

Factors Influencing Environmental Sustainability Disclosure in the Palm Oil Plantation Sector

*Influence of Mental
Sustainability
Disclosure*

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ABSTRACT

The disclosure of Environmental and Social Responsibility has become increasingly important in the palm oil plantation industry, especially in Indonesia, where environmental and governance issues are often under public scrutiny. This study aims to examine the factors that influence Corporate Social Responsibility (CSR) disclosure in the financial statements of palm oil companies listed on the Indonesia Stock Exchange (IDX). The variables analyzed include profitability, liquidity, leverage, company age, the presence of an independent board of commissioners, and foreign ownership. Using a purposive sampling method, the research selected 10 palm oil plantation companies that reported CSR information from 2016 to 2021, resulting in 60 financial statement observations. Multiple regression analysis was applied to determine the influence of the selected variables on CSR disclosure. The findings indicate that all examined variables significantly affect the level of CSR disclosure. The study concludes that firms with higher profitability, better liquidity, lower leverage, longer operational history, independent oversight, and foreign ownership are more likely to provide comprehensive CSR disclosures in their financial reports.

Keywords: CSR Disclosure, Environmental and Social Responsibility, Liquidity, Palm oil Plantation Industry, Profitability, Sustainable Reporting.

ABSTRAK

Pengungkapan Tanggung Jawab Sosial dan Lingkungan menjadi semakin penting dalam industri perkebunan kelapa sawit, terutama di Indonesia, di mana isu-isu lingkungan dan tata kelola sering menjadi sorotan publik. Penelitian ini bertujuan untuk mengkaji faktor-faktor yang memengaruhi pengungkapan CSR dalam laporan keuangan perusahaan kelapa sawit yang terdaftar di Bursa Efek Indonesia (BEI). Variabel yang dianalisis meliputi profitabilitas, likuiditas, leverage, umur perusahaan, keberadaan dewan komisaris independen, dan kepemilikan asing. Dengan menggunakan metode purposive sampling, penelitian ini memilih 10 perusahaan

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perkebunan kelapa sawit yang melaporkan informasi CSR dari tahun 2016 hingga 2021, menghasilkan 60 observasi laporan keuangan. Analisis regresi berganda diterapkan untuk menentukan pengaruh variabel-variabel terpilih terhadap pengungkapan CSR. Temuan menunjukkan bahwa semua variabel yang diperiksa secara signifikan memengaruhi tingkat pengungkapan CSR. Penelitian ini menyimpulkan bahwa perusahaan dengan profitabilitas yang lebih tinggi, likuiditas yang lebih baik, leverage yang lebih rendah, riwayat operasional yang lebih panjang, pengawasan independen, dan kepemilikan asing lebih cenderung memberikan pengungkapan CSR yang komprehensif dalam laporan keuangan mereka.

Kata kunci: *Pengungkapan CSR, Tanggung Jawab Lingkungan dan Sosial, Industri perkebunan kelapa sawit, Profitabilitas, Likuiditas, Pelaporan Berkelanjutan.*

INTRODUCTION

Engaging in the oil palm plantation industry presents a promising business opportunity, especially in Indonesia where numerous oil palm plantation companies are in operation (Al-Shammari, 2014; Abid & Shaiq, 2015). Many of these companies are publicly listed on the Indonesia Stock Exchange (IDX). Despite the price fluctuations of Crude Palm Oil (CPO), the demand for palm oil remains consistently high. According to data from the Central Statistics Agency (*Badan Pusat Statistik/BPS*) in 2021, Indonesian palm oil enjoyed substantial demand from several countries. BPS reported that the export volume of Crude Palm Oil (CPO) reached 8.58 million tons, valued at US\$ 8.34 billion, during the January-April period of 2021. This represented a 7.91% increase compared to the same period the previous year, which saw exports of 8.24 million tons valued at US\$ 5.56 billion. By examining the export destinations, it is evident that India was the leading importer of CPO, receiving a substantial 1.56 million tons. Pakistan followed in second place with CPO imports amounting to 690.6 thousand tons, closely trailed by China with 677.1 thousand tons. Additionally, Spain and Bangladesh imported 481.3 thousand tons and 428.2 thousand tons of CPO, respectively.

