or other groups, and the principle of corporate impact, which emphasizes that companies are responsible for their impact on those they affect.

According to Donaldson & Preston (1995), stakeholder theory has three primary dimensions. The normative dimension explains the moral or ethical reasons why companies should consider stakeholder needs, the descriptive dimension describes how companies take these interests into account in practice, and the instrumental dimension evaluates the strategic benefits that companies gain when stakeholder needs are considered. Through thorough consideration of stakeholder needs and demands, the theory leads companies to take a holistic approach, aiming to create value for all stakeholders while ensuring the company's long-term sustainability (Mahajan et al., 2023).

Legitimacy theory

Dowling and Pfeffer (1975) developed a legitimacy theory that explains the efforts of companies to align their values with society's values to gain legitimacy (Musofwan & Widyaningsih, 2022). Companies seek to adjust their operations to social norms and public expectations through social and environmental responsibility programs to strengthen community support (Afrina et al., 2024; Mardiah et al., 2023). Providing information on the company's social and environmental activities is essential for improving its legitimacy in the public's perception, for example, by preparing a sustainability report that shows the entity's responsibility to the public (Bela et al., 2023). Concrete examples of this application can be seen in large companies such as PT Unilever Indonesia Tbk, which reports on reducing its carbon footprint, or PT Coca-Cola Europacific Partners Indonesia, which discloses its contribution to education and public health (Coca-Cola Europacific Partners Indonesia, 2022; PT Unilever Indonesia Tbk, 2024). Through these efforts, companies not only strengthen their image as socially conscious entities but also demonstrate that their operations are aligned with the interests of society, thus supporting their positive reputation in the eyes of the public.

Good corporate governance

Good corporate governance (GCG), according to the Financial Services Authority (OJK), is a series of processes, structures, and mechanisms to ensure that companies are managed transparently, fairly, responsibly, and independently (Otoritas Jasa Keuangan, 2023). GCG aims to enhance a company's value sustainably, optimize stakeholder desires, and strengthen investor confidence by considering the principles of applicable law and business ethics (Otoritas Jasa Keuangan, 2023). GCG principles include regulating the company's relationship with shareholders, the role of the board of commissioners and directors, stakeholder involvement, and information disclosure, which are aligned with the 2015 Organisation for Economic Co-operation and Development (OECD) guidelines to ensure fairness for shareholders and support the role of stakeholders in governance.

Implementing GCG supports economic growth and corporate stability, builds public trust, and encourages fair competition (Seppa, 2024). This study, referring to research by Dragomir (2022), uses the governance pillar score to indicate governance quality. This method effectively describes the quality of corporate governance through aspects of management, shareholders, and CSR strategies, thus providing a comprehensive understanding of corporate governance practices.

Previous studies have investigated the impact of Good Corporate Governance (GCG) on sustainability report disclosure, revealing varied results across different regions. For instance, research conducted by Handayani et al. (2024) and Injeni et al. (2022) in Kenya highlighted a significant influence of GCG on the disclosure of sustainability reports. These findings suggest a robust framework and regulatory adherence in Kenya that facilitates comprehensive reporting.

Conversely, other studies, such as those by Pangastuti and Achyani (2023) and Nawawi et al. (2020) in Indonesia, present contrasting outcomes. They indicate that GCG does not significantly affect sustainability report disclosure in Indonesia. This discrepancy may be attributed to the ongoing evolution and adaptation of GCG practices in the country, hindered by limitations in regulations and resources. Indonesia's regulatory environment is still developing, which may impact the implementation and effectiveness of GCG initiatives.

These differences underscore the importance of understanding the contextual factors that influence the effectiveness of GCG in different countries. In regions where GCG is well-established and supported by strong regulatory frameworks, its impact on sustainability reporting is more pronounced. However, in countries like Indonesia, where GCG is still maturing, the effects may not yet be as significant. This highlights the need for robust regulatory support and resource allocation to enhance GCG practices, aiming to achieve greater transparency and accountability in sustainability reporting.

