

The Effect of Board of Directors Characteristics on Corporate Social Responsibility Practices

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ABSTRACT

This study aims to determine the influence of board size, board independence, board activities and board tenure on corporate social responsibility practices in companies included in the sensitive industry classification in Indonesia that adheres to the two-tier system. This study is quantitative research using panel data design and purposive sampling methods with secondary data. The samples in this study were obtained from 26 companies in sensitive industries listed on the Indonesia Stock Exchange from 2017 to 2023 and data processing was carried out using the Feasible Generalized Least Squares) method. The results show that boards with smaller numbers of members tend to encourage better CSR practices because they are more efficient and coordinated. On the other hand, the size of the board of commissioners, independence, frequency of meetings, and term of office do not have much effect, even the term of office of commissioners that is too long actually has a negative impact on CSR. The theoretical contribution of this study is to enrich the application of resource dependence theory. This research can be used as a consideration for company leaders and regulators in making strategies, policies and regulations related to CSR in Indonesia.

Keywords: Corporate Social Responsibility, Board Activity, Board Independence, Board Size, Board Tenure.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh ukuran dewan, independensi dewan, aktivitas dewan dan masa jabatan dewan terhadap praktik tanggung jawab sosial perusahaan di perusahaan yang termasuk dalam klasifikasi industri sensitif di Indonesia yang menganut sistem two-tier. Penelitian ini merupakan penelitian kuantitatif menggunakan desain data panel dan metode purposive sampling dengan data sekunder. Sampel dalam penelitian ini diperoleh dari 26 perusahaan di industri sensitif yang terdaftar di Bursa Efek Indonesia pada tahun 2017 hingga 2023 dan pengolahan data dilakukan dengan menggunakan metode Feasible Generalized Least Squares. Hasil menunjukkan bahwa dewan dengan jumlah anggota yang lebih kecil cenderung mendorong praktik CSR yang lebih baik karena lebih efisien dan terkoordinasi. Di sisi lain, ukuran dewan komisaris, independensi, frekuensi rapat, dan masa jabatan tidak banyak berpengaruh, bahkan masa jabatan komisaris yang terlalu lama justru berdampak negatif terhadap CSR. Kontribusi teoritis dari penelitian ini adalah untuk memperkaya penerapan resource dependence theory. Penelitian ini dapat dijadikan pertimbangan bagi pimpinan perusahaan dan regulator dalam membuat strategi, kebijakan dan regulasi terkait CSR di Indonesia.

Kata kunci: Tanggung Jawab Sosial Perusahaan, Aktivitas Dewan, Independensi Dewan, Ukuran Dewan, Masa Jabatan Dewan.

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INTRODUCTION

In the contemporary business landscape, companies are increasingly expected to extend their focus beyond profit maximization to incorporate sustainability into their core strategies. This shift aligns with global awareness of environmental and social challenges, reinforced by initiatives such as the 2030 Agenda and the 17 Sustainable Development Goals (SDGs), which emphasize the private sector's role in sustainable development (Afifah & Immanuela, 2021). Corporate Social Responsibility (CSR) has emerged as a critical mechanism for companies to address these demands, serving as a strategic tool to enhance reputation, foster stakeholder trust, and establish social legitimacy (Guerrero-Villegas et al., 2018; Velte, 2022; Oware et al., 2024). Stakeholder theory underscores that businesses are accountable not only to shareholders but also to all parties impacted by their operations, including communities and the environment (Dawkins & Lewis, 2003; Rossi et al., 2021). In Indonesia, where a two-tier governance system separates the roles of the board of directors and the board of commissioners, effective corporate governance is pivotal in ensuring robust CSR practices. The board of directors manages operations and implements CSR programs, while the board of commissioners provides oversight and strategic guidance to align CSR with regulatory requirements and stakeholder expectations (Otoritas Jasa Keuangan, 2014).