In light of the substantial influx of requests, it is unsurprising that a considerable number of oil palm plantations are being established within the Indonesian context. As of 2020, data compiled by the Central Statistics Agency (*Badan Pusat Statistik/BPS*) indicate that the collective expanse of oil palm plantations in Indonesia spans approximately 14.8 million hectares, distributed across regions such as Sumatra, Kalimantan, Sulawesi, Maluku, West Java, Banten, and Papua. Given the extensive territorial coverage of these oil palm plantations, it becomes evident that the mismanagement of such vast acreage may lead to the emergence of numerous social and economic challenges and conflicts. Therefore, it becomes imperative to underscore the tenets of Environmental and Social Responsibility, which encompass economic, social, and environmental dimensions (Othman et al., 2017; Habtoor et al., 2017; Alzead & Hussainey, 2017). Environmental and Social Responsibility, in essence, represents a corporate commitment to the sustainable advancement of economic development, aimed at enhancing the overall quality of life for individuals and safeguarding the environment (Gantowati & Agustine, 2017; Agustina, 2019). The incorporation of CSR principles into corporate practices was enshrined in the legal framework through the enactment of Law Number 40 of 2007, which pertains to Limited Liability Companies.

One of the primary objectives of a company when engaging in Corporate Social Responsibility (CSR) initiatives is to demonstrate its commitment to stakeholders, encompassing employees, customers, suppliers, and other relevant parties (Dobler et al., 2011; Onoja & Agada, 2015). This commitment signifies that the company values and cares for the interests of these stakeholders. As asserted by Ferrell et al. (2010) and Mardiyati et al. (2014), businesses bear a responsibility to cater to the needs and concerns of their stakeholders. Moreover, CSR activities offer tangible benefits to companies, rendering them more attractive to potential investors, bolstering employee motivation, and contributing to the resolution of societal issues stemming from the company's

operations (Al-Dubai & Abdelhalim, 2021; Agnes, 2023; Blue et al., 2024). Numerous instances have substantiated the positive influence of CSR on a company's long-term financial performance. Several prior studies have investigated the implementation of CSR and its relationship with various factors. For instance, prior research has demonstrated that factors such as profitability, company size, company age, and the size of the board of commissioners exert an impact on the disclosure of Environmental and Social Responsibility. Conversely, leverage has been found to have no discernible effect on CSR activities. Further studies, such as those conducted by Cahyonowati (2013) and Zhou (2019), have corroborated the significance of company size, profitability, and board size on Environmental and Social Responsibility disclosure. Moreover, research by Anton and Kristina (2012) provided evidence that company size, board of commissioner size, institutional ownership, and profitability all contribute to the disclosure of Environmental and Social Responsibility, although company age does not exhibit such an influence. However, within the specific context of the plantation sub-sector listed on the Indonesia Stock Exchange, research in this domain remains relatively scarce. Consequently, this study endeavours to construct a comprehensive model for determining the extent of disclosure regarding Environmental and Social Responsibility within the oil palm plantation industry.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Agency Theory and Stakeholder Theory

This study is grounded in two core theoretical frameworks: agency theory and stakeholder theory. Agency theory, introduced by Jensen and Meckling (1976), explains the principal-agent relationship, highlighting how CSR disclosure reflects managerial accountability. In contrast, stakeholder theory emphasizes a company's responsibility to benefit all stakeholders, with Cordeiro and Tewari (2015) noting that strong corporate-stakeholder relations enhance company performance. This theory also supports the growing emphasis on social sustainability, acknowledging that economic and environmental efforts alone are insufficient and that a regulatory framework is needed to balance welfare across global regions.

Profitability is expected to positively influence CSR disclosure due to reciprocal relationships with stakeholders. Kurniawan (2017) defines profitability as a firm's ability to generate earnings, measured in this study using the Return on Assets (ROA) metric. Leverage, while a vital funding source, can negatively affect CSR disclosure. Excessive debt may increase the risk of covenant violations, causing managers to prioritise short-term earnings over CSR transparency (Lumapow, 2018; Istianingsih, 2015). Company age, aligned with agency theory, indicates operational experience and public awareness. Older firms are more familiar with stakeholder expectations and disclosure standards (Almoneef & Samontaray, 2019; Hasnan et al., 2020; Mulyana et al., 2022). According to Asif (2021), corporate governance ensures a fair distribution of responsibility among stakeholders. The board of commissioners plays a key role in overseeing governance and CSR implementation (Ullah, 2018).

