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Women on the Board: The Impact of Political Connections and Gender Diversity on Sustainability Reporting

Moch Mohtar[1] Bambang Sugeng[2] Puji Handayati[3]
[1),2),3)] State University of Malang, Indonesian
Email*: mochmohtar1304@gmai.com*

Abstract:
This investigation aims to analyze the influence of gender diversity and political connections on sustainability reporting disclosures in Indonesia between 2019 and 2023. This investigation utilized purposive sampling, yielding a total of 161 units of analysis. The analysis conducted in this study comprised descriptive statistics and panel data regression, employing E-Views 12 software for the computations. The findings of this study indicate that gender diversity has a positive and significant impact on sustainability reporting disclosure. At the same time, political affiliations have no impact on the transparency of sustainability reporting. The control variables of CEO narcissism and audit committee have a positive and significant effect on sustainability reporting disclosure, while CEO traits and firm size do not influence sustainability reporting disclosure. This study indicates that to improve the precision of findings, subsequent inquiries ought to be carried out over a longer period.
Keywords: gender diversity; political connections;sustainability reporting disclosure.

Abstrak:
Studi ini berupaya untuk menguji dampak keragaman gender dan keterkaitan politik terhadap pengungkapan pelaporan keberlanjutan di Indonesia dari tahun 2019 hingga 2023. Studi ini menggunakan purposive sampling, yang menghasilkan 161 unit analisis. Penelitian ini melibatkan analisis deskriptif serta analisis regresi data panel yang dilakukan dengan memanfaatkan perangkat lunak E-Views 12. Temuan dari penelitian ini mengindikasikan bahwa variasi gender memiliki dampak positif dan signifikan terhadap pengungkapan laporan keberlanjutan. Secara bersamaan, afiliasi politik tidak memberikan pengaruh terhadap pengungkapan pelaporan keberlanjutan. Variabel kontrol narsisme CEO dan Komite audit memiliki dampak positif dan signifikan terhadap transparansi dalam pelaporan keberlanjutan., namun sifat CEO dan ukuran perusahaan tidak memengaruhi pengungkapan pelaporan keberlanjutan. Studi ini menyarankan bahwa untuk meningkatkan akurasi penelitian, investigasi di masa mendatang harus dilakukan dalam durasi yang lebih lama.
Kata Kunci: *pengungkapan sustainability reporting; diversitas gender; koneksi politik.*

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INTRODUCTION

In recent years, companies in Indonesia, particularly those within the mining sector that have been examined in studies, are intricately linked to the direct utilization of natural resources. In early 2024, a case of collusion between unscrupulous elements of PT Timah (Persero) and several unscrupulous private companies in Bangka Belitung was revealed, a clear example of poor mining governance. The environmental damage caused by this collusive tin mining is estimated to amount to 271 trillion IDR. This incident sparked protests from the public and highlighted the need for stricter enforcement of environmental regulations in the mining sector[1].

Poor management and lack of law enforcement are major issues in this industry. Offshore tin mining in Bangka Belitung has caused significant damage to the marine ecosystem, including water pollution and damage to important coral reef habitats[2]. This activity is a clear example of environmental damage caused by a lack of transparency and corporate accountability. This situation highlights how a lack of transparency in sustainability reports can lead to significant environmental harm and loss of life.

Research indicates a trend of low disclosure and readability in sustainability reports across Indonesia[3] [4]. In response to thisThe Indonesian government has implemented POJK No.51/POJK.03/2017, a mandatory regulation that governs sustainable finance practices for financial services institutions, issuers, and public companies; this legislation requires sustainability reporting. Sustainability reporting, often referred to as environmental reporting, involves the disclosure of information by an organization's board of directors regarding the company's performance related to sustainable development. This information is shared with various stakeholders, both internal and external to the organization. [5].

Because of its responsibility for keeping an eye on and supervising management activities, Any corporate governance framework needs a board of directors. The board should improve company-stakeholder communication by encouraging more responsibility and openness on financial and non-financial concerns[6]. Research shows that more gender-diverse boards tend to be more responsive to stakeholder demands for sustainability information[7]. In addition to contributing unique viewpoints, experiences, and networks that enhance internal

[1] Budiawan Sidik Arifianto, "Kerusakan Lingkungan Tambang Timah Senilai Rp 271 Triliun Haruskah Diganti," kompas.id, 2024, https://www.kompas.id/baca/riset/2024/04/04/kerusakan-lingkungan-tambang-timah-senilai-rp-271-triliun-haruskan-diganti.