Gender diversity

Gender diversity within the board of directors refers to the inclusion of women and men in leadership roles within a company. This diversity is key to enhancing decision-making through a broad spectrum of perspectives (Eliya & Suprapto, 2022; Sari & Maharani, 2024). According to the gender socialization theory put forth by Betz & O'Connell in 1989, women typically emphasize stakeholder relationships and exhibit risk-averse behavior, attributes that are advantageous for implementing sustainable business practices. The presence of women in corporate director positions has been shown to enhance transparency, accountability, and the effectiveness of control and monitoring mechanisms. These improvements collectively bolster the quality of sustainability reports and elevate the company's reputation among the public and key stakeholders (Dwinajayanti et al., 2024; Husna et al., 2024; Siregar & Khamimah, 2021). However, research on gender diversity yields mixed results. While studies by Burhany et al. (2024) and Ho et al. (2024) found no significant correlation, Cicchiello et al. (2021) concluded that gender diversity can indeed improve the quality of sustainability reporting.

Extending on this topic, it is crucial to explore how cultural and organizational contexts influence the impact of gender diversity on corporate governance. Different regions and industries may accept and integrate diverse leadership structures differently. Furthermore, the ongoing global emphasis on corporate social responsibility adds a layer of complexity as businesses strive to align their governance models with evolving societal expectations. By understanding these nuances, companies can tailor their approach to diversity and inclusion strategies, potentially unlocking further benefits in innovation, employee satisfaction, and market competitiveness. Future research could delve into longitudinal studies to assess the long-term effects of gender diversity on organizational outcomes, providing deeper insights into how diverse boards contribute to sustainable business success.

Company age

The age of a company signifies not just the years since its establishment but also its resilience and competitive edge in the industry, as highlighted by Wahyuni et al. (2023). Companies with a more extended history often possess a wealth of experience, which propels them to uphold their reputation through detailed and transparent disclosure of sustainability practices, according to Fahad & Nidheesh (2020). These more mature companies also benefit from well-developed accounting systems and seasoned personnel, which bolster investor confidence and contribute to their long-standing market presence (Kajal & Bansal, 2024).

Investors frequently evaluate a company's age as a critical factor in evaluating its performance and reliability for long-term investment opportunities (Iskandar et al., 2024). This study employs Bansal's (2021) methodology to measure company age by the year of establishment, underscoring the company's stability and adeptness in navigating market fluctuations.

Research by Burhany et al. (2024) and Fahad & Rahman (2020) indicates a direct relationship between a company's age and the quality of its financial reporting. However, a study by Bananuka et al. (2022) did not reveal a significant effect of age on reporting quality, suggesting that other factors might be at play in determining the transparency and thoroughness of disclosures. This divergence in findings underscores the complexity of the relationship between company age and financial reporting quality, inviting further research to understand this dynamic's nuances fully.

H1: The better good corporate governance, gender diversity, and company age, the better sustainability reporting quality
H2: The better good corporate governance, the better sustainability reporting quality
H3: The better gender diversity, the better sustainability reporting quality
H4: The better company age, the better sustainability reporting quality

Research Methods

Population and Sample

The research centers on Indonesian manufacturing, energy, and financial corporations publicly traded on the Indonesia Stock Exchange (IDX) as of 2023. The study utilized a purposive sampling technique to ensure a representative selection, as detailed in the methodological criteria presented in Table 1. This approach allowed for the selection of a sample that aligns with the specific objectives and constraints of the study, ensuring relevance and focus in the analysis. By employing these criteria, the study aims to derive insights pertinent to the dynamics and performance indicators of these sectors within the Indonesian market.

Table 1. Research Sample

No.	Criteria	Total
1.	Manufacturing, energy, and financial companies listed on the IDX in 2023.	660
2.	IDX manufacturing, energy, and financial companies that do not publish sustainability reports use GRI Standards as guidelines in preparing sustainability reports in 2023.	(490)
3.	IDX Manufacturing, energy, and financial companies that do not have complete data on GCG score, gender diversity, and company age in Refinitiv Datastream and ESGI Dataset in 2023.	(126)
Total number of samples		44

Variables description - Sustainability Reporting Quality (SRQ)

A sustainability report is an essential voluntary document companies prepare to communicate their contributions to society across economic, social, and environmental dimensions (Anindita, 2014). This report is a vital tool for businesses to manage and enhance their performance effectively regarding various specific issues. By preparing such a report, companies can demonstrate their commitment to sustainable development, bolster their reputation, and engage stakeholders, including investors, customers, and employees.

The effectiveness of a sustainability report is often evaluated against the Global Reporting Initiative (GRI) standards, which provide a comprehensive framework for reporting. The conformity to these standards is measured using a six-level scale developed by Janggu et al. (2014), as detailed in Table 2. This scale assesses the extent to which companies disclose information relating to sustainability parameters, ensuring transparency and accountability.