Foreign ownership, as defined by Safitri and Wulanditya (2017), encompasses investments by foreign individuals, companies, and governments in Indonesia. Its proportion is measured by the percentage of foreign-held common shares (Oktariani, 2013; Shi et al., 2020). Liquidity, assessed via the current ratio, reflects a firm's ability to meet short-term obligations. Strong liquidity, per Gunardi et al. (2016) and Hakim (2017), indicates financial stability and supports greater CSR disclosure.

The Role of Profitability, Leverage, and Liquidity on CSR

Several financial performance indicators such as profitability, leverage, and liquidity have been widely analyzed for their influence on Corporate Social Responsibility (CSR) disclosure, including in the Indonesian palm oil plantation sector (Sopacua, 2017). Profitability, which reflects a company's capacity to generate earnings from its assets, is expected to enhance CSR disclosure, based on the premise that profitable firms have more

available resources to engage in socially responsible initiatives (Safitri & Wulanditya, 2017; Kurniawan, 2017). However, this study's empirical findings contradict such assumptions by showing that profitability does not significantly affect CSR disclosure. This aligns with research by Tian et al. (2015), which argues that CSR practices may be driven more by ethical commitments and stakeholder expectations than financial capacity alone. Similar neutral findings were reported by Khojastehpour and Johns (2014) and Lee et al. (2016).

In contrast, leverage shows a significant negative influence on CSR disclosure. Companies with high debt levels often face increased scrutiny from creditors and tend to prioritize financial stability over social responsibility practices (Dey et al., 2018; Do et al., 2023). As suggested by Istianingsih (2015) and Winarni et al. (2017), high leverage may pressure management to limit discretionary expenditures, including CSR initiatives, thus reducing the extent of related disclosures.

Liquidity, commonly measured using the current ratio, reflects a firm's short-term solvency. Although companies with strong liquidity are generally seen as financially healthy and more capable of engaging in CSR activities, this study found liquidity to have no significant influence on CSR disclosure (Hakim, 2017; Hamdani et al., 2022). This supports the argument that liquidity does not directly drive CSR practices, particularly when companies prioritize long-term reputation over short-term financial standing. These mixed findings highlight that while financial metrics are crucial in assessing performance, their influence on CSR disclosure is not always straightforward or consistent across sectors.

H1: Profitability has a significant effect on corporate social responsibility.

H2: Leverage has a significant effect on corporate social responsibility.

H3: Liquidity has a significant effect on corporate social responsibility.

Foreign Ownership, Board of commissioners, and Company age on CSR

The ownership composition within a company constitutes a critically influential factor in shaping its performance outcomes, subsequently impacting its overall valuation (Mafudi & Suyono, 2018; Indrianingsih & Agustina, 2020). Foreign ownership, specifically, denotes the proportion of company shares held by international investors. By Article 1, Number 6 of Law Number 25 of 2007, foreign ownership encompasses foreign individuals, foreign corporate entities, and foreign governments engaged in investments within the jurisdiction of the Republic of Indonesia.

A larger board of commissioners within a company serves to enhance oversight over the managerial performance of directors, encompassing their handling of corporate affairs, including practices related to Corporate Social Responsibility (CSR) and subsequent disclosure (Firmansyah et al., 2021; Holly et al., 2024). This alignment with stakeholder theory is rooted in the premise that the board of commissioners' functions as a representative entity for both the company's shareholders and its broader stakeholder community, as articulated by Lu et al. (2015). The greater the number of commissioners, the more streamlined the capacity to monitor managerial performance and foster efficiency in the company's efforts to disclose Environmental and Social Responsibility. Empirical evidence supporting this relationship is corroborated by the findings of Hermawan and Gunardi (2019), who established a statistically significant and positive impact of board of commissioners' size on CSR disclosure.

In accordance with legitimacy theory, companies are incentivized to ensure that their operations and performance align with societal norms and expectations. Consequently, as posited by Abdurrahman (2019) and Ramadhani and Agustina (2019), companies are inclined to progressively disclose more social information over their operational lifespan as a means of fulfilling their responsibility to maintain societal acceptance. This notion underscores the relationship between a company's age and its financial performance. Older companies inherently possess greater experience and a deeper understanding of the

informational obligations required to maintain their societal standing, in contrast to newly established or fledgling enterprises, as observed by Tantra (2018).