[2] Saefullah, "Penambangan Timah Lepas Pantai Merusak Ekosistem Laut Bangka Belitung," Ekuatorial, 2024, https://www.ekuatorial.com/2024/05/penambangan-timah-lepas-pantai-merusak-ekosistem-laut-bangka-belitung/.

[3] Desi Adhariani and Elda du Toit, "Readability of Sustainability Reports: Evidence from Indonesia," *Journal of Accounting in Emerging Economies* 10, no. 4 (2020): 621–36, https://doi.org/10.1108/JAEE-10-2019-0194.

[4] Iman Harymawan et al., "Sustainability Report Practices in Indonesia: Context, Policy, and Readability," *International Journal of Energy Economics and Policy* 10, no. 3 (2020): 438–43, https://doi.org/10.32479/ijeep.8979.

[5] Kofi Mintah Oware, Gilbert Kwabena Amoako, and Osman Babamu Halidu, "Does the Gender of Board Members Influence the Choice of Sustainability Report Format of Listed Firms? Empirical Evidence from India," *Managerial Finance* 49, no. 3 (2023): 492–511, https://doi.org/10.1108/MF-05-2022-0242.

[6] Giuseppe Nicolò et al., (2023)

[7] Jennifer Martínez-ferrero, (2020)

decision-making to meet the requirements of a large number of stakeholders, women on boards exhibit more democratic and participative leadership styles[8].

According to legitimacy theory, business operations should represent societal norms, values, and expectations[9]. Enhancing the presence of women on the board strengthens the company's credibility by conveying a positive message to female employees, potential hires, and the wider community, indicating that the company is diligently working to align with societal expectations and norms. The inclusion of women in board positions aids in bridging the legitimacy gap, showcasing the company's commitment to fulfilling these societal standards. In turn, this can strengthen the business's standing in the minds of female employees, customers, potential recruits, among the wider community, which ultimately contributes to enhancing the company's operational license. According to the findings of several studies, businesses that have boards that are comprised of individuals from different genders are more inclined to enhance the quality of the sustainability disclosures they make.

Numerous academics consistently present empirical evidence indicating that an an augmented representation of women on the board correlates with improved accountability in companies for environmental, social, and governance matters. This pertains to stakeholder theory, which underscores the necessity for businesses to take into account the interests of various groups affected by their activities, such as shareholders, employees, customers, suppliers, and local communities[10].

Gender-diverse leadership can help a corporation meet stakeholder needs. Women in senior positions and boards can improve sustainability reporting quality and volume.[11]. Furthermore, gender diversity not only increases the quantity of sustainability reporting disclosures, but also their quality and relevance to different stakeholder groups[12].

Companies can also gain legitimacy through their political connections by actively participating in the public policy-making process and demonstrating a commitment to the public interest, such as adopting environmentally friendly technologies, implementing stricter safety standards, and mitigating pollution.[13]. The legitimacy acquired via the firm's social initiatives may be supplanted by the advantages derived from the firm's political connections[14]. Through strong relationships with government officials and regulators, companies can gain better access to the information and resources needed to produce comprehensive sustainability reports[15].

Politically connected companies support strategic cooperation with governments and other institutions on sustainability projects and reduce public pressure on the company's sustainability performance[16]. Companies with political connections might enhance their transparency to assure external investors that they are not misappropriating business resources for political ends[17]. Moreover, corporate lobbying has been linked to heightened accounting conservatism, indicating that firms with significant political engagement are more

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[8] Mohammad A. A. Zaid et al. (2020)
[9] John Dowling & Jeffrey Preffer (1975)
[10] Freeman et al., (2010)
[11] Patrick Velte (2022)
[12] Kannan Govindan et al. (2021)
[13] Faccio and Hung-chia Hsu, (2017)
[14] Mohammad Badrul Muttakin et al. (2018)
[15] Anggraini Risky Muliawati and Hariyati Hariyati, (2021)
[16] Luo and Kaul, (2019)
[17] Omrane Guedhami et al.(2014)

inclined to deliver timely information[18]. Consequently, politically connected enterprises may advocate for sustainability disclosure to uphold legitimacy and satisfy the expectations of external stakeholders.