Despite regulatory frameworks, weak CSR implementation remains a significant issue in Indonesia. High-profile cases, such as the misuse of CSR funds at Bank Indonesia and PT Timah, highlight vulnerabilities in governance, including inadequate board oversight and external audit mechanisms, which can lead to exploitation for personal gain or money laundering. These incidents underscore the need to examine how board characteristics influence CSR effectiveness. Existing research has explored how board attributes, such as size, independence, and diversity, impact CSR outcomes (Farooq et al., 2023; Padungsaksawasdi & Treepongkaruna, 2024). According to Ali et al. (2024), studies on CSR within two-tier governance systems, like Indonesia's, remain scarce, constituting only approximately 5.08% of global CSR publications. Moreover, board activities, such as meeting frequency, and board tenure have received limited attention despite their critical role in decision-making, oversight, and accountability for CSR initiatives (Nguyen et al., 2021; Ratri et al., 2021; Dwekat et al., 2022; Hossain & Oon, 2022).

This research gap is particularly relevant in sensitive industries, including processing, energy, natural resources, and utilities, which significantly impact the environment and are subject to intense public scrutiny and stringent regulations (Loprevite et al., 2020; Zaiane & Ellouze, 2023). These industries are major contributors to Indonesia's gross value added, making their CSR practices critical for sustainable development. Indonesia's steady economic growth, strategic industrial sector, and unique two-tier governance system provide an ideal context to investigate the interplay between board characteristics and CSR practices. According to Fahmi (2019), research on CSR in Indonesia's sensitive industries remains underexplored, particularly regarding how governance structures influence social and environmental responsibility. Resource dependence theory further supports this inquiry, positing that boards act as vital links to external resources, enhancing CSR through strategic expertise and networks (Hillman et al., 2009; Formigoni et al., 2021; Kanakriyah, 2021; Mai et al., 2023; Kontan, 2024).

This study aims to analyze the influence of board size, independence, activities, and tenure on CSR practices in sensitive industries in Indonesia during the period 2017–2023, focusing on companies listed on the Indonesia Stock Exchange. By addressing this research gap, the study seeks to provide empirical insights into how board characteristics shape CSR outcomes in a two-tier governance system. The findings are expected to contribute theoretically by enriching the application of resource dependence theory in the context of CSR and practically by offering guidance for corporate leaders and regulators to design effective governance structures and policies that promote sustainable CSR strategies. Additionally, the study aims to inform stakeholders about the quality of corporate governance and social commitment in sensitive industries, fostering greater accountability and alignment with sustainable development goals.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Board Size and Corporate Social Responsibility

The resource dependency theory developed by Pfeffer and Salancik (1978) explains that the board of directors plays an important role as a liaison between the company and the external resources needed to survive and grow. The board of directors helps reduce this through transparent information delivery, including in CSR practices (May et al., 2023). Directors with special expertise, such as political connections or industry experience, can improve company performance (Danso et al., 2024). Boards of directors with a small number of members tend to be more effective in terms of supervision, control, and decision-making because communication is smoother and context is easier to achieve (Thuy et al., 2024). Boards of directors also show a higher commitment to social issues and are able to manage CSR more efficiently (Beji et al., 2021; Agnese et al., 2024). This is in line with resource dependency theory, which states that larger boards of directors can access more resources and support organizational learning (Khatib & Nour, 2021; Nwude & Nwude, 2021). Several studies have stated that the size of the board of directors does not always have a significant effect on CSR, because the success of CSR also depends on management awareness and the individual commitment of members of the board of directors (Adel et al., 2019; Afifah & Immanuela, 2021; Dwekat et al., 2022).

H1a: Board of commissioner size has significant on CSR practices.

H1b: Board of director size has significant on CSR practices.

Board Independence and Corporate Social Responsibility

Based on resource dependence theory, independent commissioners are considered capable of providing access to relevant resources, knowledge, and networks to support CSR practices (Guerrero-Villegas et al., 2018; Endrikat et al., 2021). It is important for companies to involve board members who have strategic competence to drive business desires (Al-Qahtani & Elgharbawy, 2020; Nwude & Nwude, 2021). An independent and active board of directors also plays an important role in driving progressive CSR strategies (Oh & Jeon, 2022). However, only large companies tend to benefit from a large board of directors, as an overly large board size can reduce the frequency of meetings and independence, potentially hampering the effectiveness of CSR (Boachie, 2023; Naseem et al., 2017). However, Dwekat et al. (2022) show that the higher the level of independence of the board of directors, the lower the CSR practice will be because independent commissioners focus more on financial performance or have less understanding of CSR found that the existence of an independent board of directors has no significant effect on CSR, especially in countries with weak legal systems and ownership structures, thus limiting their active role in decision-making related to CSR.