In addition to fostering internal improvements, sustainability reports play a crucial role in external communication, helping businesses align their operations with societal goals and regulatory expectations. By doing so, companies can identify opportunities for improvement, mitigate risks, and enhance their overall sustainability performance. Ultimately, these reports track the progress and guide strategic decision-making towards a more sustainable future.

Table 2. SRQ Scoring Criteria

Points	Description
0	Component not mentioned
1	A general disclosure consisting of single or two phrases
2	Three to five phrases that provide a brief disclosure
3	Comprehensive disclosures supported by pictures or descriptions
4	Costs and pictures are included in brief disclosures
5	Disclosure of thorough explanations of any costs-related activities or items

Once the points are assigned, the outcomes for each component will be calculated following the methodology outlined in the study by Burhany and colleagues (2024). This process will utilize several specific proxies to ensure precise and reliable results. One of the key proxies employed is the Sustainability Reporting Quality (SRQ) index, which is calculated using the formula:

SRQ = (Number of points disclosed) / (Total expected points)

This calculation provides a quantitative assessment of the completeness and transparency of the disclosed information compared to the anticipated total. By adopting such rigorous methods, the study aims to deliver insights into the efficacy and thoroughness of the reporting measures implemented. Additionally, these proxies serve as benchmarks, facilitating comparative analysis across different datasets or reporting periods, thereby contributing to a more comprehensive understanding of sustainability reporting practices.

Variables description- good corporate governance (GCG)

Good corporate governance is essential for creating a strong and lasting business environment. It serves as a guide for managers and the board of directors to make decisions that match the interests of shareholders, comply with laws, and meet society's expectations. Being transparent in governance means sharing clear and accurate information about the company's operations and financial health, which is vital for earning the trust of investors, customers, employees, and other stakeholders.

When a company is accountable in its governance, it reassures stakeholders that their interests are protected, building trust and reliability. High standards in governance lead to better sustainability reports, which highlight the company's commitment to ethical practices and social responsibility. These reports also show how the company deals with environmental, social, and governance (ESG) issues.

This study measures corporate governance using the GCG (Good Corporate Governance) score, taken from the governance pillar score on the Refinitiv Datastream platform. This score looks at various factors like board structure, shareholder rights, transparency, and corporate behavior, providing a complete picture of a company's governance.

Variables description -Gender diversity (GD)

Gender diversity is becoming essential for corporate boards around the world. By including both men and women equally, diverse boards bring a wide range of perspectives, which improves corporate governance and decision-making. Boards with members from different backgrounds benefit from diverse viewpoints, leading to more effective and innovative strategies. This diversity challenges traditional thinking and encourages new solutions. Specifically, gender diversity enhances discussions and helps in understanding complex problems more thoroughly.

Diverse boards are better at handling sustainability challenges because they draw from varied insights. Gender-diverse teams are more adept at spotting sustainable growth opportunities and developing strategies considering environmental, social, and governance (ESG) factors.

The study uses gender diversity scores from Refinitiv Datastream to examine how gender diversity affects corporate governance and sustainability. The goal is to show the real advantages of having gender-diverse boards. It highlights that diverse leadership is not just about fairness or compliance, it's key to managing the complex challenges companies face globally.

Variables description - Company age (AGE)

The age of a company indicates not only how long it has been established and operational in the business realm but also reflects its capability to uphold a reputation and remain competitive (Kristanti et al., 2022). The duration of a company's existence, measured by its years in operation, provides insights into its expertise in enhancing the quality of its sustainability reports. This study assesses company age through firm age, as determined by the year of incorporation within the ESGI Dataset platform. The calculation uses the formula: AGE = Year of research - Year of incorporation.

Understanding a company's age is crucial, as it serves as a window into its historical resilience and adaptability in the face of ever-shifting market conditions. Companies that have been around for a longer time often enjoy a multitude of advantages stemming from accumulated experience, a wealth of knowledge, and established brand recognition. These advantages can be strategically harnessed to not only sustain long-term growth but also to foster innovation within the organization. Moreover, assessing a company's age provides essential insights into its potential stability and future performance within its specific industry, offering a vital analytical tool for investors and stakeholders alike.