The objective of this study is to investigate how gender diversity and political connections influence the disclosure of sustainability reports. Previous research has investigated the connection between political connections, CSR, aggressive taxation, and value of a corporation. This study focuses on a topic that has not been extensively explored to date, which explores the connection between political relationships and sustainability reports. Research sutawan[19] using multiple linear regression showed that political connections positively affect sustainability report disclosure, whereas[20] similarly designed analytical techniques indicated that political ties do not affect sustainability reports. Owing to discrepancies in the findings of prior studies, The present research employs panel data regression approaches for superior estimation outcomes. This is because as the number of observations increases, it automatically implies an increase in the degree of freedom and avoids the omitted variable problem, thus hopefully obtaining more accurate results[21].

Methodologically, the research data differs from other studies that utilized the application of POJK No. 51. This research employs the GRI 2021 standard to assess the openness of the sustainability report, representing the most recent standard hitherto unutilized by prior researchers[22]. In POJK No. 51[23] Ada kendala dalam menyajikan arahan yang komprehensif dan seragam untuk pelaporan keberlanjutan, ditambah dengan tidak adanya kerangka kerja yang diakui secara internasional. POJK No. 51 tends to provide general guidelines without clear standards for Assessing and documenting social, environmental, and corporate governance effects, while GRI Standards 2021 provides a comprehensive, internationally recognized framework with specific indicators. By using the GRI Standards, companies in Indonesia can overcome this weakness by adopting a more structured, credible and materiality-focused approach to reporting sustainability information, which in turn can increase corporate transparency and accountability to stakeholders.

In this study, the addition of control variables such as CEO narcissism, CEO characteristics, audit committee, and firm size is very important to ensure accurate and valid results. CEO narcissism needs to be controlled because narcissistic CEOs tend to influence corporate policy and may manipulate information disclosure to enhance their self-image[24][25]. CEO characteristics, such as educational background or experience, should also be controlled These considerations can affect strategic decisions, including the publication of sustainability reportsThe audit committee is a crucial factor, as its presence and quality can improve the precision and clarity of financial and sustainability reporting[26]. The size of the company needs to be controlled because large companies tend to have more resources for more comprehensive disclosure[27][28]. By controlling for these variables, it offers a more precise and

[18] Xiangting Kong, (2017)
[19] Made Danartha Sutawan and Eka Ardhani Sisdyani, (2022)
[20] Javier Rasyadaputra Wallad and Will Andillla Darniaty, (2023)
[21] Cheng Hsiao, Analysis Of Data Panel, *Cambridge University Press*, (2003).
[22] Purnomo et al. (2023)
[23] Otoritas Jasa Keuangan, (2015)
[24] Nawang Kalbuana et al., (2023).
[25] Kind et al., (2023).
[26] Amina Buallay and Jasim Al-Ajmi, (2020)
[27] Anas Ali Al-Qudah and Asma Houcine, (2024).

comprehensive insight into the effects of gender diversity and social connections on the disclosure of sustainability reports. It guarantees that the findings achieved are not influenced by the control variables, making the results obtained more valid and increasing the generalizability of the research findings.

Sustainability reporting

Sustainability reporting are a way for businesses to tell different groups about their effects on the economy, the environment, and society[29]. Regulation No.51/POJK.03/2017 addresses the execution of sustainable finance principles in financial services institutions, is the law in Indonesia that governs sustainability reports. In order to comply with this rule, publicly traded corporations must include sustainability reporting into their risk management and corporate social responsibility strategies.

Sustainability reporting strives to show how an organization manages its economic, social, and environmental implications. Sustainability reports are often prepared using the Global Reporting Initiative (GRI) standard. At least 74 GRI 2021 elements are in the sustainability report. GRI 2021 provides comprehensive sustainability reporting standards to promote global company openness and responsibility. GRI helps organizations show stakeholders transparency, improve their reputation, and assist global sustainable development goals. PWC reported that Eighty percent of the Indonesian companies that were evaluated in 2022 adhered to the GRI Standards for sustainability reporting. [30].