H2: Board of commissioner independence has significant on CSR practices.

Board Activity and Corporate Social Responsibility

In order to carry out the board's functions effectively, both the board of commissioners and the board of directors routinely hold internal meetings as a strategic forum for evaluation and decision making (Trisnawati et al., 2022). The more board meetings are held, the higher the value of the company because it shows active involvement in oversight and compliance with social responsibility, in line with the theory of resource dependency (May et al., 2023; Naseem et al., 2017). Agarwala et al. (2023) shows that the frequency of meetings does not always reflect the effectiveness of the board's performance, because meetings are often just a formality without discussing sustainability issues in depth. According to Fahad and Rahman (2020), the number of meetings does not have a significant effect on CSR practices because the board's role is more limited to strategic decision-making, not direct implementation of CSR programs. This shows that the intensity of meetings does not guarantee the substance or quality of discussions related

to corporate social responsibility. Thus, the hypothesis stating that there is a significant effect between meeting frequency and CSR practices becomes less relevant in this context.

H3a: Board of commissioner activity has significant on CSR practices.

H3b: Board of director activity has significant on CSR practices.

Board Average Tenure and Corporate Social Responsibility

Boards with longer tenures generally have a deeper understanding of the company's vision and strategy, and tend to demonstrate a commitment to long-term goals and social responsibility (Sun & Bhuiyan, 2020). May et al. (2023) experience allows them to design and implement CSR programs in a more structured and strategic manner. They are also accustomed to dealing with stakeholder pressures and can better navigate the complexity of regulations and social expectations. However, if their tenure lasts too long, the effectiveness of their contribution to CSR may decrease. This is due to the potential for decreased objectivity, the emergence of reluctance to change, and a reduction in innovative ideas needed to deal with ever-evolving social and environmental dynamics (Sun & Bhuiyan, 2020). Therefore, there is an optimal point in the board's tenure, where their experience is deep enough to support CSR, but not too long to hinder perspective renewal. In this context, periodic renewal of board members is important to maintain a balance between strategic stability and adaptability to poverty issues (Sun & Bhuiyan, 2020). Thus, the hypothesis formulated in this study explains that the term of office of the board of directors has an influence on CSR practices, but this influence is not linear, but is influenced by the dynamics of the balance between experience and the need for new perspectives.

H4a: Board of commissioner average tenure has significant on CSR practices.

H4b: Board of director average tenure has significant on CSR practices.

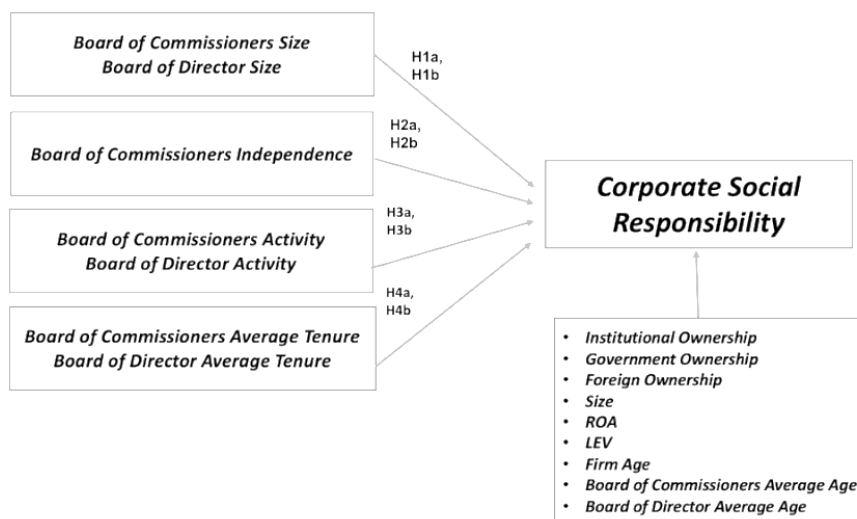


Figure 1. Research Framework

Figure 1 illustrates the research framework that examines the influence of board characteristics on Corporate Social Responsibility (CSR) practices in sensitive industries in Indonesia. The framework consists of seven main hypotheses that link board variables, both commissioners and directors, to CSR implementation. H1a and H1b test the effect of board size on CSR practices, while H2 examines the extent to which board independence affects the implementation of social responsibility. Furthermore, H3a and H3b assess the effect of board activities—measured through meeting frequency—on CSR effectiveness. Finally, H4a and H4b test the impact of average board tenure on CSR, assuming that experience or length of tenure can affect commitment to sustainability. This

framework is built on stakeholder and resource dependence theories as a conceptual basis for explaining these relationships.