H4: Foreign ownership has a significant effect on corporate social responsibility

H5: Board of commissioners has a significant effect on corporate social responsibility

H6: Company age has a significant effect on corporate social responsibility.

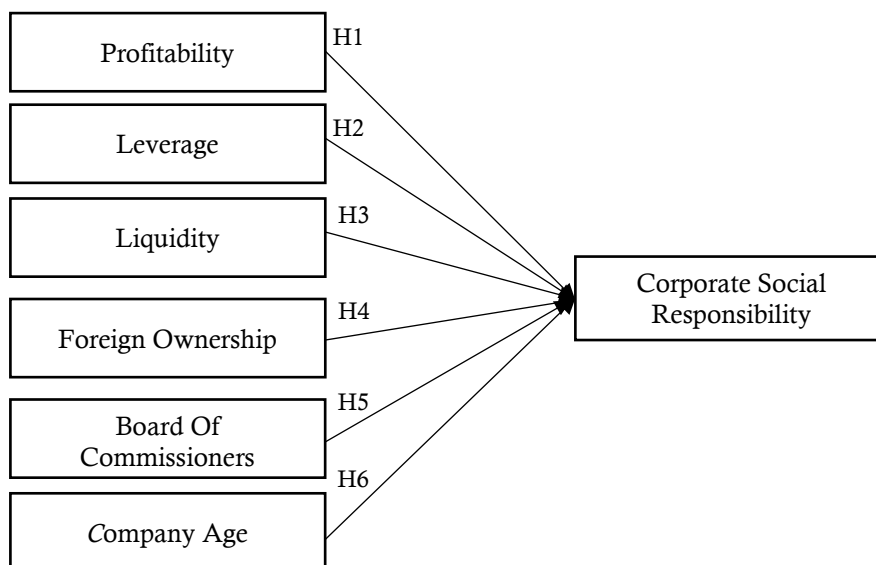


Figure 1. Conceptual Framework

Figure 1 is a conceptual model depicting the relationship between six independent variables Profitability, Leverage, Liquidity, Foreign Ownership, Board of Commissioners, and Company Age and one dependent variable, namely Corporate Social Responsibility (CSR) disclosure. Each independent variable is represented by an arrow pointing to CSR, indicating that these six factors have a direct influence on the extent of a company's social and environmental responsibility outreach. This general model reflects the quantitative approach used in CSR research, where financial characteristics and corporate governance are examined to see their contribution to promoting corporate transparency and accountability through social responsibility reports. This structure supports the multiple regression analysis used to identify variables that significantly influence practices surrounding CSR, specifically in the context of palm oil plantation companies listed on the Indonesia Stock Exchange.

RESEARCH METHOD

This study employs a quantitative research design, specifically verification research, to examine the influence of various factors on Corporate Social Responsibility (CSR) disclosure. The research is grounded in the use of secondary data obtained from the financial statements of companies operating in the palm oil plantation sector. Covering the period from 2016 to 2021, the study focuses on the numerical evaluation of variables through statistical methods to derive empirical conclusions regarding the impact of internal and external company factors on CSR disclosure practices. The population of the study consists of 23 oil palm plantation companies listed on the Indonesia Stock Exchange (IDX). Over a six-year observation period, the study applies purposive sampling as the method for sample selection. Companies were selected based on specific criteria that align with the research objectives. These include companies that have consistently published annual reports during the study period, have not recorded consecutive business losses, have disclosed information on social responsibility in their reports, and have maintained

foreign ownership throughout the observed years. These conditions are intended to ensure the availability of relevant data and the consistency of CSR practices.

Data collection relies entirely on secondary sources, particularly the financial reports of the selected companies retrieved from the IDX. These reports serve as the foundation for measuring the research variables and conducting further statistical analysis. By using documented financial and governance data, the study ensures objectivity and consistency in evaluating the patterns and determinants of CSR disclosure within the industry. The main variables analyzed in this research include profitability, leverage, liquidity, company age, foreign ownership, and the size of the board of commissioners. These variables were selected due to their frequent appearance in CSR-related literature and their assumed relevance to disclosure behavior in the corporate context. The data analysis is conducted using multiple regression techniques with the assistance of SPSS software. This method allows for the simultaneous testing of several independent variables against the dependent variable, CSR disclosure, to determine which factors significantly influence transparency and accountability in the financial reporting of CSR activities.

