

Do Diversity in Board Drive Environmental, Social and Governance Disclosure? ASEAN Banking Sector Evidence



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ABSTRACT: The study examines the impact of board of director on Environmental, Social and Governance disclosure and each pillar (E,S,G) practice of ASEAN bank companies. The board diversity variabels such as age, tenure and gender were used. The sample consists of 58 companies listed in stock exchanges of each country for 2022 and panel data regressions is used for analysis. The study finds that the board diversity variabels age improve ESG disclosure and each pillar E S G. Variabel tenure dan gender tidak berpengaruh terhadap semua variabel dependen. This study is important due to following reasons, firstly ESG issues are important and global, the lack of ESG disclosure makes the increasing factors even more important. Secondly this study uses a more advanced Bloomberg ESG scores as well as individual environment, social and governance scores to measure the ESG disclosure and each pillar. Finally the research results support the Upper Echelons Theory that strategies to focus organizational efforts on specific areas such as ESG disclosure deployment originate and are reinforced by the organization's board.

KEYWORDS: Environmental, Social and Governance (ESG), Board of Director, Age, Gender, Upper Echelons Theory

I. INTRODUCTION

The world is facing many challenges due to economic and social developments. One of the challenges of the last few years has been the "Black Swan" event, such as four crises on the United States stock market in two weeks, the locust plague in Africa, the global spread of COVID-19, fraud committed by Luckin Coffee and other events that have raised global concern about Environmental, Social and Governance (ESG) issues (Li et al., 2021). Apart from the "Black Swan" events that occurred, according to estimates from the World Bank the average annual economic loss due to environmental damage caused by humans was around \$6.6 trillion in 2008 or the equivalent of 11% of global GDP and annual losses to the economy. globally will reach almost \$28.6 trillion by 2050 or equivalent to 18% of global GDP if environmentally unfriendly activities continue at this scale (UNEP FI, 2011). Individual and institutional investors are increasingly showing interest in the environmental, social and governance (ESG) practices of the companies in which they invest (Hill, 2020). This interest is evidenced by approximately 25% or \$23 trillion of global Assets Under Management (AUM) being invested with ESG factors in mind (GSIA, 2017). The emergence of concerns among investor groups to integrate environmental, social and governance (ESG) factors in investment decision making requires regulators to implement sustainability disclosure requirements in annual reports of public companies (Ismail and Latiff, 2019).

Although ESG issues are growing in importance and market players are working to encourage the integration of ESG factors with traditional financial analysis, an important challenge in ESG disclosure today is the lack of a global regulatory body that consequently allows companies to disclose ESG data that benefits them or opt out. as well as completely (Yu and Luu, 2021). This is proven by statistical data from previous studies which show that ESG disclosure by companies globally is still categorized as moderate-low. Statistical data on ESG disclosures, which are still moderate to low, indicates that issues or areas of research related to ESG still require more attention (Tsang et al., 2023). According to Ismail and Latiff, 2019 the ESG problems we see today mostly originate from weak corporate governance carried out by the board of directors and executive management. This is because ESG is an important factor in company strategy for competitive advantage, innovation and opportunity and has become an important variable in management capability (Menicucci and Paolucci, 2022). ESG disclosure is one of the management decisions monitored by the board of directors (Buallay, 2020). It is very important for the board of directors as part of management to have knowledge of ESG in order to be able to face long-term sustainability risks and integrate it into strategy and business models (Menicucci and Paolucci, 2022).

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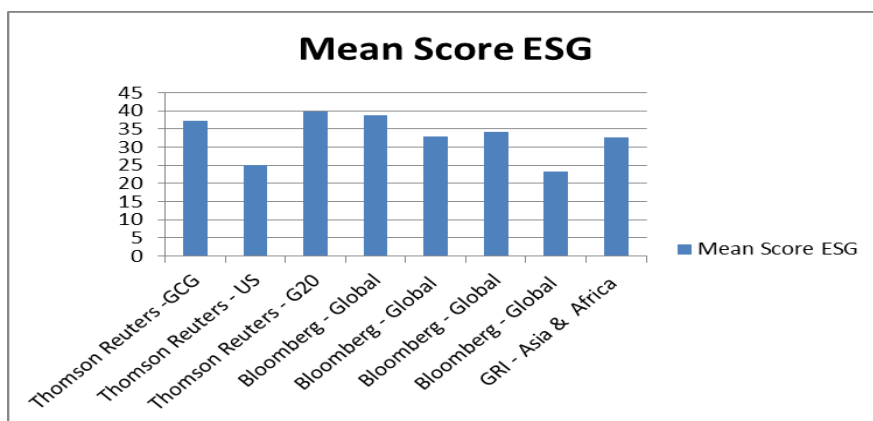


Figure 1. Data Mean Score Environmental, Social and Governance (ESG).