Gender Diversity

Workforce Diversity of gender indicates to the percentage of male and female employees, which can impact how individuals interact and collaborate with one another as well as the overall effectiveness of the company [31]. Women bring experience, abilities, opinions, and networks to the board, which may improve internal decision-making and the company's ability to serve different stakeholders[32]. In contrast to men, women exhibit a greater orientation towards stakeholders and adopt a more democratic and participatory approach to leadership. The presence of women on the board is frequently viewed as an indication of effective governance, promoting more transparency and accountability in non-financial concerns [33].

Political Connections

In this study, political connections refer to a business's board of directors' special relationship with the government or political parties. Politically connected board members affect board decisions more. Firms relying on politics can benefit from a systematic exchange of value with politicians[34].Business-political relations must also be considered in regulatory efforts to develop corporate accountability in corporate social responsibility[35], owing to the fact that politically connected companies are more inclined to provide reliable disclosures regarding their social responsibility activities. Politically connected companies are better at

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[28] Kumar et al., (2023).
[29] GRI, (2021).
[30] PWC indonesia, (2023)
[31] Alicia Girón et al., "Giron et Al.(2017)-Q1-SR and Firm Performance.Pdf," 2020.
[32] Manita et al., (2018)
[33] Wasiuzzaman and Mohammad,(2020)
[34] Joni Joni et al., (2020)
[35] Muttakin et al., (2018)

identifying salient social issues and understanding political expectations, which boost sociopolitical legitimacy, so they are more likely to succeed in social responsibility.[36].

Gender Diversity and Sustainability Report Disclosure

According to stakeholder theory, corporations must satisfy employees, consumers, communities, and the environment[37]. Gender diversity on boards makes organizations more attentive to stakeholder interests and opinions. A gender-diverse board may be more sensitive and responsive to stakeholders' concerns related to society and the environment, which may improve sustainability report disclosures.[38].

The pursuit of gender equality has prompted a multitude of companies to ensure equitable access for all people to achieve prominent roles, including directorships. Contemporary women are acutely cognizant of the significance of education, enabling them to assume pivotal roles in many organizations and to perform professionally[39]. The inclusion of female directors might affect a company's sustainability reporting practices due to their better knowledge of environmental dangers and greater sensitivity to economic and social issues. Moreover, increased female board representation correlates with substantially elevated sustainability investment values and enhanced reporting efficiency[40].

Empirical studies developed by Cicchiello[41] discovered that boards with more women give more complete and transparent sustainability disclosures. A similar set of findings was discovered by Nicolo et al., who showed that the presence of a diverse representation of both men and women on committees is linked to more and better environmental reports[42]. A study by Suwasono and Anggraini indicated that Indonesian companies with gender-diverse boards provide more sustainability information[43]. From this description, the subsequent hypothesis may be articulated.:

H1 : Gender diversity enhances the Sustainability Report.

Political connections and Sustainability Report disclosure

In accordance with the stakeholder approach, businesses are obligated to consider the perspectives of all stakeholders involved in or affected by their business activities, including government, society, and the environment. In this context, a company's political connections may influence how it manages stakeholder relationships and how it discloses sustainability-related information. A study by Qian and Chen[44] discovered that firms with political affiliations are more inclined to provide comprehensive sustainability disclosures in order to maintain good relations with the government. Similar results were found by Du et. Al. [45] showing that political connections can help firms access the resources and support needed to implement better sustainability practices. However, not all research supports this relationship. A study by Xiao and Shen [46] reveals that political affiliations do not significantly influence the distribution of sustainability reports, because Political connections hurt the

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[36] Du, Bai, and Chen., (2019)
[37] Richard.E Freeman, (1984)
[38] Manita et al., (2018)
[39] Rizka Hadya and Romi Susanto, (2018)
[40] Antonella Francesca Cicchiello et al., (2021)
[41] Nicolo et al., (2022)
[42] Wasiuzzaman and Mohammad, (2020)
[43] Heru Suwasono and Anggraini Ayuning, (2021).
[44] Wei Qian and Xuan Chen, (2021)
[45] Du, Bai, and Chen, (2019)
[46] Gang Xiao and Sichen Shen, (2022)

organization's environmental performance and produce negative externalities. In Indonesia, research by Nugrahanti[47] found that firms possessing political affiliations are more inclined to reveal sustainability data to preserve favorable relations with the government and fulfill societal expectations. From the findings of prior study, the subsequent hypothesis can be formulated:

H2 : Political connections have a positive impact on the Sustainability Report.