Data analysis

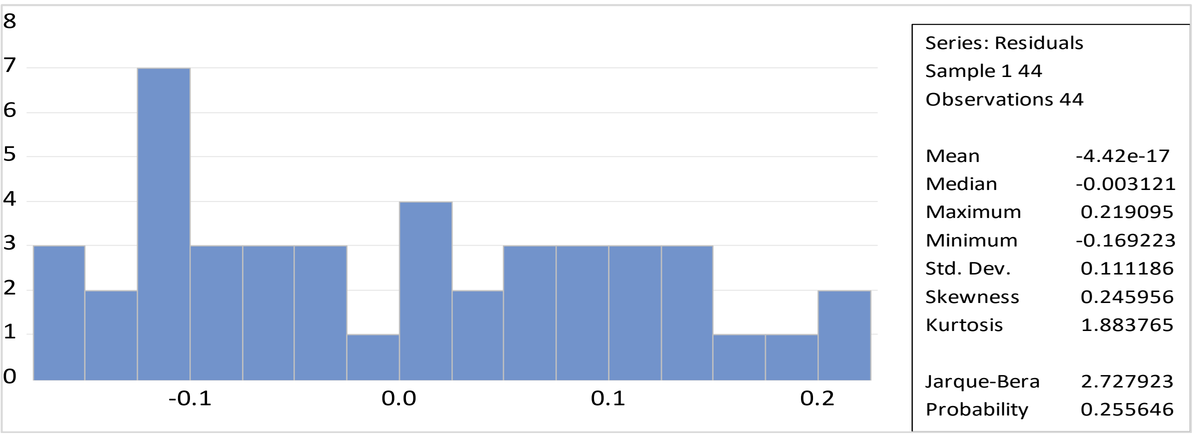
The research process commences with data collection through literature review and documentation study methods. This involves gathering information from diverse sources, including Refinitiv Datastream and the ESGI Dataset. Additionally, critical insights are drawn from sustainability and annual reports of the year 2023, accessed via the selected companies' official websites. Following the data collection phase, the research transitions to an analytical stage, wherein the data is thoroughly examined and processed utilizing Eviews 12 SV software. This software aids in conducting sophisticated statistical analyses and modeling, thereby ensuring the integrity and reliability of the research outcomes. The processed data is subsequently interpreted to derive meaningful conclusions about the research objectives, including understanding trends, patterns, and relationships between sustainability practices and financial performance. Through this comprehensive approach, the research aims to contribute valuable insights into corporate sustainability and financial analysis.

Result and Discussion

Normality Test

The research project employed the Jarque-Bera test, a well-regarded and robust statistical method, within the Eviews 12 SV software suite to rigorously assess whether the dataset conformed to a normal distribution, a foundational assumption for many statistical analyses. The Jarque-Bera test analyzes the skewness and kurtosis of the data to produce a probability value that aids in determining normality. Specifically, a probability value greater than 0.05 implies the dataset is normally distributed, while a value below 0.05 indicates a departure from normality, thus suggesting potential issues with the dataset that could impact the validity of further analyses. As depicted in Figure 1, the Jarque-Bera test provided a probability value of 0.255646. This substantial value confirms the dataset's adherence to normal distribution standards, thereby facilitating the application of sophisticated analytical techniques. This result is critical, as it validates the use of advanced analyses like hypothesis testing and regression modeling, which both rely on the underlying assumption of normally distributed data, ensuring the integrity and reliability of subsequent statistical inferences and conclusions.

Figure 1. Normality test



Multicollinearity Test

This analysis utilizes the Variance Inflation Factors (VIF) methodology, implemented through EViews 12 SV software, to assess potential multicollinearity within the dataset. In general, a VIF value below 10 suggests that the data is free from multicollinearity, whereas a VIF value exceeding 10 signals significant multicollinearity issues. The detailed results of the multicollinearity test can be found in Table 4. According to the results displayed in Table 3, the VIF calculations yielded values all under the threshold of 10, corroborating the absence of multicollinearity within our study's variables. This finding ensures the reliability of our regression models, as multicollinearity can often distort the statistical significance of the model's parameters and lead to erroneous interpretations. By confirming the lack of multicollinearity, we can confidently proceed with further data analysis, ensuring the robust interpretation of the relationships among the variables.