A diverse board is defined as a group of people with different cultures, ideas, opportunities, experiences, expertise, ideologies and educational backgrounds and, if nurtured and utilized well, can help achieve company goals positively (Yilmaz et al., 2021). Although the issue of board diversity and ESG is important, little is known regarding the relationship between board diversity and ESG disclosure (Baker et al., 2020). The upper echelons theory (Hambrick and Mason, 1984) assumes that analysis of the demographic characteristics of the board of directors allows a stronger explanation of strategic decisions and organizational outcomes, one of which is ESG disclosure. Research on the relationship between board diversity and ESG disclosure has been conducted, but previous studies on board composition have so far only focused on its influence on corporate financial performance, and paid less attention to specific board attributes that influence CSR (Corporate Social Responsibility) and CSRR (Corporate social Responsibility Reporting) (Rao and Tilt, 2016). The majority of studies on board diversity and ESG disclosure focus on only one country. Although there are studies that try to examine board diversity and ESG disclosure in a multi-country context, these studies only focus on one diversity variable, namely gender. This research examines the influence of board of director diversity by using important variables of board characteristics (age, tenure, gender) on Environmental Social and Governance (ESG) disclosure in banking sector companies in ASEAN countries.

Different age groups on the board can support understanding ESG issues and improving ESG attitudes (Menicucci and Paolucci, 2022). Greater age heterogeneity on corporate boards is seen as being able to increase the company's sensitivity to stakeholder demands, thereby encouraging companies to integrate CSR actions into their organizational policies and strengthen their image and reputation (Prudêncio et al., 2021). Another important board characteristic is director tenure, which remains understudied in relation to CSR (Rao and Tilt, 2016). It is important that the board of directors or Board of Directors (BoD) must have knowledge of ESG to face long-term sustainability risks and to integrate it into strategy and business models (Ismail and Latiff, 2019). Gender diversity on boards is an important dimension of board diversity (Al-Qahtani and Elgharbawy, 2019). In addition, female directors improve communication with key stakeholders who care about social and environmental issues. Therefore, having more women on boards can protect the interests of stakeholders, increase their involvement and address their concerns about the environment, GHG emissions and information disclosure. Aamin et al (2021) found that gender plays an important role in determining the level of CSR disclosure of a company on social media. we show that gender diversity is positively and significantly related to global CSR performance. Specifically, we provide evidence that female directors have a positive and significant relationship with two specific areas of CSR, namely the Human Rights Score and Corporate Governance.

In recent years, banking has played an important role in ESG implementation. Financial markets and public authorities are increasingly paying attention to sustainable finance, in particular, environmental, social and governance (ESG) performance, which is increasingly relevant for banks and financial institutions (Menicucci and Paolucci, 2022). Both developed and developing countries are in the process of taking steps to stimulate their banking sectors to improve ESG reporting (Alkhwaja et al., 2023). The role of the financial sector in addressing climate change has been emphasized through various global agreements. In the banking sector, international banking regulations, namely Basel III in pillars I, II and III, have discussed dealing with systemic environmental risks (Alexander and Fisher, 2018).

This research uses a sample of banking companies in ASEAN countries. There has been a recent increase in awareness, adoption and impact of environmental, social and governance (ESG) metrics in Asia. This is also reflected in new research conducted by HSBC, which reveals that commitment to sustainable finance in the region is strong—and fast becoming a priority. HSBC found that there are three factors underlying why investors from member countries of the Association of Southeast Asian Nations (ASEAN) are paying more attention to ESG: half of respondents cited pressure from employees, 46% cited the regulatory

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environment and 40% acknowledged pressure from employee. the fact that implementing ESG in one's strategy can increase returns or reduce risks. Asia Sustainability Week organized by Economist Impact in February 2022 highlights the growing trend of green and sustainable finance in Southeast Asia. Despite covering only 3% of the earth's surface, Southeast Asia is home to around 20% of the world's plants and animals. and marine species (Economist Impact, 2022).

