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THE INFLUENCE OF FINANCIAL SLACK AND GENDER BOARD DIVERSITY ON THE QUALITY OF SUSTAINABILITY REPORT DISCLOSURE WITH BOARD OF COMMISSIONERS' EFFECTIVENESS AS A MODERATING VARIABLE

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ABSTRACT

This study aims to examine the effect of financial slack, board diversity gender on the quality of disclosure of sustainability reports with the effectiveness of the board of commissioners. The population used in this study is banking companies listed on the Indonesia Stock Exchange (BEI) in 2019 - 2023. The sample used is based on predetermined criteria. The analysis technique used is descriptive analysis, SEM PLS and hypothesis testing using the Smart PLS 4.0 program. This study shows the results that: (1) Financial slack has no effect on the quality of disclosure of sustainability reports in the banking industry. (2) Board diversity gender has a significant positive effect on the quality of disclosure of sustainability reports in the banking industry. (3) The effectiveness of the board of commissioners has a significant positive effect on the quality of disclosure of sustainability reports in the banking industry. (4) The effectiveness of the board of commissioners is unable to moderate the relationship between financial slack and the quality of disclosure of sustainability reports in the banking industry. (5) The effectiveness of the board of commissioners is unable to moderate the board diversity gender relationship on the quality of disclosure of sustainability reports in the banking industry.

KEYWORDS *Financial Slack, Board Diversity Gender, Sustainability Report Disclosure Quality, Board of Commissioners Effectiveness*

INTRODUCTION

The era of globalization has significantly influenced societies across the globe, bringing both positive and negative impacts. Corporations, as integral components of economic development, contribute to societal progress while also posing environmental risks if their operations are not sustainably managed. To address these challenges, companies are encouraged to implement Corporate Social Responsibility (CSR) programs, as mandated by Indonesian Government

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Regulation No. 47 of 2012 on Social and Environmental Responsibility of Limited Liability Companies. CSR serves as a strategic approach to balance profit generation with environmental conservation and social welfare, aligning with the "triple bottom line" principles of profit, people, and planet (Lepore & Pisano, 2022).

The implementation of CSR is typically documented through sustainability reports, which disclose corporate performance related to economic, social, and environmental aspects (Solikhin et al., 2022). In the banking sector, sustainability reporting has become increasingly important due to the industry's role in financing projects that may carry environmental risks (Global Sustainability Development Report, 2019). Data from various banks listed on the Indonesia Stock Exchange (IDX) indicate substantial variation in their adoption of Global Reporting Initiative (GRI) standards. For instance, Bank BNI disclosed 85% of the relevant indicators, whereas BCA disclosed only 53%, reflecting differing levels of report quality and corporate commitment to sustainability (Anita & Jessica, 2023). The more comprehensive the disclosure of GRI indicators, the higher the potential quality and transparency of the sustainability report (Latifah, S. W., Rosyid, M. F., Purwanti, L., & Oktavendi, 2019).

Internal corporate factors such as financial slack and board gender diversity have been found to influence the quality of sustainability disclosures. Financial slack, defined as surplus financial resources beyond operational needs, enables firms to be more adaptive and socially responsible in their reporting and operations (Ameyaw, 2023). Meanwhile, gender diversity on corporate boards may enhance ethical sensitivity and broaden decision-making perspectives. Studies suggest that female directors are more likely to advocate for social and environmental issues, although empirical findings remain inconclusive (Ratnadewati, 2020). While some research indicates positive effects of board gender diversity on CSR disclosure, others find no significant or even negative relationships, highlighting the need for further investigation into this variable's role (Putri Hulu & Utami, 2023).

Another critical aspect influencing sustainability report quality is the effectiveness of the board of commissioners (Issa, A., & Fang, 2019). A competent and active board is essential for ensuring corporate accountability and transparency in sustainability-related matters (Mastella, M., Vancin, D., Perlin, M., & Kirch, 2021). Boards with diverse expertise, particularly in social and environmental governance, are better positioned to enforce responsible business practices. However, similar to other variables, the influence of board effectiveness on sustainability reporting quality yields mixed results (Widyastuti, 2022). While some scholars report positive associations (Sriningsih & Wahyuningrum, 2022), others argue that ineffective oversight can reduce reporting quality or focus narrowly on financial performance (Michael, & Lukman, 2019). Given these discrepancies, it is imperative to re-examine the moderating role of board effectiveness in enhancing the impact of financial slack and gender diversity on sustainability disclosure quality, particularly within Indonesia's banking industry (Rudyanto, A., & Siregar, 2018).