RESEACH METHOD

Population and Sample

This research aims to explore the impact of gender diversity and political affiliations on the transparency of sustainability reporting among corporations. This research is classified as quantitative, focusing on the analysis of causal relationships based on objective metrics. This study investigates the mining enterprises that are publicly traded on the Indonesia Stock Exchange (IDX) within the timeframe of 2019 to 2023. The study encompasses the entirety of mining firms that are publicly traded on the Indonesia Stock Exchange (IDX) within the timeframe spanning from 2019 to 2023. This study will employ a purposive sample to accurately reflect the diverse characteristics of Companies engaged in mining activities that are listed on the IDX. The parameters for the sample selection will include the availability of annual report data and information on mining businesses listed on the IDX from 2019 to 2023.

Tabel 1
Sample Criteria and Observation Data

Keterangan	**Jumlah Sampel**				
	2019	**2020**	**2021**	**2022**	**2023**
Mining companies listed on the IDX (as of July 6, 2024)	45	45	45	45	45
Companies that did not publish financial statements for 2019-2023	-1	-1	-1	-1	-1
Companies that fail to submit a sustainability report for the period of 2019-2023	-27	-24	-6	-2	0
Total Sampel	17	20	38	42	44
Final Research Sample	161				

Based on the sample selection conducted on mining sector companies in Indonesia that have met the research criteria, a data sample of 161 samples was obtained which will be used for data analysis processing.

Sustainability Report Disclosure

Sustainability report disclosure is measured using the GRI Standards 2021 guidelines[48]. Researchers will analyze the GRI matrix reported by the company against the GRI standards using dummy variables. When there is implementation of GRI standard indicators, a value of 1 will be given, and when the opposite occurs, a value of 0 will be given.

[47] Yeterina Widi Nugrahanti, (2021)
[48] GRI, (2021).

Then, after all the matrices have been analyzed, the researcher will calculate the index value using the following formula:

FORMULA:

$$SRDi = \frac{\sum Xi}{Ni}$$

Description:
SRDi: Sustainability report disclosure index
∑Xi: Total number of items disclosed by the company
Ni: Total number of disclosure items in the GRI Standards guidelines

Diversitas Gender

Gender diversity is calculated as the proportion of women in managerial roles relative to the whole workforce of the organization[49], which can be measured using the formula:

$$\text{Gender diversity} = \frac{\textbf{Total board of directors}}{\textbf{Total women on the board of directors}} \times 100\%$$

Political Connections

The measuring of political connections utilizes the quantity of boards, namely the board of commissioners (BC) and the board of directors (BD), which have political connections. It is measured by a dummy number, where it is given a number 1 if it has a political connection and a number 0 if it does not have a political connection[50].

Data analysis method

This study employs quantitative data analysis. The panel data analysis for regression is conducted using the Eviews-13 application because of its processing in processing panel data compared to other data processing applications, especially the existence of a testing function for selecting an automatic regression estimation model, thus facilitating the panel data processing process. This study involves several stages of analysis testing research, including descriptive statistical analysis, classical assumption tests, panel data regression analysis, and hypothesis testing.

To properly interpret the analysis results, It is essential to select the most suitable model or approach initially.. That is, by determining the estimation model to be used in the research. The optimal modeling approach for this research is the application of the Random Effect Model (REM).