Much research has been conducted to determine the relationship between board diversity and ESG disclosure, but little is known about the relationship between the two (Farooque et al, 2022). In addition, previous studies provide different results regarding the relationship between board diversity and board demographic variables (age, tenure, gender) and Environmental, Social and Governance (ESG) disclosures. Based on the background of the problem and the theoretical basis of Upper Echelons which underlies research regarding the role of diversity in the board of directors on Environmental, Social and Governance (ESG) disclosures in banks in ASEAN countries, the formulation of the research problem is: what is diversity (age, tenure, gender) in Does the board of directors influence Environmental, Social and Governance (ESG) disclosures in banks in ASEAN countries?

II. LITERATUR REVIEW AND HYPOTHESIS

A. Upper Echelons Theory

Upper Echelons theory explains the important role of top executives in organizational performance (Hambrick and Mason, 1984). Organizational performance which is the result of executives' strategic choices is predicted by managerial background characteristics. Organizational performance, both strategy and effectiveness, is seen as a reflection of the values and cognitive basis of influential actors in the organization. Differences in directors with demographic characteristics are likely to influence cognitive characteristics which will influence company results (Hambrick, 2007). This links the cognitive and demographic characteristics (educational level, citizenship and ideology) of board members with the company's strategic results, one of which is ESG disclosure (Jouber, 2020). Strategies to focus organizational efforts on specific areas such as ESG disclosure originate and are reinforced by organizational boards (Hambrick, 2007). When the board develops a culture to implement strong Corporate Social Performance (CSP), commitment to social responsibility will be well formed (Phillips et al., 2023).

B. Board Age and ESG Disclosure

The age of the board of directors is one of the most observable attributes of diversity because age reflects the influence of different generations, and therefore different values, motivational goals, culture, habits and experiences on the decision-making approaches taken by directors (Menicucci and Paolucci, 2022). Different age groups on a board can also support understanding ESG issues and improving ESG attitudes (Menicucci and Paolucci, 2022). The results of the research above, (Ismail and Latiff, 2019) found that board age is positively related to sustainability practices. Ferrero-Ferrero et al. (2016) also found that board generational diversity has a positive effect on the creation of an overall vision and strategy that integrates financial and extra-financial aspects into the daily decision-making process (V&S-CSR management quality), which leads to the integration of the board of directors. Beji et al., 2021 in their research found a positive relationship between board age and CSR.

H₁Age of Board of Directors has a Positive impact on Environmental Social and Governance (ESG) Disclosure H_{1a}Age of Board of Directors has a Positive impact on Environmental (S) Disclosure

H_{1b}Age of Board of Directors has a Positive impact on Social (S) Disclosure

H_{1c}Age of Board of Directors has a Positive impact on Governance (G) Disclosure

C. Board Tenure and ESG Disclosure

Another important board characteristic is director tenure, which remains understudied in relation to CSR (Rao and Tilt, 2016). Directors with long tenure tend to be more careful about their established reputation within the company and choose to disclose CSR information to protect and maintain their long-proven reputation and validate their long-term position on the company's board of directors (Amin et al. , 2021).Diversity in tenure helps board members gain the benefits of having senior and junior directors including continuity of knowledge and independence (Li and Wahid, 2018). Harjoto et al., 2015 in their research found that board tenure has a positive effect on CSR. Jouber, 2021 also found that tenure has a positive effect on CSR.