Table 3. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.010983	36.366251	NA
GCG	8.43E-07	10.54736	1.069173
GD	2.88E-06	5.427137	1.016717
AGE	0.000573	27.27616	1.060047

Heteroscedasticity test

This study's heteroscedasticity assessment was conducted utilizing the Glejser test, applied through the Eviews 12 SV software. In this context, the absence of heteroscedasticity is indicated when the Prob. Chi-Square value on Obs*R-squared exceeds 0.05. The outcome of this evaluation is illustrated in the subsequent table. In Table 4, the Prob. The chi-square value on Obs*R-squared is recorded at 0.5397. This result implies that the data analyzed in this study does not demonstrate heteroscedasticity. The lack of heteroscedasticity suggests that the variability of the residuals is consistent across all levels of the independent variables, ensuring the reliability of the regression results. This finding is crucial because it validates the assumptions of homoscedasticity, enabling more accurate predictions and interpretations of the model outcomes. Maintaining constant variance adds confidence to the statistical robustness of the results, making them more credible for further analysis and decision-making processes. Thus, the study's findings can be interpreted with a higher degree of certainty regarding the stability of variance across the dataset.

Table 4. Heteroscedasticity Test Results

F-statistic	0.688590	Prob. F(3,40)	0.5643
Obs*R-squared	2.160757	Prob. Chi-Square(3)	0.5397
Scaled explained SS	1.287338	Prob. Chi-Square(3)	0.7321

Autocorrelation Test

This analysis employed the Durbin-Watson test utilizing the Eviews 12 SV software to evaluate the presence of autocorrelation in the dataset. Autocorrelation is considered absent if the Durbin-Watson statistic (DW) falls between the upper bound (dU) and 4 minus the upper bound (4 - dU). Table 5 below displays the outcomes of the autocorrelation test conducted in this research, providing a clear understanding of the data's statistical properties and ensuring the validity of the subsequent analyses. By confirming the absence of autocorrelation, the study ensures that the data meets one of the key assumptions for regression analysis, allowing for more accurate and reliable results.

Table 5. Autocorrelation Test Results

R-squared	0.058914	Mean dependent var	-4.42E-17
Adjusted R-squared	-0.064914	S.D. dependent var	0.111186
S.E. of regression	0.114738	Akaike info criterion	-1.366201
Sum squared resid	0.500266	Schwarz criterion	-1.122902
Log likelihood	36.05642	Hannan-Quinn criter.	-1.275974
F-statistic	0.475772	Durbin-Watson stat	1.955377
Prob(F-statistic)	0.791974		

Regression analysis

Table 6 provides an in-depth analysis of a study conducted to examine the impact of various factors on the quality of sustainability reporting within industries listed on the Indonesia Stock Exchange. The focus of the study is on three key variables: good corporate governance, gender diversity, and the age of the company. The aim is to determine whether these factors significantly affect the quality of sustainability reporting.

The findings reveal that these three factors when considered together, do not have a significant simultaneous impact on the quality of sustainability reporting. This conclusion is drawn from the F-statistic value, which exceeds the threshold, indicating that the combined effect of these variables is not statistically significant.

Supporting this conclusion, previous research conducted by Yuliandhari & Citta in 2023 and Rohmawati & Widodo in 2024 also found no significant simultaneous impact of these factors on sustainability reporting quality. These studies provide evidence that the effect of good corporate governance, gender diversity, and company age on sustainability reporting quality is minimal, suggesting that these variables, while potentially impactful in other contexts, do not significantly influence sustainability reporting when evaluated together.

This insight is crucial for industry stakeholders and policymakers who seek to enhance sustainability reporting practices. It suggests that focusing solely on these factors may not lead to significant improvements in reporting quality, and other variables or strategies may need to be considered. This could include exploring additional governance mechanisms, fostering a broader spectrum of diversity initiatives, or examining other company characteristics that might more directly influence the quality of sustainability reporting.

Table 6. Simultaneous Test Results Table (F)

R-squared	0.139785	Mean dependent var	0.295942
Adjusted R-squared	0.075269	S.D. dependendt var	0.119880
S.E. of regression	0.115280	Akaike info criterion	-1.396390
Sum squared resid	0.531583	Schwarz criterion	-1.234191
Log likelihood	34.72057	Hannan-Quinn criter.	-1.336238
F-statistic	2.166669	Durbin-Watson stat	1.564911
Prob(F-statistic)	0.107009		

The results of the Outcome Regression analysis for individual variables are shown in Table 7. The variable for good corporate governance (X1) exhibits a t-statistic probability value of 0.0268. This finding leads to rejecting the null hypothesis (H0) and accepting the alternative hypothesis (Ha). Therefore, it can be concluded that good corporate governance positively and significantly impacts the quality of sustainability reporting in manufacturing, energy, and financial companies listed on the Indonesia Stock Exchange (IDX) in 2023. Due to the effective implementation of good corporate governance, the quality of sustainability reporting has improved, demonstrating increased transparency and accountability in conveying information about sustainability performance. This is consistent with the research by Handayani et al. (2024), Injeni et al. (2022), Cicchiello et al. (2021), and Erin et al. (2022), which also highlighted the positive influence of good corporate governance on enhancing the quality of sustainability reports. Proper implementation ensures corporate compliance with standards and encourages transparency and accountability in sustainability reporting, making it more reliable and trusted by stakeholders.