The econometric approach model used to test the effect of gender diversity and political connections on the disclosure of sustainability reporting in mining companies in Indonesia is as follows:

Model 1

$$SR = \alpha + \beta_1 GD_{it} + \beta_2 KP_{it} + E_{it}$$

Model 2

$$SR = \alpha + \beta_1 GD_{it} + \beta_2 KP_{it} + \beta_3 NC_{it} + \beta_4 UP_{it} + \beta_5 KA_{it} + \beta_6 KC_{it} + E_{it}$$

RESULT AND DISCUSSION

Desciptive Statistics

Tabel 2
Desciptive Statistics

[49] Girón et al., "Giron et Al.(2017)-Q1-SR and Firm Performance.Pdf."
[50] Faccio, (2006)

	Min	Max	Mean	Std.dev
SR	0.1190	1.0000	0.5422	0.1890
DIVGEN	0.0000	2.6667	0.3015	0.4357
POLICON	0.0000	1.0000	0.7018	0.4589
CARCEO	0.0000	1.0000	0.3641	0.2350
NARCEO	1.0000	6.5000	4.6273	1.2999
AUCOM	0.0000	60.0000	9.8261	10.3444
FIRMSIZE	6.0000	28.8970	19.5823	3.4049

Note: SR = Sustainability Reporting Disclosure, DIVGEN = gender diversity, POLICON = political connections, CARCEO = CEO characteristics, NARCEO = CEO narcissism, AUCOM = audit committee, FIRMSIZE = company size.

Considering the outcomes of the descriptive statistical analysis, the variable of sustainability reporting disclosure of mining companies in Indonesia in 2019-2023 has an average value of 54.22%. This value means that the overall disclosure of the mining industries in Indonesia is very low. In this research, it was found that there is more qualitative or narrative disclosure compared to quantitative disclosure. This rather low quality can be attributed to the fact that there are still companies that do not produce a sustainability report every year. Then, based on the items disclosed, companies tend to convey information only in words, paying less attention to things like charts, graphs, tables and pictures. In fact, many companies choose to present the same report every year, with no variation in the content or elements included. Companies seem to be providing more information, but the information is irrelevant. This shows that reporting practices may not be providing high quality sustainable information, and may be just symbolic or a formality to gain image and public trust[51].

Furthermore, the gender diversity variable represents an average value of 30.15%. Angka ini menunjukkan bahwa hanya sedikit perempuan yang menduduki jabatan sebagai dewan komisaris atau dewan direksi. Meanwhile, for the political connections variable, The statistical test results indicate a percentage of 70.18%, suggesting that a significant portion of mining companies in Indonesia have significant relationships with political actors and government officials. This also indicates that political connections are still a dominant factor in the operations of mining companies in Indonesia. Then for the CEO characteristics variable, it has an average value of 36.41%. This shows that the CEO's ability to plan a sustainability reporting strategy still needs improvement.

The CEO narcissism variable then has a mean value of 4.6 and a standard deviation of 1.3. This represents a significant difference, indicating that the distribution of CEO narcissism data is in good condition. Meanwhile, the maximum value of 6.5 for CEO narcissism is found in PT Energi Mega Persada Tbk. This shows that there are many CEOs with high levels of narcissism in Indonesia. The high level of CEO narcissism is caused by a number of conditions, such as a competitive corporate culture, the tide of globalisation or a history of success, which can boost confidence and encourage CEOs to behave narcissistically. Next, based on the average score, the audit committee holds at least 10 meetings per year. This exceeds the minimum requirement of meeting at least quarterly or four instances annually. The average score for company size, as indicated by the logarithm of total assets, is 19.58,

[51] Denis Cormier and Michel Magnan, (2015)

reflecting the measurement of company size through total assets, increases on average by 19.58 each year. The standard deviation of the company size is 3.405, This indicates that the data distribution does not have a standard deviation value that is less than the mean value.

Classical Assumption Test

Tabel 3 Results of the multicollinearity test

Correlation Coefficient	X1	X2	X3	X4	X5	X6
X1	1.0000	0.1034	-0.0092	0.0545	0.1401	0.0298
X2	0.1034	1.0000	-0.1723	0.1435	0.1523	0.1263
X3	-0.0092	-0.1723	1.0000	-0.2628	-0.1447	-0.1156
X4	0.0545	0.1435	-0.2628	1.0000	0.0402	-0.1299
X5	0.1401	0.1523	-0.1447	0.0402	1.0000	-0.0105
X6	0.0298	0.1263	-0.1156	-0.1299	-0.0105	1.0000

The findings from the multicollinearity test indicate that the correlation coefficient of the independent variable is below 0.08, suggesting that this study is devoid of multicollinearity.