H₂ Tenure of Board of Directors has a Positive impact on Environmental Social and Governance (ESG) Disclosure H_{2a} Tenure of Board of Directors has a Positive impact on Environmental (S) Disclosure

H_{2b} Tenure of Board of Directors has a Positive impact on Social (S) Disclosure

H_{2c} Tenure of Board of Directors has a Positive impact on Governance (G) Disclosure

D. Board Gender and ESG Disclosure

Gender diversity on boards is an important dimension of board diversity (Al-Qahtani and Elgharbawy, 2019). In addition, female directors improve communication with key stakeholders who care about social and environmental issues. Therefore, having more

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women on boards can protect the interests of stakeholders, increase their involvement and address their concerns about the environment, GHG emissions and information disclosure. Amin et al (2021) found that gender plays an important role in determining the level of CSR disclosure of a company on social media. we show that gender diversity is positively and significantly related to global CSR performance. Specifically, we provide evidence that female directors have a positive and significant relationship with two specific areas of CSR, namely the Human Rights Score and Corporate Governance. findings from Beji (2021) show that changes in gender diversity are positively related to changes in CSR performance, which is reflected in the ability of female directors to provide new perspectives, especially in the areas of human rights and corporate governance. In contrast, Fahad and Rahman, 2020 found that the presence of female directors on the board of directors showed a significant negative influence on the extent of CSR disclosure, which means that the presence of women on the board committee had a negative impact on CSR disclosure.

H₃Gender of Board of Directors has a Positive impact on Environmental Social and Governance (ESG) Disclosure H_{3a} Gender of Board of Directors has a Positive impact on Environmental (S) Disclosure

H_{3b} Gender of Board of Directors has a Positive impact on Social (S) Disclosure

H_{3c} Gender of Board of Directors has a Positive impact on Governance (G) Disclosure

III. RESEARCH METHODOLOGY

A. Samples and Methods

This study uses a population of banking companies spread across ASEAN countries. This research uses purposive or judgmental sampling techniques to obtain samples with predetermined criteria. The criteria used in sampling this research are: banking companies that have ESG scores provided by Bloomberg, annual reports published by the company and official bank websites that can be accessed, banking companies that provide company data for the period 2022. This study uses SPSS.21 to analyze a quantitative approach which aims to test the hypothesis that has been formulated. Secondary data obtained from Bloomberg and company annual reports were used in this research. Sampling was based on purposive sampling criteria, there were 58 companies studied for 2022.

B. Environmental, Social and Governance (ESG) Disclosure

The dependent variable in this research is the ESG disclosure score obtained from the Bloomberg database. The Bloomberg ESG disclosure score shows the quantity of ESG information that a company discloses to the public, which reflects the voluntary and mandatory disclosures made by the company to all related parties. The score is based on a company's ESG disclosure index which is calculated using a series of data points collected by analysts at Bloomberg taking into account three ESG dimensions and each data point is weighted based on its importance and relevance for a particular industrial sector (Manita, 2018). The Bloomberg ESG disclosure score covers several main topics, namely; air quality, climate change, water and energy management, materials and waste, risk audit and monitoring, compensation, diversity, independence, board structure and term of office, and shareholder rights. Data sources are also taken directly from CSR reports, annual reports, corporate governance reports, company websites and CDP data. The selection and prioritization of issues is guided by global standards such as; Sustainability Accounting Standards Board (SASB), International Sustainability Standards Board (ISSB), complemented by an overview of disclosure frameworks provided by the Global Reporting Initiative (GRI), CDP, Task Force for Climate-Related Financial Disclosures (TCFD) and specific industry guidelines (Blomberg , 2023).⁴

Table 3.3 Isu Pilar ESG

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Air Quality	Access & Affordability	BOARD COMPOSITION Director Roles Diversity Independence Refreshment
Climate Exposure	Community Rights & Relations	EXECUTIVE COMPENSATION Incentive Structure Pay Governance Pay for Performance
Ecological Impact	Customer Welfare	SHAREHOLDER RIGHTS Shareholder Policies Director Voting AUDIT (Audit Committee External Auditor, Audit Outcome)
Energy Management	Data Security & Customer Privacy	

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Environmental Management	Supply Chain	Ethics & Compliance	
GHG Emissions Management		Labor & Employment Practices	
Sustainable Finance		Marketing & Labeling	
Sustainable Product		Occupational Health & Safety Management	
Waste Management		Operational Risk Management	
Water Management		Product Quality Management	
		Social Supply Chain Management	

C. Board Age

The age of the board of directors in this study was measured as a proxy for the average age of the board of directors (Giannarakis, 2014; Cucari et al., 2017; Menicuccu and Paolucci, 2022).