RESEARCH METHOD

This study focuses on companies listed on the Indonesia Stock Exchange from 2017 to 2023, specifically targeting sensitive industries such as processing, energy, natural resources, and utilities. A purposive sampling method was applied to select 26 companies meeting strict criteria: they were listed during the study period, remained active without delisting, provided complete annual reports, and had CSR strategy scores on the Refinitiv database. From an initial pool of 903 listed companies, 580 non-sensitive industry companies were excluded, leaving 323. Subsequently, 180 companies were removed due to delisting, incomplete reports, or litigation, resulting in 143 companies. An additional 114 companies lacking Refinitiv CSR scores and three with inconsistent or inactive reports were excluded, yielding a final sample of 26 companies with 182 observations over seven years.

Data were collected from reliable sources to ensure robust analysis. The dependent variable, CSR practices, was measured using Refinitiv's CSR strategy scores, following Padungsaksawasdi and Treepongkaruna (2024). Independent variables, including board of commissioners' size, board of directors' size, board of commissioner's independence, and both boards' activities and average tenure, were hand-collected from annual reports. Control variables, such as institutional ownership, government ownership, foreign ownership, firm size, return on assets, leverage, firm age, and board members' average age, were sourced from annual reports or the Eikon Thomson Reuters database (Nguyen et al., 2021; Al-Zaqeba et al., 2023; Agnese et al., 2024). Board size was measured by member count, independence by the proportion of independent commissioners, activity by annual meeting frequency, and tenure by average years served. Firm size used the natural logarithm of total assets, return on assets was calculated as net profit before tax divided by total assets, and leverage as the ratio of long-term debt to total equity (Padungsaksawasdi & Treepongkaruna, 2024). Initial data processing was conducted using Microsoft Excel 2021 to organize sample selection and descriptive statistics.

A panel data regression approach was employed to analyze the relationship between board characteristics and CSR practices, integrating cross-sectional and time-series data. Statistical tests, including the Chow Test, Hausman Test, and Breusch-Pagan Lagrange Multiplier Test, were conducted using STATA 17 to select the appropriate regression model, with the Fixed Effect Model deemed most suitable. Classical assumption tests were performed to validate the model. The Modified Wald Test, executed in STATA 17, revealed heteroscedasticity ($\text{Prob} > \chi^2 < 0.05$), and the Wooldridge Test confirmed autocorrelation ($\text{Prob} > F < 0.05$). To address these, the Feasible Generalized Least Squares (FGLS) method was applied in STATA 17, effectively handling both issues. A multicollinearity test using the Variance Inflation Factor initially showed values above 10 for some variables, but after mean-centering, all values fell below 10, averaging 3.47, indicating no multicollinearity concerns. The regression model, processed in STATA 17, examined the impact of board characteristics and control variables on CSR practices, ensuring accurate and reliable hypothesis testing results.

RESULTS

The analysis of board characteristics and their influence on Corporate Social Responsibility (CSR) practices in sensitive industries in Indonesia from 2017 to 2023 provides comprehensive insights through descriptive statistics and regression results. Table 1, Descriptive Statistics, illustrates the characteristics of the variables analyzed in a sample consisting of 136 to 182 observations. The dependent variable, CSR Practices, has an average score of 62.93 with a standard deviation of 26.53, indicating significant variation in CSR engagement across the 26 sampled companies, with values ranging from 0 to 98.15. The board of commissioners and board of directors each average six members, with standard deviations of 2.36 and 2.20, respectively, suggesting moderate variability in

board size. The proportion of independent commissioners averages 0.388, with a range from 0 to 0.667, highlighting that some companies lack independent commissioners entirely. Board activity shows the board of commissioners holding an average of 8.94 meetings annually, while the board of directors averages 30.85 meetings, with an outlier of 185 meetings retained in the analysis. The average tenure for both boards is approximately four years, though some commissioners and directors serve up to 18 and 21 years, respectively. Ownership structure reveals institutional ownership at 77.7%, foreign ownership at 30.4%, and government ownership at 12.2%. Firm size, measured by the logarithm of total assets, averages 21.753, while return on assets (ROA) is 4.8%, with some firms reporting negative values. Leverage averages 29.2%, and firm age spans from 5 to 89 years, with a mean of 40.58 years. The average age of commissioners is 60.29 years, and directors average 53.07 years, reflecting a mature leadership profile with significant variation in board and firm characteristics.