Panel Data Regression Test

Tabel 4
panel data regression test results with control variables

Variabel	***Random Effect Model***		
	Koef	**t-st**	**Prob**
(constant)	0.1641	1.2389	0.2173
DIVGEN	0.0129	2.5906	**0.0105**
POLICON	-0.0102	-0.2760	0.7829
CARCEO	-0.0175	-0.2665	0.7902
NARCEO	0.0299	2.3958	**0.0178**
AUCOM	0.0060	3.6038	**0.0004**
FIRMSIZE	0.0084	1.4419	0.1514
Prob. F-statistic		0.0001	
Adj R^2		0.1324	
Obs		161	

Based on the results of the analysis using the REM model, the probability value of the F-statistic is 0.0001. This result indicates that all independent variables in this study contribute simultaneously to the dependent variable. Furthermore, the partial test results presented in Table 4.3 show that for the DIVGEN variable, the probability value is 0.0105, which means that the gender diversity variable has an effect on the dependent variable. Then, for the variable POLICON, the probability value obtained is 0.7829, which means that there is no evidence that political connections have an effect on the dependent variable. The next variable, CARCEO, obtained a probability value of 0.7902, in this case the variable of board characteristics did not contribute to the dependent variable.

The study's findings indicate that the variable NARCEO yielded a probability value of 0.0178, suggesting that CEO narcissism positively influences the dependent variable. The analysis yielded a probability value of 0.0004 for the AUCOM variable, indicating that the audit committee exerts a significant positive influence on the dependent variable. In the meantime, the FIRMSIZE variable yielded a probability value of 0.1514, indicating that company size does not have an impact on the dependent variable. An adjusted R-square (R2) of 0.1324 was obtained in the testing of the coefficient of determination. According to the prior regulations, a closer R2 value to 0 or 1 indicates a more favorable outcome. This test indicates that the results are still significantly distant from 0 to 1, suggesting that the influence of the independent variables in this study is rather constrained.

This study adds control variables that include CEO characteristics, CEO narcissism, audit committee and company size. In this regard, it is important to examine whether the use of control variables refines the causal relationship between variables in order to obtain a more comprehensive empirical model, or whether the use of control variables shows the opposite. The results of panel data regression analysis without the use of control variables are presented below.

Tabel 4.4
regression test results of panel data without control variables

Variabel	***Random Effect Model***		
	Koef	**t-st**	**Prob**
(constant)	0.4819	12.7708	0.0000
DIVGEN	0.0147	2.2884	**0.0050**
POLICON	0.0016	0.0413	0.9671
Prob. F-statistic		0.0184	
Adj R^2		0.0373	
Obs		161	

The findings from the panel data regression test indicate that incorporating control variables in the analysis does not produce significantly different outcomes when compared to analyses that do not include control variables. This study indicates that the variable of gender diversity positively influences the disclosure of sustainability reports, whereas political connections do not impact the disclosure of sustainability reports, regardless of the presence of control variables. Nonetheless, the adjusted R-squared (R2) value obtained is 0.0373. In this scenario, around 3.37% of the variability in the dependent variable is accounted for by the independent variables present in the model, excluding any control variables.

Following initial testing, it is evident that the gender diversity variable positively influences the transparency of sustainability reporting. This finding suggests that gender diversity plays a crucial role in influencing sustainability disclosure. This favorable connection is probably due to the fact that organizations with female directors demonstrate a greater dedication to sustainability reporting disclosure. This aligns with the findings of Buniamin et al.[52], that the presence of women in strategic positions can increase the company's focus on environmental and social matters, subsequently fostering transparency in sustainability reporting disclosures. According to the findings of Alta'any, M., et. Al. (2024)[53] This indicates that a higher percentage of female directors on the board correlates

[52] Sharifah Buniamin et al., (2020)
[53] Mohammad Alta’any et al., (2024)

with an increase in the disclosure of sustainability reports. The inclusion of female directors on the board enhances corporate awareness of their operations and promotes a stronger emphasis on sustainability and accurate reporting. A further investigation by Wahid corroborates this perspective, revealing that organizations with a greater percentage of women on the board are inclined to provide more comprehensive environmental disclosures, avoid financial reporting inaccuracies, and diminish instances of fraud.