Through this methodological framework, the study aims to contribute to the understanding of how internal financial conditions, governance characteristics, and ownership structures affect CSR reporting among palm oil companies in Indonesia. The use of objective financial data and robust statistical analysis strengthens the reliability of the findings and provides insights into the strategic importance of CSR in the plantation industry.

RESULTS

Table 1 offers a comprehensive snapshot of the sample's descriptive statistics for key variables, encompassing profitability, leverage, liquidity, foreign ownership, board composition, company age, and CSR disclosure. Table 1 provides a comprehensive overview of descriptive statistics for various key variables based on a dataset comprising 30 observations. It offers insights into the central tendencies and variations within these variables. Notably, the "Profitability" variable indicates a mean profitability of approximately 0.0693, with a range from 0.009 to 0.637, highlighting the variance in profitability across the sample. "Leverage" exhibits a mean of approximately 0.476, spanning a range from 0.142 to 0.728, which reflects the diversity in leverage ratios among the companies. "Liquidity," with a mean of approximately 2.1039, spans from 0.818 to 7.216, underscoring variations in short-term financial solvency. "Foreign ownership" illustrates a mean foreign ownership percentage of roughly 0.2633, ranging from 0.013 to 0.797, revealing disparities in foreign investment. The variable of Board of commissioners has a mean board size of approximately 5.83, varying from 3 to 10, highlighting the range in board compositions. The variable 'Company Age' portrays a mean age of approximately 18.90 years, with a range of 3 to 29 years, highlighting the diversity in the age of the companies under study. Lastly, the "CSR" variable demonstrates a mean CSR disclosure level of approximately 0.3285, ranging from 0.209 to 0.451, outlining variations in Corporate Social Responsibility disclosure.

Table 1. Statistical Descriptive of Test Results

Variable	N	Range	Minimum	Maximum	Mean	Std Dev.
Profitability	30	0.628	0.009	0.637	0.06930	0.109658
Leverage	30	0.586	0.142	0.728	0.47600	0.217665
Liquidity	30	0.6.398	0.818	7.216	2.10393	1.536114
Foreign ownership	30	0.784	0.013	0.797	0.26333	0.292029
Board of Commissioners	30	7	3	10	5.83	2.183
Company Age	30	26	3	29	18.90	7.499
CSR	30	0.242	0.209	0.451	0.32853	0.094526
Valid N (listwise)	30					

Table 2. Results of Multiple Linear Regression Analysis

No	Independent variable	Dependent Variable		
		Regression coefficient (B)	Test Results t	Probability (sig.t)
1	Constant	0.552		
2	Profitability	-0.053	-0.926	0.364
3	Leverage	-0.249	-5.276	0.000
4	Liquidity	0.001	0.114	0.910
5	Foreign ownership	-0.297	-10.414	0.000
6	Board of Commissioners	0.003	0.884	0.386
7	Company age	-0.002	-2.296	0.008

Table 2 presents the results of a multiple linear regression analysis that seeks to unravel the relationships between various independent variables and an undisclosed dependent variable, which likely pertains to a specific aspect of corporate behavior or performance. The table begins by indicating the Constant, which represents the intercept in the regression equation and has a coefficient of 0.552. The variable of Profitability reveals a regression coefficient of -0.053, a test result (t) of -0.926, and a probability (sig.t) of 0.364. This implies that profitability does not exert a statistically significant influence on the dependent variable. In the context of CSR disclosure, prior studies have reported mixed results regarding the impact of profitability. Some studies suggest that profitable companies are more likely to engage in CSR practices and disclosure as they can afford it (Khojastehpour & Johns, 2014; Lee et al., 2016), while others find no significant relationship. This result is consistent with the view that CSR practices can be driven by factors beyond profitability, such as stakeholder pressures or ethical considerations (Tian et al., 2015).

The variable of leverage portrays a regression coefficient of -0.249, accompanied by a substantial test result (t) of -5.276, and a highly significant probability (sig.t) of 0.000. This indicates that leverage has a significant and negative impact on the dependent variable. The negative and statistically significant impact of leverage on the dependent variable is in line with existing literature. Higher leverage indicates greater financial risk and may lead companies to be more cautious in disclosing their CSR information (Dey et al., 2018; Do et al., 2023). Previous research has also highlighted that highly leveraged companies may prioritize financial stability over CSR activities, leading to lower CSR disclosure.