Table 1. Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
CSR Practices	62.934	26.53	0	98.148
Board of Commissioners Size	6.313	2.364	2	15
Board of Director Size	6.467	2.197	3	15
Board of Commissioners Independence	0.388	0.105	0	0.667
Board of Commissioners Activity	8.94	5.515	3	45
Board of Director Activity	30.852	23.936	3	185
Board of Commissioners Average Tenure	4.189	3.287	0	18
Board of Directors: Average Tenure	4.398	4.047	0	21.143
Institutional Ownership	0.777	0.259	0.033	1
Foreign Ownership	0.304	0.27	0	0.942
Government Ownership	0.122	0.249	0	0.825
Firm Size	21.753	1.06	18.725	24.089
Return On Asset	0.048	0.083	-0.439	0.454
Leverage	0.292	0.183	0.001	0.696
Firm Age	40.577	18.59	5	89
Board of Commissioners Average Age	60.285	4.856	49.667	73
Board of Directors: Average Age	53.067	2.998	45.143	61

To ensure the validity of the regression model, a classical assumption test was carried out which can be seen in Table 1. The modified wald test revealed heteroscedasticity, with a Prob > chi² value below 0.05, indicating unequal residual variances across observations. Similarly, the Wooldridge Test confirmed autocorrelation, with a Prob > F value less than 0.05, suggesting residuals were correlated over time. To address these issues, the Feasible Generalized Least Squares (FGLS) method was employed, as it effectively corrects for both heteroscedasticity and autocorrelation, ensuring robust estimates. A multicollinearity test using the Variance Inflation Factor (VIF) initially identified some variables with VIF values exceeding 10, indicating potential collinearity. After mean-centering these variables, all VIF values dropped below 10, with an average VIF of 3.47, confirming no multicollinearity issues remained. The panel data regression model was selected through a series of statistical tests, including the Chow Test, Hausman Test, and Breusch-Pagan Lagrange Multiplier Test, which collectively supported the Fixed Effect Model as the most appropriate for capturing individual firm differences over time. These tests, processed using STATA 17, ensured the model's suitability for analyzing the relationship between board characteristics and CSR practices.

Table 2. Regression Results

CSR Practices	Coefficient	p-value	Significance
Board of Commissioners Size	1.182	0.365	
Board of Director Size	-2.214	0.043	**
Board of Commissioners Independence	-6.413	0.769	
Board of Commissioners Activity	-0.097	0.829	
Board of Director Activity	0.098	0.229	
Board of Commissioners Average Tenure	-3.338	0.004	***
Board of Directors: Average Tenure	-0.59	0.461	
Institutional Ownership	16.628	0.129	
Government Ownership	-13.855	0.238	
Foreign Ownership	27.572	0.004	***
Firm Size	3.419	0.186	
Return On Asset	58.893	0.034	**
Leverage	-14.068	0.288	
Firm Age	-0.438	0.001	***
Board of Commissioners Average Age	1.268	0.087	*
Board of Directors: Average Age	-0.127	0.883	
Constant	57.593	0	***

Information: p<.01, ** p<.05, * p<.1

The regression results, presented in Table 2, Regression Results, provide detailed insights into the hypotheses tested, examining the impact of board characteristics on CSR practices in sensitive industries. The first hypothesis, H1a, posited that the size of the board of commissioners affects CSR practices. The regression coefficient for board of commissioners size is 1.182 with a p-value of 0.365, indicating no significant effect. This hypothesis is rejected, likely because the board of commissioners primarily focuses on oversight rather than direct involvement in CSR decision-making, as stipulated in Indonesian regulations. Their supervisory role may limit their influence on CSR outcomes, particularly in a two-tier system where operational decisions are delegated to the board of directors. In contrast, H1b, which hypothesized that the board of directors' size affects CSR practices, is supported. The coefficient of -2.214 with a p-value of 0.043 indicates a significant negative effect, suggesting that smaller boards of directors are more effective in promoting CSR. This aligns with resource dependence theory, which posits that smaller boards enhance coordination and decision-making efficiency, enabling more focused and accountable CSR strategies (Thuy et al., 2024; Padungsaksawasdi & Treepongkaruna, 2024). Larger boards may face challenges in reaching consensus, diluting their ability to prioritize sustainability initiatives.