Female directors are typically regarded as more risk-averse and oriented towards stakeholders. This is supported by research showing that female directors improve board effectiveness and environmental and social performance[54] and that gender diversity contributes to better board oversight of companies' sustainability practices. Furthermore, considering specific traits often associated with women, including communal qualities, compassion, kindness, and ethical orientation, there is a prevalent belief that their involvement on the board can enhance the commitment to sustainable practices, driven by a heightened concern for societal and environmental issues.[55].

The findings of this study validate previous investigations indicating that women on boards have a substantial impact on the disclosure of non-financial information, including sustainability reporting[56][57][58][59][60]. Furthermore, Rao & Tilt[61] state in their research that women often exhibit greater concern about sustainability practices, thus promoting transparency in the disclosure of sustainability reports. As a result, the release of corporate sustainability reports indicates the extent of gender diversity, particularly the ratio of women on the board, which significantly contributes to enhancing sustainability reporting transparency and accountability.

Meanwhile, the political connection variable is not a determinant of disclosure in sustainability reporting. This condition shows that the presence or absence of a political connection is not always a benchmark for better sustainability reporting disclosure. One possibility is that corporations with political connections do not perceive a necessity to increase the transparency of sustainability reporting because they rely more on political connections to gain benefits such as access to government projects or regulatory incentives. In addition, regulations in Indonesia, which are still weak in enforcing sustainability reporting obligations, This indicates that corporations with political connections experience minimal pressure to enhance their disclosure practices. A research investigation conducted by Li et al. [62] discovered that in certain developing nations, politically connected companies tend to focus more on economic benefits than on sustainability disclosures.

Furthermore, although the data shows that the majority of mining companies in Indonesia have political connections, This does not inherently influence the disclosure of sustainability reporting. The political connections that mining companies have may not serve as a catalyst for increasing sustainability transparency. This can happen because these companies tend to take advantage of political connections to obtain protection from

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[54] Yun Wang, Craig Wilson, and Yanxi Li, (2021); Yu Wang et al., (2022)
[55] Tanusree Jain and Rashid Zaman, (2020)
[56] Mahmoud Arayssi and Hala Hussein Tabaja, (2020)
[57] Issa, (2022)
[58] Wasiuzzaman,(2022)
[59] Muhammad Zahid et al., (2020)
[60] Nicolo et al.,(2020)
[61] Kathyayini Rao and Tilt, (2016)
[62] Mingyi Hung, Yongtae Kim, and Siqi Li, (2018)

regulations or obtain other benefits, without feeling the need to be more open about their environmental and social impacts. In addition, Industries that have ties to political entities are likely to limit their CSR disclosures, as they find it more straightforward to secure protection against litigation[63].

This study's findings contradict stakeholder theory, which posits that firms ought to release sustainability reports as a means of accountability to stakeholders, including the government. In this theory, It is anticipated that firms with political connections will receive greater motivation to disclose sustainability reporting in order to maintain good relations with regulators and the public. However, the results of this study show that political connections do not affect the disclosure of sustainability reports, which also contradicts several previous studies[64] [65]. Thus, the results of this study provide a new perspective that political connections may not be the main factor in determining the level of disclosure of sustainability reports in Indonesia.

CONCLUSION

The findings of this research study conclude several things, specifically that the variables of gender diversity and political connections concurrently exert an influence on the disclosure of sustainability reporting in mining companies in Indonesia. Partially, The panel regression results indicate that gender diversity positively influences the disclosure of sustainability reporting, but political ties exert no effect in Indonesian mining corporations.

This study has significant limitations; the research model accounts for just 13.24%, indicating that the variables examined do not sufficiently elucidate the disclosure of sustainability reportingAdditionally, other external variables not addressed in this study influence the disclosure of sustainability reporting. Subsequent research is anticipated to contribute more variables other than gender diversity and political connections, expand the scope of research to the non-financial corporate sector, and extend the research period.

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[63] Erwin Saraswati, Ananda Sagitaputri, and Yan Rahadian, (2020).

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