The variable of liquidity showcases a regression coefficient of 0.001, a test result (t) of 0.114, and a probability (sig.t) of 0.910, implying that liquidity lacks statistical significance in affecting the dependent variable. The non-significant effect of liquidity on the dependent variable corresponds with previous studies that have shown mixed results in this regard. Liquidity is not always a direct driver of CSR disclosure, as CSR activities may not heavily depend on short-term liquidity. Companies may choose to invest in CSR activities regardless of their short-term liquidity position if they perceive long-term benefits.

The variable of foreign ownership presents a regression coefficient of -0.297, coupled with a remarkably high result (t) of -10.414, and an extremely significant probability (sig.t) of 0.000. This highlights the considerable negative influence of foreign ownership on the dependent variable. The highly significant negative impact of foreign ownership on the dependent variable is supported by previous research. Foreign ownership can lead to differences in CSR disclosure practices due to varying stakeholder expectations and regulatory environments. Foreign-owned companies may face pressures to conform to global CSR standards, which can result in increased CSR disclosure.

The variable of Board of Commissioners features a regression coefficient of 0.003, a test result (t) of 0.884, and a probability (sig.t) of 0.386, indicating that the size of the board of commissioners does not significantly impact the dependent variable. The non-significant effect of the size of the board of commissioners aligns with some prior research. The relationship between board size and CSR disclosure is complex, and findings have been inconclusive. Some studies suggest that larger boards may enhance CSR oversight, while others find no significant impact. The result in this study indicates that the size of

the board of commissioners may not be a primary driver of CSR disclosure in this specific context.

The variable of Company age exhibits a regression coefficient of -0.002, a test result (t) of -2.296, and a probability (sig.t) of 0.008, signifying that company age has a statistically significant negative effect on the dependent variable. The statistically significant negative effect of company age on the dependent variable is consistent with previous literature. Older companies may have established practices and disclosure routines that are less focused on CSR, especially if CSR was not as emphasized in their earlier years of operation. Younger companies may be more proactive in CSR disclosure to build a positive reputation.

Table 3. Coefficient of Determination

Statistic	Value
Adj. R Square	0.928
Multiple regression	0.943
Sig F	0.000
A	0.05

Based on Table 3 the overall model is robust, as reflected by the adjusted R-squared value of 0.928, suggesting that approximately 92.8% of the variation in the dependent variable is accounted for by the included independent variables. Additionally, the F-statistic of 0.943, compared to the critical F-table value, indicates the overall model's statistical significance, confirming that at least one of the independent variables has a significant influence on the dependent variable.

These findings emphasize the multifaceted nature of CSR disclosure in the oil palm plantation industry. Companies should consider a holistic approach to CSR that integrates financial management, stakeholder engagement, and adherence to global CSR standards to enhance their sustainability and reputation. Additionally, policymakers and industry stakeholders should recognize the challenges faced by foreign-owned companies in meeting CSR disclosure expectations. Firstly, the non-significant impact of profitability on the dependent variable suggests that financial motives may not solely drive CSR disclosure. Companies should recognize that engaging in CSR activities and disclosure can contribute to their reputation and long-term sustainability, even if it doesn't directly translate into short-term financial gains. Secondly, the substantial adverse effect of leverage on the dependent variable underscores the importance of prudent financial management. Highly leveraged companies may prioritize financial stability over CSR activities, potentially leading to reduced CSR disclosure. Thus, companies should carefully consider their debt levels and explore ways to balance financial stability with CSR commitments. Thirdly, the non-significant influence of liquidity on the dependent variable indicates that companies may engage in CSR disclosure regardless of their short-term liquidity position. This highlights the potential importance of CSR as a long-term strategic initiative that can benefit companies in various ways beyond short-term financial considerations.

DISCUSSION

The results of this study provide valuable insights into the determinants of Corporate Social Responsibility (CSR) disclosure in the Indonesian palm oil plantation sector. The findings indicate that among the six independent variables analyzed profitability, leverage, liquidity, foreign ownership, board of commissioners, and company age only leverage, foreign ownership, and company age have a statistically significant influence on CSR disclosure. These results highlight the nuanced and multifactorial nature of CSR practices, where not all financial or governance characteristics contribute equally to disclosure behavior (Cordeiro & Tewari, 2015; Lu et al., 2015). Contrary to expectations and stakeholder theory, the study finds that profitability does not significantly affect CSR disclosure. This finding aligns with previous research by Khojastehpour and Johns (2014), Tian et al. (2015), and Lee et al. (2016), who argue that while profitable firms may have

more resources, CSR practices are often driven more by ethical considerations and stakeholder pressure than financial performance alone. It also supports the notion that CSR is increasingly viewed as a strategic and reputational initiative rather than a profit-dependent activity.