$$Age = \frac{\sum Board\ of\ Director\ Age}{\sum Board\ of\ Director}$$

D. Board Tenure

The term of office of the board of directors in this study is measured as a proxy for the average years of service of members of the board of directors (Al Qahtani and Elgharbawy, 2019; Jouber, 2020; Amin et al., 2021).

$$Tenure = \frac{\sum Board\ of\ Director\ Tenure}{\sum Board\ of\ Director}$$

E. Board Gender

The gender of the board of directors in this study is measured as a proxy for the percentage of female directors on the board.

$$Age = \frac{\sum Board\ of\ Director\ Age}{\sum Board\ of\ Director}$$

F. Control Variabel

This study uses three control variables, namely: Board Size, Firm Size and GDP (Gross Domestic Product). The Board Size variable is used to control the characteristic attributes of the board of directors as a proxy for the total number of board members at the end of the fiscal year. To control for country-level characteristics, we use the annual GDP (Gross Domestic Product) growth rate variable for each country. The Firm Size variable is added as a standard control relating to firm level characteristics with the Total Assets proxy.

G. Research Models

Data analysis in this study used the panel data regression method. Regression model for hypothesis testing:

$$ESG_{it} = \alpha_0 + \alpha_1 B - AGE_{it} + \alpha_2 B - TENURE_{it} + \alpha_3 B - Gender_{it} + \alpha_6 B - SIZE_{it} + \alpha_7 FIRM - SIZE_{it} + \alpha_8 GDP_{it} + e_{it}$$

$$ESG_{E_{it}} = \alpha_0 + \alpha_1 B - AGE_{it} + \alpha_2 B - TENURE_{it} + \alpha_3 B - Gender_{it} + \alpha_6 B - SIZE_{it} + \alpha_7 FIRM - SIZE_{it} + \alpha_8 GDP_{it} + e_{it}$$

$$ESG_{S_{it}} = \alpha_0 + \alpha_1 B - AGE_{it} + \alpha_2 B - TENURE_{it} + \alpha_3 B - Gender_{it} + \alpha_6 B - SIZE_{it} + \alpha_7 FIRM - SIZE_{it} + \alpha_8 GDP_{it} + e_{it}$$

$$ESG_{G_{it}} = \alpha_0 + \alpha_1 B - AGE_{it} + \alpha_2 B - TENURE_{it} + \alpha_3 B - Gender_{it} + \alpha_6 B - SIZE_{it} + \alpha_7 FIRM - SIZE_{it} + \alpha_8 GDP_{it} + e_{it}$$

ESG	: ESG Disclosure Score (Bloomberg)
B-AGE	: Average board of directors age company i year t
B-TENURE	: Average board of directors tenure company i year t
B-Gender	: Percentage of female director on the board in company i year t
B-SIZE	: Total number of board of directors member in company i year t
FIRM-SIZE	: Natural logarithm of total assets in company i year t
GDP	: Annual growth rate country sample company year t
α_0	: Constanta
$\alpha_1 - \alpha_8$: Parameter
i	: Company
t	: Year of observation
e	: Error

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IV. RESULT AND DISCUSSION

A. *Statistic Descriptive*

Descriptive statistics provide an overview or description of data such as the average value (mean), standard deviation, and maximum, minimum.

Table 1. Statistic Descriptive

Variabel	Minimum	Maximum	Mean	Std. Deviation
B_AGE	42,00	78,67	62,432	5,88477
B_TENURE	1,6	21,22	6,84	4,02864
B_Gender	0,00	0,67	0,2277	,14628
Var-Control _BOARD SIZE	3,00	18,00	9,5254	3,51527
Var-Control _ FIRM SIZE	4,73	8608,97	983,3844	1547,00559
Var-Control _GDP	404284,33	1319100,22	687654,94	406509,63
ital, Social,Governance (ESG)	17,59	66,44	45,2614	12,03739
E_Environment	,00	50,98	23,1127	14,37523
S_Social	2,57	64,24	33,2675	12,30013
G_Governance	43,38	96,12	79,2832	14,14210