Based on the phenomenon of gap and research gap, as explained above, the researcher is interested in taking the title "The Influence of Financial Slack, Board Diversity, Gender on the Quality of Sustainability Report Disclosure with the

Effectiveness of the Board of Commissioners as a Moderation Variable (Study on the Banking Industry)".

Hypothesis Test

H1 : There is Financial Slack Affecting the Quality of Sustainability Report Disclosure

H2 : There is an influence of Gender Diversity Board on the quality of sustainability report disclosure

H3 : There is an influence of the Effectiveness of the Board of Commissioners on the quality of sustainability report disclosure

H4 : Alleged Effectiveness of the Board of Commissioners Can Strengthen Financial Slack's Influence on the Quality of Sustainability Report Disclosure

H5 : Alleged Effectiveness of the Board of Commissioners can strengthen the influence of the Gender Diversity Board on the quality of sustainability report disclosure

RESEARCH METHOD

This study employs a quantitative research approach, aiming to measure specific variables using numerical data and statistical analysis. As stated by Sugiyono (2016), quantitative research is rooted in a positivist paradigm, utilizing numerical data processed through statistical tools to derive conclusions. The research population comprises banking companies listed on the Indonesia Stock Exchange (IDX), and sampling is conducted using purposive sampling based on specific criteria: banks must be IDX-listed, have published at least one sustainability report between 2019 and 2023, and have adopted the GRI standards in their reporting. The data collection methods include documentation studies, literature review, and internet-based research from sources such as www.idx.co.id, www.ojk.go.id, and the official websites of the sampled banks.

The variables in this study are categorized as independent, dependent, and moderating variables. According to Arikunto (2019), independent variables are those that influence changes in the dependent variable—in this study, "financial slack" and "board diversity gender." The dependent variable is "sustainability report disclosure quality," which is influenced by the independent variables. Furthermore, the study includes a moderating variable, namely "board of commissioners' effectiveness," which is defined as a variable that affects the strength or direction of the relationship between the independent and dependent variables (Sugiyono, 2018). These variables are measured using quantitative indicators derived from the banks' sustainability reports.

For data analysis, the study utilizes Partial Least Squares-Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0. This method allows for the assessment of complex models involving multiple constructs and indicators (Hair & Alamer, 2022). The analysis includes both the outer model, which evaluates indicator reliability and validity, and the inner model, which assesses the relationships between latent variables. Key tests such as convergent validity, R-square evaluation, and bootstrapping are used to determine the predictive power and significance of the model (Ghozali, 2018). Hypothesis testing is conducted using bootstrapping techniques, with a 5% significance level and a critical t-value of 1.96, where hypotheses are accepted if t-statistics > 1.96 or p-values < 0.05 (Anuraga, Gangga, 2021).

RESULT AND DISCUSSION

Research Results

Data Description

The object of this research is banking sector companies listed on the IDX in 2019 - 2023. Researchers used a sampling technique with purposive sampling and obtained a sample of 114 sustainability reports. Data collection in this study uses secondary data obtained from the IDX website, namely www.idx.co.id.

Data tabulation is carried out by recapitulating financial report data and sustainability reports in accordance with the indicators of each variable and calculating the ratio according to the formula described in the operational definition of this research variable. The implementation of this study is intended to analyze the effect of financial slack, board diversity gender on the quality of disclosure of sustainability reports with the effectiveness of the board of commissioners as a moderator.