The second hypothesis, H2, proposed that the independence of the board of commissioners influences CSR practices. The regression yields a coefficient of -6.413 with a p-value of 0.769, indicating no significant effect, leading to the rejection of H2. This finding may stem from the limited operational knowledge of independent commissioners, who, despite their role in enhancing oversight, often lack deep insight into company-specific CSR issues. In Indonesia's concentrated ownership structures, independent commissioners may also face constraints in influencing strategic decisions, reducing their impact on CSR (Dwekat et al., 2022). Hypotheses H3a and H3b tested the effect of board activity, measured by meeting frequency, for the board of commissioners and directors, respectively. For H3a, the board of commissioners' activity has a coefficient of -0.097 with a p-value of 0.829, and for H3b, the board of directors' activity has a coefficient of 0.098 with a p-value of 0.229, both indicating no significant effect. Both hypotheses are rejected, suggesting that the number of meetings does not inherently enhance CSR performance. Meetings may often focus on financial or operational issues rather than sustainability, or they may be formalistic, lacking substantive discussion on CSR strategies.

Hypotheses H4a and H4b examined the impact of board tenure on CSR practices. H4a, concerning the board of commissioners' average tenure, is supported, with a coefficient of -3.338 and a p-value of 0.004, indicating a significant negative effect. This suggests that longer-serving commissioners may become less responsive to CSR issues, potentially due to reduced objectivity or resistance to new sustainability paradigms. Prolonged tenure

may lead to entrenched perspectives, hindering innovation in CSR practices. Conversely, H4b, regarding the board of directors' average tenure, is rejected, with a coefficient of -0.590 and a p-value of 0.461, showing no significant effect. This may reflect that directors' tenure, whether short or long, does not consistently influence CSR engagement, as their operational focus may vary across firms. New directors may lack experience, while long-serving ones may align too closely with management, neutralizing their impact on CSR.

Among control variables, several exhibited significant effects on CSR practices, as shown in Table 2. Foreign ownership has a positive coefficient of 27.572 with a p-value of 0.004, suggesting that foreign investors prioritize CSR to align with global sustainability standards. Return on assets, with a coefficient of 58.893 and a p-value of 0.034, indicates that profitable firms are more likely to invest in CSR, leveraging financial resources for social initiatives. Firm age, however, has a negative coefficient of -0.438 with a p-value of 0.001, implying that older firms may be less adaptable to modern CSR expectations. The board of commissioners' average age, with a coefficient of 1.268 and a p-value of 0.087, shows a marginally significant positive effect, suggesting that older commissioners may bring experience that supports CSR. Other control variables, including institutional ownership, government ownership, firm size, leverage, and directors' average age, showed no significant effects, with p-values ranging from 0.129 to 0.883, indicating their limited influence on CSR practices in this context. The significant findings for board of directors' size and commissioners' tenure highlight the importance of efficient board structures and periodic renewal to enhance CSR outcomes. The lack of significance for independence and meeting frequency suggests that formal governance mechanisms alone are insufficient without substantive engagement with sustainability issues. These results provide a foundation for discussing practical and theoretical implications, particularly within Indonesia's two-tier governance system and sensitive industries.

DISCUSSION

The findings of this study offer nuanced insights into the influence of board characteristics on Corporate Social Responsibility (CSR) practices in Indonesia's sensitive industries under a two-tier governance system. The size of the board of directors significantly and negatively affects CSR practices (coefficient -2.214, p-value 0.043), supporting the hypothesis that smaller boards enhance CSR effectiveness. According to Thuy et al. (2024), smaller boards facilitate better coordination and faster decision-making, aligning with resource dependence theory, which emphasizes efficient access to external resources for organizational goals (Hillman et al., 2009). In contrast, the board of commissioners' size shows no significant impact (coefficient 1.182, p-value 0.365), likely due to its supervisory role, which focuses on oversight rather than direct CSR implementation, as mandated by Indonesian regulations (Otoritas Jasa Keuangan, 2014). This reflects the structural limitations of the two-tier system, where the board of commissioners' influence on CSR is indirect, often constrained by the board of directors' operational dominance.