A key finding of this study is the significant negative impact of leverage on CSR disclosure. Firms with higher debt levels are less likely to disclose CSR information, likely due to increased scrutiny from creditors and a tendency to prioritize financial stability over social responsibility (Dey et al., 2018; Do et al., 2023). This supports earlier studies by Setyorini and Ishak (2012), Oktavianawati and Wahyuningrum (2019), and Wijayanti et al. (2020), which also found that high leverage discourages CSR reporting as companies may limit non-essential expenditures, including disclosure activities, to reduce perceived financial risk (Istianingsih, 2015; Winarni et al., 2017). Interestingly, liquidity was found to have no significant influence on CSR disclosure. While Hakim (2017) suggested that firms with strong liquidity are more financially capable of fulfilling their CSR obligations, this study shows that liquidity may not be a determining factor. This supports the view that CSR engagement is often a long-term reputational strategy, less influenced by short-term liquidity positions.

One of the most notable findings is the negative impact of foreign ownership on CSR disclosure. This contradicts the idea that foreign investors encourage higher transparency. Instead, the results suggest that foreign-owned firms may face differing stakeholder expectations or adhere to home-country disclosure norms that do not align with local expectations (Mahadwartha & Ismiyanti, 2008; Shi et al., 2020). This could lead to reduced disclosure in the Indonesian context, especially when regulatory frameworks or enforcement differ across jurisdictions. Furthermore, company age was also found to negatively affect CSR disclosure. Older companies may rely on legacy practices and exhibit less flexibility in adapting to modern CSR norms, especially if those practices were not emphasized historically (Tantra, 2018). This is consistent with the view that younger firms are more proactive in using CSR disclosure to build trust and legitimacy in the marketplace (Susilawati et al., 2012; Abdurrahman, 2019).

Ultimately, the board of commissioners had a minimal impact on CSR disclosure. While previous studies such as Lu et al. (2015) and Hermawan and Gunardi (2019) highlighted the positive role of larger boards in enhancing disclosure, this study suggests that board size alone may not be sufficient unless coupled with relevant expertise or oversight commitment. Collectively, these findings emphasize that CSR disclosure in the Indonesian palm oil sector is shaped more by ownership structure and financial constraints than by profitability or governance size. This highlights the importance of targeted policy interventions and stakeholder engagement strategies in promoting greater transparency and accountability in this environmentally sensitive industry. For the industry, these findings suggest that palm oil companies should address ownership structures and debt management practices to enhance CSR transparency, as financial constraints and foreign ownership may hinder disclosure. For policy makers, the result highlights the need for regulations and incentives specifically target high-leverage and foreign owned firms to ensure consistent CSR reporting standards across the sector.

CONCLUSION

The research findings indicate that profitability, liquidity, and the size of the board of commissioners do not exert a statistically significant influence on the disclosure of Environmental and Social Responsibility within palm oil companies listed on the Indonesia Stock Exchange from 2016 to 2021. This suggests that the mere presence of high profits, strong liquidity, or a larger board does not necessarily correlate with enhanced CSR disclosure. Companies and investors should recognize that these financial and governance factors may not directly impact CSR disclosure in this industry. On the contrary, the study reveals that leverage, foreign ownership, and the age of the company have a negative effect on the disclosure of Environmental and Social Responsibility in palm oil companies. This implies that companies with higher leverage, significant foreign

ownership, and older age tend to disclose less CSR information. These findings highlight the intricate relationship between financial structure, ownership, and corporate transparency in the palm oil sector.

This study has several limitations. It focuses solely on the palm oil industry and a limited number of variables, making the findings less generalizable to other sectors. The data covers only the 2016–2021 period, which may not reflect current or future industry conditions. Additionally, the study does not address the qualitative aspects of CSR disclosure, which could offer deeper insights. Future research is encouraged to explore qualitative dimensions, industry-specific regulations, stakeholder pressures, and expand to other industries and regions. Examining the effectiveness of different CSR strategies in supporting sustainability and stakeholder engagement is also recommended.

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