Before testing the hypothesis, first conduct a descriptive statistical test. Descriptive statistical analysis is a statistic used to analyze data by describing the data that has been collected. Descriptive statistics are used to describe data into clearer, more understandable information that provides an overview of information about the relationship between independent variables. The results of descriptive statistical testing are presented in Table 1 as follows:

Tabel 1 Hasil Uji Statistik Deskriptif

	N	***Min***	***Max***	***Mean***	***Std. Deviation***
Financial Slack (X_1)	114	0,01	9,04	1,97	1,74
Board Diversity Gender (X_2)	114	0,00	0,75	0,20	0,20
Effectiveness of the Board of Commissioners (Z)	114	0,00	0,75	0,52	0,14
Quality of Sustainability Report Disclosure (Y)	114	0,09	0,92	0,38	0,19
Valid N *(listwise)*	114				

Source: Data processed (2023)

Based on the data in Table 1, it is known that the financial slack variable has a minimum value of 0.01 with a maximum value of 9.04, an average value of 1.97 with a standard deviation of 1.74. The average value is closer to the minimum value, indicating that financial slack in banking sector companies listed on the IDX in 2019-2023 tends to be low. Measurement of the financial slack variable by dividing current assets by current liabilities, the lower the financial slack value, which means the lower the current assets compared to current liabilities. This shows that most banking sector companies tend to have higher current liabilities than current assets.

The board diversity gender variable has a minimum value of 0.00 with a maximum value of 0.75, an average value of 0.20 with a standard deviation of 0.20. The average value is closer to the minimum value, indicating that board gender diversity in banking sector companies listed on the IDX in 2019-2023 tends to be low. Measurement of the board diversity gender variable using the proportion of female directors divided by the total number of boards of directors, the lower the board diversity gender value indicates that the proportion of female directors is lower. This shows that most of the banking sector companies listed on the IDX in 2019-2023 have boards of directors with male gender.

The board of commissioners effectiveness variable has a minimum value of 0.00 with a maximum value of 0.75, an average value of 0.52 with a standard deviation of 0.14. The average value is closer to the maximum value, indicating that the effectiveness of the board of commissioners tends to be high. Measurement of the effectiveness of the board of commissioners by dividing the number of independent commissioners to the total board of commissioners, so that the higher the value of the effectiveness of the board of commissioners means that the number of independent commissioners is also higher. This shows that most banking sector companies listed on the IDX in 2019-2023 tend to have more independent commissioners than non-independent commissioners.

The variable quality of disclosure of sustainability reports has a minimum value of 0.09 with a maximum value of 0.92, an average value of 0.38 with a standard deviation of 0.19. The average value is closer to the minimum value, indicating that the quality of sustainability reports in banking sector companies listed on the IDX in 2019-2023 tends to be low. Measurement of the quality of disclosure of sustainability reports by looking for the average disclosure of sustainability based on the GRI, so that the lower the average value indicates that not much disclosure has been made by the company.

Data Analysis Results

Evaluation of Measurement Models (Outer Model)

External model *testing* is a concept and research model that cannot be tested in a relational and causal relationship prediction model if it has not passed the verification stage in the measurement model. This study uses a data analysis test that can be carried out using an outer model test consisting of a validity test and a reliability test. The results of *the outer model* in this study are presented in Figure 1 as follows.

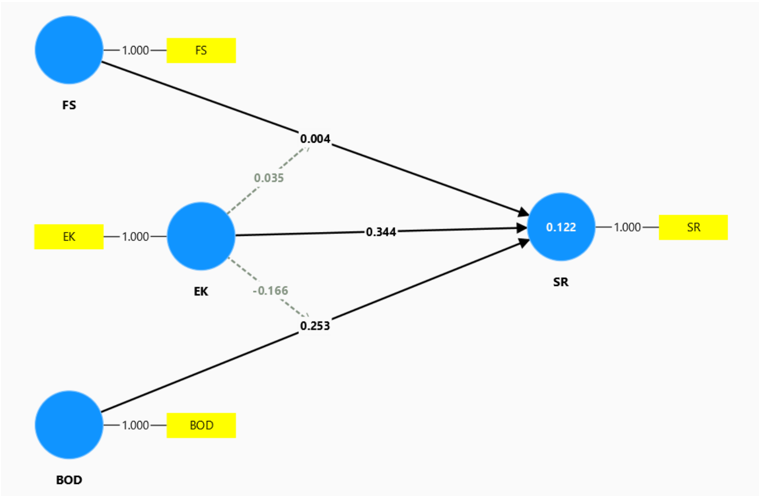

Figure 1. Outer Model Test Results
(Source: Data processed, 2025)

1) Convergent Validity

Convergent validity is a measurement of the correlation between an indicator's score and its latent construct score. For this study, *a loading factor* of 0.6 to 0.7 is considered sufficient, because it is the initial stage of the development of the measurement scale and the number of indicators per construct is not large, ranging from 1 to 3 indicators. The results *of the outer loading* test are presented in Table 2 as follows.