Table 7. Partial Test Results (t-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.206655	0.104799	1.971925	0.0556
GCG	0.002112	0.000918	2.299636	0.0268
GD	-0.001226	0.001696	-0.722780	0.4740
AGE	-0.001984	0.023937	-0.082880	0.9344

The variable of gender diversity (X2) has a t-statistic probability value of 0.4740. Consequently, the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected. Thus, it can be inferred that gender diversity does not positively or significantly impact the quality of sustainability reporting for manufacturing, energy, and financial companies listed on the Indonesia Stock Exchange (IDX) in 2023. This suggests that having women on the board of directors does not necessarily indicate a more substantial commitment to transparency and high-quality information in corporate sustainability reporting. This finding aligns with the research by Ho et al. (2024) and Burhany et al. (2024), which also asserts that gender diversity does not significantly influence sustainability reporting quality. It is speculated that this ineffectiveness is partly due to the lack of educational focus among most directors on sustainability, leading to a disregard for sustainability perspectives and adherence to GRI standards in report preparation despite gender representation on the board. Furthermore, without pressure from shareholders and commissioners to prioritize social and environmental aspects, companies tend to concentrate more on financial performance. They are less motivated to enhance the quality of their sustainability reports.

The company age variable (X3 revealed a t-statistic probability value of 0.9344. Consequently, the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected. These findings suggest that the age of a company does not have a positive and significant impact on the quality of sustainability reporting among manufacturing, energy, and financial companies listed on the Indonesia Stock Exchange (IDX) in 2023. This implies that the duration of a company's establishment does not ensure compliance with sustainability reporting standards. Supporting studies by Bananuka et al. (2022) and Kajal & Bansal (2024) indicate that younger companies often show greater commitment to sustainability, integrating it into their business models from inception. Conversely, despite possessing comprehensive stakeholder insight and established accounting systems, older companies might adapt more slowly to evolving sustainability reporting demands.

Conclusion

The analysis results indicate that the three independent variables (good corporate governance, gender diversity, and company age) have no simultaneous effect on sustainability reporting quality. Meanwhile, partial analysis shows that only good corporate governance positively affects sustainability reporting quality. Better implementation of good corporate governance tends to improve the quality of sustainability report preparation. In contrast, gender diversity and company age do not have a positive effect on sustainability reporting quality, which means that these two variables do not affect the improvement of the quality of sustainability report preparation even though they have gender diversity on the board of directors or have been operating for a long time.

Suggestion

Future research should explore alternative, independent variables such as board size, company size, environmental performance, shareholder pressure, and other factors influencing sustainability reporting quality. This suggestion stems from the t-test results in this study, which found no significant impact of gender diversity and company age on sustainability reporting quality. Additionally, researchers should consider using different proxies or indicators for each variable to provide deeper insights. For instance, good corporate governance could be measured using the self-assessment method from POJK No.55/POJK.03/2016, gender diversity with the Blau Index, company age by listing year on the Indonesia Stock Exchange (BEI), and sustainability reporting quality through standards like the Sustainability Accounting Standards Boards (SABS), POJK No.51/POJK.03/2017, or IFRS S1 & S2. These approaches could address the current study's limitations, which relied on restricted measurement indices and proxies.

The Indonesian government, through OJK, has encouraged public companies to implement sustainability practices by issuing OJK Regulation No. 51/POJK.03/2017 and SEOJK No. 16/SEOJK.04/2021. To further improve the implementation of sustainability reports according to standards, the government can implement initiatives such as socialization and training to companies on the importance of sustainability reports and how to meet GRI standards. In addition, providing incentives, such as tax deductions or awards, to companies that demonstrate optimal sustainability performance can also motivate companies to be more active in reporting their sustainability performance. Implementing these initiatives can create an enabling environment for adopting sustainability practices.

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