Descriptive statistics for the research sample are presented in Table 1. Statistic Descriptive. The average value of the independent variable, namely the Bloomberg ESG Disclosure Score as a whole for all sample companies, is 45.26. This figure shows that the level of transparency of the research sample, namely banking companies in ASEAN countries, in ESG information disclosure is still in the low category (Poor) or less than 50. Based on the mean score of each ESG pillar, the highest score is in the Governance (G) pillar. and the lowest in Environment (E). The high Governance (G) pillar score is because the financial sector is often tightly regulated. The emphasis on disclosure of corporate information on the one hand shows that many banks have complied with institutional requirements or restrictions imposed by regulatory authorities that encourage transparency in corporate behavior, but on the other hand the environmental impact caused by banks compared to the manufacturing or extractive sector is small, so that environmental disclosure by banks will be a relatively minor concern for non-financial stakeholders (Buallay et al., 2019). According to Khoury et al (2022), the health, financial and technology services industries rarely report on environmental issues, resulting in a low Environment Score (E). The sample shows that board size ranges between 3 and 18 members, with a mean of 9.5 and a standard deviation of 3.5. The percentage of female board directors is relatively low, namely 22%. This low average shows the need for reform in ASEAN countries to increase board representation and diversity. If any of these characteristics is found to be a significant factor in ESG, given the low level of ESG disclosure, this would have a stronger influence on transparency.

B. *Analysis Assumption Classic*

Table 2. Normality Test (Y1_ESG)

Variabel	Sig	batas	Keterangan
Unstandar Residual	0.907	> 0,05	Normal

Table 3. Normality Test (Y2_E)

Variabel	Sig	batas	Keterangan
Unstandar Residual	0.517	> 0,05	Normal

Table 4. Normality Test (Y1_S)

Variabel	Sig	batas	Keterangan
Unstandar Residual	0.768	> 0,05	Normal

Table 5. Normality Test (Y1_G)

Variabel	Sig	batas	Keterangan
Unstandar Residual	0.505	> 0,05	Normal

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The normality test is a test that aims to determine whether observations are normally distributed or not, this test uses Kolmogorov Smirnov. Based on Table 2 to Table 5 with the dependent variables Y1-ESG, Y2-E, Y3-S and Y4-G, it can be seen that the asymp.sig value is > 0.05 so it can be concluded that the data is normally distributed. The multicollinearity test aims to determine whether there is any correlation between the independent variables in the regression model. A good regression model should have no correlation between independent variables. The test results show that multicollinearity does not occur. To detect autocorrelation, statistical tests can be carried out using the Durbin-Watson test (DW test). From the tests, the results showed that there was no autocorrelation in the four regression models used in this research. Apart from that, from the results of the Heteroscedasticity test it is known that the probability value is greater than 0.05, thus the variables proposed in the research do not have heteroscedasticity.

C. Analysis of Test Results Hypothesis

Table 6. Panel Regression Model Analysis Result (Y1-ESG)

Variabel	B	t hitung	Sig t	Keterangan
(Constant)	10.126			
B_AGE	0.266	3.222	0.002	Signifikan
B_TENURE	0.135	0.458	0.649	Signifikan
B_Gender	10.648	1.196	0.237	Signifikan
Var-Control _BOARD SIZE	1.183	2.540	0.014	Signifikan
Var-Control _ FIRM SIZE	0.002	2.332	0.024	Signifikan
ol _GDP (Millions of US Dollars)	5.127	1.178	0.244	Signifikan
F hitung	7.851			
Sig F	0.000			
Adjusted R Square	0.415			

Table 7. Panel Regression Model Analysis Result (Y2-E)

Variabel	B	t hitung	Sig t	Keterangan
(Constant)	-9.596			
B_AGE	0.172	1.660	0.103	Signifikan
B_TENURE	0.038	0.103	0.918	Signifikan
B_Gender	14.648	1.310	0.196	Signifikan
Var-Control _BOARD SIZE	1.565	2.674	0.010	Signifikan
Var-Control _ FIRM SIZE	0.003	3.172	0.003	Signifikan
ol _GDP (Millions of US Dollars)	1.738	0.318	0.752	Signifikan
F hitung	6.265			
Sig F	0.000			
Adjusted R Square	0.353			

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Table 8. Panel Regression Model Analysis Result (Y3-S)