Table 2. Outer Loading Test Results

	***Financial Slack* (X$_1$)**	***Board Diversity Gender* (X$_2$)**	**Effectiveness Council Commissioner (Z)**	**Quality Disclosure Report Sustainability (Y)**	***Slack Funding* x Board of Commissioners Effectiveness (X$_1$*Z)**	***Board Diversity Gender* x Board of Commissioners Effectiveness (X$_2$*Z)**
FS	1,000					
BOD		1,000				
EK			1,000			
SR				1,000		
FS*EK					1,000	
BOD*EK						1,000

Source: Processed Data (2025)
The description of Table 2 is as follows.
FS : *Financial Slack*

BOD : *Board Diversity Gender*
EK : The Effectiveness of the Board of Commissioners
SR : *Sustainability Report/* Quality of Disclosure Report Sustainability

Table 2 shows that each indicator of the research variable has *an outer loading value of* > 0.7, so that all indicators in this study can be declared feasible or valid for use in the study and can be analyzed further.

Structural Model Measurement Analysis Results (Inner Model)

Structural Model Evaluation (*Structural Model/Inner Model*) is a measurement to evaluate the level of accuracy of the model in the research as a whole, which is formed through several variables along with their indicators. The structural model of this research can be seen in the following figure:

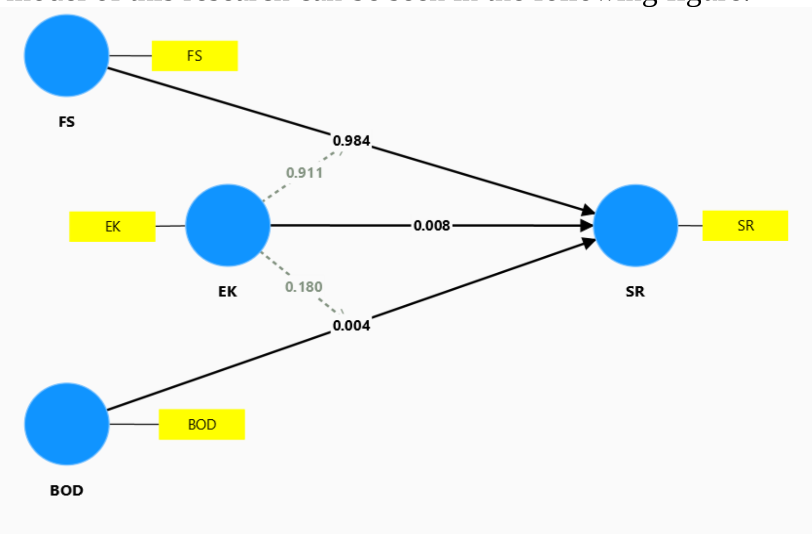

Figure 2. Inner Model Test Results
(Source: Processed Data, 2025)

1) Structural Model Evaluation Test Through *R-Square* (R2)

R-Square (R2) can show the strong weak influence caused by the dependent variable on the independent variable. *R-Square* (R2) can also indicate the strength and weakness of a research model. According to (Ghozali, 2015), *the R-Square* (R2) value of 0.67 is classified as a strong model, *R-Square* (R2) is 0.33 for a moderate model, and *R-Square* (R2) is 0.19 for a weak model. Based on the data processing that has been carried out using the smartPLS 4.0 program, *the R-Square value* is obtained as follows:

Table 3. Evaluation of Structural Models (R2)

Variabel	***R Square***
Kualitas Pengungkapan Laporan Keberlanjutan (Y)	0,122

Source: Data Processed (2025)

Based on the data in Table 3, it can be seen that the *R-Square* value for the sustainability report disclosure quality variable is 0.122, explaining that the percentage of sustainability report disclosure quality can be influenced by *financial slack*, *gender diversity board* and the effectiveness of the board of commissioners is only 12.2 percent, while the remaining 87.8 percent is influenced by other variables that were not tested in this study.

2) *Bootstraping test*

The *bootstrapping* test aims to show how much the independent variable affects the dependent variables directly or indirectly. The results of *the bootstrapping* test are presented in Table 4 as follows.