Board independence, measured by the proportion of independent commissioners, also lacks a significant effect on CSR (coefficient -6.413, p-value 0.769). According to Dwekat et al. (2022), independent commissioners in concentrated ownership structures, common in Indonesia, often have limited access to operational details, reducing their ability to drive CSR initiatives. This finding aligns with stakeholder theory, which suggests that without strong stakeholder pressure, independent boards may prioritize financial performance over social responsibility (Rossi et al., 2021). Similarly, the frequency of board meetings, both for commissioners (coefficient -0.097, p-value 0.829) and directors (coefficient 0.098, p-value 0.229), shows no significant impact. Agarwala et al. (2023) note that high meeting frequency does not guarantee substantive CSR discussions, as agendas in Indonesia's two-tier system are often set by the CEO, limiting proactive sustainability strategies (Dash & Raithatha, 2019). This formalistic approach may explain why meetings fail to translate into enhanced CSR outcomes, particularly in sensitive industries facing intense environmental scrutiny.

The average tenure of the board of commissioners negatively impacts CSR (coefficient -3.338, p-value 0.004), suggesting that prolonged tenure reduces responsiveness to sustainability issues. According to Sun and Bhuiyan (2020), long-serving commissioners may lose objectivity, becoming entrenched in traditional practices that hinder innovative CSR strategies. Conversely, the board of directors' tenure shows no significant effect (coefficient -0.590, p-value 0.461), possibly because directors' operational roles vary across firms, with newer directors lacking experience and longer-serving ones aligning closely with management (Padungsaksawasdi & Treepongkaruna, 2024). Among control variables, foreign ownership (coefficient 27.572, p-value 0.004) and return on assets (coefficient 58.893, p-value 0.034) positively influence CSR, indicating that global investors and profitable firms prioritize sustainability to meet international standards and leverage financial resources (Zaiane & Ellouze, 2023). However, firm age negatively affects CSR (coefficient -0.438, p-value 0.001), suggesting older firms may resist modern CSR expectations, as noted by Loprevite et al. (2020).

These findings highlight the unique challenges of CSR implementation in Indonesia's sensitive industries, where environmental and social impacts are significant. Cases of CSR fund misuse, such as those at Bank Indonesia and PT Timah, underscore weak board oversight, particularly when long-serving commissioners dominate (Kontan, 2024). Practically, companies should prioritize smaller, dynamic boards of directors and periodic commissioner rotation to enhance CSR effectiveness. Theoretically, the results reinforce resource dependence theory while suggesting stakeholder theory's relevance in explaining limited independent board impact. Future research could explore qualitative board dynamics or incorporate legitimacy theory to further contextualize CSR in Indonesia's regulatory and cultural landscape.

CONCLUSION

Based on the results of the study, it can be concluded that not all characteristics of the board of directors directly affect Corporate Social Responsibility (CSR) practices, especially in sensitive industries in Indonesia that use a two-tier board system. The size of the board of commissioners, the presence of independent members, the frequency of meetings, and the term of office of the board of directors do not show a significant effect on CSR. This reflects that the supervisory function and formal structure do not necessarily guarantee active involvement in the issue of displacement. In contrast, the size of the board of directors has a significant negative effect on CSR, indicating that smaller boards are more effective in decision making and implementing CSR strategies. In addition, the long term of office of the board of commissioners has a negative impact on CSR, indicating that rotation and freshness of members are important to maintain objectivity and responsiveness to social issues. This study emphasizes the importance of efficient board size and diversity of member competencies in supporting the success of CSR, especially in sensitive industries in Indonesia. These findings support the resource dependency theory, but are limited to certain sectors and the context of two-tier governance. Further studies are recommended using longitudinal and qualitative approaches to explore the internal dynamics of the board and expand the scope of the theory and industry sectors. For further research, it is recommended to cover a wider industry sector, use a longitudinal approach to see long-term dynamics, and consider qualitative approaches such as interviews to better understand the decision-making process within the board. In addition, other theories such as legitimacy and resource-based view theory can be used to expand the understanding of the influence of board characteristics on CSR.

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