Variabel	B	t hitung	Sig t	Keterangan
(Constant)	6.712			
B_AGE	0.215	2.135	0.037	Signifikan
B_TENURE	0.245	0.680	0.500	Signifikan
B_Gender	0.609	0.056	0.956	Signifikan
Var-Control _BOARD SIZE	0.804	1.413	0.164	Signifikan
Var-Control _ FIRM SIZE	2.707	0.028	0.978	Signifikan
Var-Control _GDP (Millions of US7.228 Dollars)		1.359	0.180	Signifikan
F hitung	2.880			
Sig F	0.017			
Adjusted R Square	0.163			

Table 9. Panel Regression Model Analysis Result (Y4-G)

Variabel	B	t hitung	Sig t	Keterangan
(Constant)	33.175			
B_AGE	0.410	4.927	0.000	Signifikan
B_TENURE	0.122	0.412	0.682	Signifikan
B_Gender	16.667	1.857	0.069	Signifikan
Var-Control _BOARD SIZE	1.181	2.515	0.015	Signifikan
Var-Control _ FIRM SIZE	0.002	2.950	0.005	Signifikan
ol _GDP (Millions of US Dollars)	6.411	1.461	0.150	Signifikan
F hitung				
Sig F				
Adjusted R Square				

The results of the partial test (t test) show that the independent variable Age has a significant positive effect on ESG. Meanwhile, the independent variables Tenure and Gender have no effect on ESG Disclosure. The control variables (Bsize, Firmsize) have an effect on the ESG variable, while the GDP control variable has no effect on ESG Disclosure. The results of the F test obtained a calculated F of 7.851 and a probability of 0.0000. A sig value of $0.000 < 0.05$ can be concluded that all independent variables together have an effect on the dependent variable. The coefficient of determination (Adjusted R2) is 0.415, this figure shows that all independent variables and control variables together influence the dependent variable by 41.5%, the remaining 58.5% is influenced by other variables not included in the research model.

The results of the partial test (t test) show that all the independent variables Age, Tenure, and Gender have no effect on the dependent variable, namely Environmental (E). Meanwhile, the independent variable Tenure and control variables (Bsize, Firmsize) have an effect, the control variable GDP has no effect on the dependent variable Environmental (E). The results of the F test obtained a calculated F of 6.265 and a probability of 0.0000. A sig value of $0.000 < 0.05$ can be concluded that all independent variables together have an effect on the dependent variable. The coefficient of determination (Adjusted R2) is 0.353, this figure shows that all independent variables and control variables together influence the dependent variable by 35.3%, the remaining 64.7% is influenced by other variables not included in the research model.

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The results of the partial test (t test) show that the independent variable Age has an effect on the dependent variable Social (S) while the independent variables Tenure and gender have no effect. All control variables (Bsize, FirmSize, GDP) have no effect on the dependent variable, namely Social (S) Disclosure. The results of the F test obtained a calculated F of 28.80 and a probability of 0.0000. A sig value of $0.000 < 0.05$ can be concluded that all independent variables together have an effect on the dependent variable. The coefficient of determination (Adjusted R2) is 0.163, this figure shows that all independent variables and control variables together influence the dependent variable by 16.3%, the remaining 83.7% is influenced by other variables not included in the research model.

The results of the partial test (t test) show that the independent variable Age has a significant positive effect, Tenure and Gender have no effect on the dependent variable, namely Governance (G) Disclosure. The control variables Board Size and FirmSize have an effect, while GDP has no effect on the dependent variable Governance (G) Disclosure. The results of the F test obtained a calculated F of 13.769 and a probability of 0.0000. A sig value of $0.000 < 0.05$ can be concluded that all independent variables together have an effect on the dependent variable. The coefficient of determination (Adjusted R2) is 0.569, this figure shows that all independent variables and control variables together influence the dependent variable by 56.9%, the remaining 43.1% is influenced by other variables not included in the research model.

The results of the partial test (t test) show that the independent variable Age has a significant positive effect, Tenure and Gender have no effect on the dependent variable, namely Governance (G) Disclosure. The control variables Board Size and FirmSize have an effect, while GDP has no effect on the dependent variable Governance (G) Disclosure. The results of the F test obtained a calculated F of 13.769 and a probability of 0.0000. A sig value of $0.000 < 0.05$ can be concluded that all independent variables together have an effect on the dependent variable. The coefficient of determination (Adjusted R2) is 0.569, this figure shows that all independent variables and control variables together influence the dependent variable by 56.9%, the remaining 43.1% is influenced by other variables not included in the research model.