Table 4 Bootstrapping Test Results

	Original Sample	***Sample Mean***	***Standard Deviation***	***T Statistic***	***P-Value***
FS => SR	0,004	0,006	0,181	0,020	0,984
BOD => SR	0,253	0,255	0,088	2,870	0,004
EK => SR	0,344	0,351	0,130	2,637	0,008
FS*EK => SR	0,035	0,069	0,314	0,112	0,911
BOD*EK => SR	0,166	0,174	0,124	1,342	0,180

Source: Data processed (2025)

The description of Table 4 is as follows.

FS : *Financial Slack*
BOD : *Board Diversity Gender*
EK : The Effectiveness of the Board of Commissioners
SR : *Sustainability Report/* Quality of Disclosure Report Sustainability

Table 4 illustrates the constant value and significance level of each research variable. The significance used in this test is 0.05, meaning that if the *p-value* is < 0.05, then it is significant and vice versa, if *the p-value* is > 0.05, then the research variable is not significant. Based on the results of *the bootstrapping* test, the following equation model can be formulated.

SR = 0,004 FS + 0,253 BOD + 0,344EK + 0,035 FS*EK + 0,166 BOD*EK+ e

Based on the equation model above, it can be explained as follows.

a) The direct effect of financial slack (X1) on the quality of sustainability report disclosures (Y) is 0.004, which means that if financial slack increases every 100%, the quality of sustainability report disclosures will increase by 0.4%, assuming other variables are constant.
b) The direct effect of board diversity gender (X2) on the quality of disclosure of sustainability reports (Y) is 0.253, which means that if board diversity gender increases every 100%, the quality of disclosure of sustainability reports will increase by 25.3%, assuming other variables are constant.

c) The direct effect of the effectiveness of the board of commissioners (Z) on the quality of disclosure of sustainability reports (Y) is 0.344, which means that if the effectiveness of the board of commissioners increases every 100%, the quality of disclosure of sustainability reports will increase by 34.4%, assuming other variables are constant.
d) The indirect effect of financial slack (X1) on the quality of disclosure of sustainability reports (Y) through the effectiveness of the board of commissioners (Z) is 0.035, which means that if financial slack increases every 100%, the quality of disclosure of sustainability reports can increase indirectly through the effectiveness of the board of commissioners by 3.5%.
e) The indirect effect of board diversity gender (X2) on the quality of disclosure of sustainability reports (Y) through the effectiveness of the board of commissioners (Z) is 0.166, which means that if board diversity gender increases every 100%, the quality of disclosure of sustainability reports can increase indirectly through the effectiveness of the board of commissioners by 16.6%.

3) Hypothesis Test

The hypothesis test in this study was carried out by looking at *the T-Statistics* value and *the P-Values* value. The hypothesis can be declared acceptable if *the T-Statistics* value > 1.96 and *the P-Values* < 0.05. The following are the results of the hypothesis test presented in Table 5 as follows.

Tabel 5. Hasil Pengujian Hipotesis

Hypothesis	**Effect**	***Original Sample***	***T-Statistics***	***P-Values***	**Hasil**
H_1	FS => SR	0,004	0,020	0,984	Ditolak
H_2	BOD => SR	0,253	2,870	0,004	Diterima
H_3	EK => SR	0,344	2,637	0,008	Diterima
H_4	FS*EK => SR	0,035	0,112	0,911	Ditolak
H_5	BOD*EK => SR	0,166	1,342	0,180	Ditolak

Sumber: Data Diolah (2023)

Keterangan Tabel 5 sebagai berikut.

FS : *Financial Slack*
BOD : *Board Diversity Gender*
EK : The Effectiveness of the Board of Commissioners
SR : *Sustainability Report/* Quality of Disclosure Report Sustainability

Hypothesis Testing:

a) Hypothesis Testing H1

The original sample value is 0.004 with a significance of 0.984 > 0.05 and a t-statistic value of 0.020 < 1.96. The positive original sample value and significance above 0.05 indicate that financial slack has no significant effect on the quality of sustainability report disclosure. Based on the regression results, it can be concluded that the first hypothesis is rejected.