V. CONCLUSION

The results of hypothesis testing show that the independent variable Age has a significant positive effect on the dependent variables Environmental Social and Governance (ESG) and Governance (G). The results of this study are in line with the findings of Beji et al (2021) who found that older directors showed higher moral decency. Amin et al., also found that with increasing age, board of directors tend to develop greater moral reasoning abilities which can be reflected in a higher perception of the importance of transparency so that CSR disclosure becomes more extensive. In the same vein, Ferrero-Ferrero et al (2013) found that generational diversity has a positive effect on CSR and concluded that age diversity can improve environmental performance. In addition, findings from Ferrero-Ferrero et al (2013) show that generational diversity allows the design of more effective visions and strategies to address financial aspects, thereby encouraging companies to adopt a sustainable approach to their business. For the independent variable tenure or term of office of the board of directors, the research results show that the term of office of the board of directors has no effect on the independent variables Environmental Social and Governance (ESG) Disclosure, Environmental (E), Social (S) Disclosure, and Governance (G) Disclosure. This result is in line with the findings of Al-Qahtani and Elgharbawy (2019) that long-term or short-term board of director positions does not affect the GHG impact. For the independent variable gender, the research results show that gender has no effect on the independent variables Environmental Social and Governance (ESG) Disclosure, Environmental (E) Disclosure, and Governance (G) Disclosure, but is not significant on Social (S). This result is in line with the results of research by Manita et al 2018 that there was no significant relationship found between gender diversity on the board and ESG disclosure and if there are less than 3 women on the board then gender diversity on the board and ESG disclosure are not statistically significant. Giannarakis (2014) found that the presence of women on the board has no effect on the level of CSR dissemination and is not an important variable and does not explain the level of CSR dissemination. Both female and male directors study at the same educational institutions and they face societal expectations in the same way.

VI. ACKNOWLEDEMENT

There is evidence of a lack of disclosure by companies globally regarding Environmental, Social and Governance (ESG) as an important and global issue. According to the Upper Echelons Theory (Hambrick and Mason, 1984) the role of top executives is very important to company performance. The important role of the board of directors as one of the top executives is expected to be able to overcome problems related to the lack of ESG disclosure as one of the company's performance. This research aims to analyze the influence of diversity in the board of directors (age, tenure and gender) on Environmental, Social and Governance (ESG) disclosure and disclosure of the 3 pillars of Environmental (E), Social (S) and Governance (G) separately in banking companies in ASEAN countries in 2022.

The results of this research have important implications for theory, companies, and policymaking. First, the results of empirical research support the Upper Echelons Theory (Hambrick and Mason, 1984). It is true that company performance, in this case ESG disclosure, is influenced by the diversity of the board (age) as one of the company's executives. Second, the mean score for Bloomberg ESG disclosure is 45.26. This figure shows that the level of transparency in ESG information disclosure for the entire sample of banking companies in ASEAN countries in 2022 is still in the low moderate category (Poor), so it still needs to be taken into consideration. Third, the research results can be used as material for consideration by companies and policy makers regarding the age of the board of directors which can increase ESG disclosure, considering the fact that there is still a lack of ESG disclosure. This research is not free from limitations. As with any empirical research, limitations open up new opportunities for future research.

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A limitation of this study is that the empirical findings are conditioned by the sample and the availability of information. The ESG disclosure data provided by Bloomberg only covers around 47% of the total banking companies in ASEAN countries. There are still around 53% of companies not included in the sample which could potentially change the research results. Future research might try content analysis using the Bloomberg methodology from company sustainability report sources that are not provided by Bloomberg in order to meet all company samples. Because a larger sample is needed for the robustness of the research results. This research focuses on financial (banking)/registered companies, it does not guarantee similar findings in the context of Small Medium Enterprise (SME) companies. Finally, from the results of this research, it can be determined to what extent the ESG of the sample companies and the board diversity factors that determine increased ESG disclosure can be further investigated.

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