b) Hypothesis Testing H2

The original sample value is 0.253 with a significance of 0.004 <0.05 and a t-statistic value of 2.870> 1.96. The positive original sample value and significance below 0.05 indicate that board diversity gender has a positive and significant effect on the quality of sustainability report disclosure. Based on the regression results, it can be concluded that the second hypothesis is accepted.

c) Hypothesis Testing H3

The original sample value is 0.344 with a significance of 0.008 <0.05 and a t-statistic value of 2.637> 1.96. The positive original sample value and significance below 0.05 indicate that the effectiveness of the board of commissioners has a positive and significant effect on the quality of disclosure of sustainability reports. Based on the regression results, it can be concluded that the third hypothesis is accepted.

d) Hypothesis Testing H4

The original sample value is 0.035 with a significance of 0.911> 0.05 and a t-statistic value of 0.112 < 1.96. The positive original sample value and significance value above 0.05 indicate that the effectiveness of the board of commissioners is unable to moderate the effect of financial slack on the quality of disclosure of sustainability reports. Based on the regression results, it can be concluded that the fourth hypothesis is rejected.

e) Hypothesis Testing H5

The original sample value is 0.166 with a significance of 0.180> 0.05 and a t-statistic value of 1.342 < 1.96. The positive original sample value and significance value above 0.05 indicate that the effectiveness of the board of commissioners is unable to moderate the effect of board diversity gender on the quality of sustainability report disclosure. Based on the regression results, it can be concluded that the fifth hypothesis is rejected.

Discussion

The Effect of Financial Slack on the Quality of Sustainability Report Disclosure

The results showed that financial slack had no effect on the quality of disclosure of sustainability reports in banking sector companies listed on the IDX in 2019 - 2023. This shows that high financial slack does not guarantee that quality sustainability reports can be implemented. Financial slack is defined as excess liquid resources that have not been used to carry out certain organizational functions or in this case banking sector companies. This high excess of financial resources can certainly be allocated by the company to make disclosures in environmental, social and economic aspects.

However, the reality that occurs in the field is that financial slack does not affect the improvement of the quality of sustainability reports. This happens because of company policies that choose to use financial slack for other purposes that are considered more strategic or profitable for the company. Banking sector companies can use excess funds for investment in product development or business expansion which is considered more urgent than the allocation of funds for sustainability programs. In addition, financial slack can also be used to overcome sudden financial challenges such as economic recession, sudden decline in revenue or other unexpected costs. This research was conducted in 2019 - 2023, where it is well known that in 2019 - 2021 there was a Covid-19 pandemic which had a major effect on the economy in Indonesia without exception to the banking sector, so that the financial slack owned by banking sector companies is still used to overcome current financial challenges. Moreover, in 2022-2023, it is still the recovery phase of the pandemic impact, which of course requires a lot of funds that must be used for this recovery, so that banking sector companies cannot allocate these excess funds for sustainability activities.

This finding is also in line with the results of descriptive statistics which show that the financial slack ratio tends to be small, which means that most companies still have current liabilities that are greater than current assets, so there is still a need for funds to pay off these current liabilities before being allocated to sustainability activities. Thus, financial slack cannot increase sustainability disclosures for banking sector companies listed on the IDX in 2019-2023.

The results of this study are in line with previous research conducted by Sugiarti (2020), Mahalistian & Yuliandhari (2021), Pawitan et al. (2024) which states that financial slack has no effect on CSR expenditure. This happens because companies prefer to allocate excess funds for other things that are considered more profitable than doing CSR.

The Effect of Board Diversity Gender on the Quality of Sustainability Report Disclosure

The results showed that board diversity gender has a significant positive effect on the quality of sustainability reports in banking sector companies listed on the IDX in 2019 - 2023. This shows that the higher the board diversity gender ratio, the higher the quality of the sustainability report will be.

Gender diversity on the board of commissioners or directors can certainly provide stability in the quality of disclosure of sustainability reports due to decision making by management. The presence of women can increase the company's sensitivity to social issues which will be reflected in the company's sustainability report. The presence of women as board members provides benefits in the form of uniting different points of view, broadening perspectives and can achieve superior opportunities for the company (Herawati et al, 2021). Women are considered to be able to show altruistic and caring tendencies when making decisions related to moral values. In Erindani and Kuswanto's research (2016) that women on board have a positive influence on the quality of sustainability report disclosure. Moreover, related to environmental issues, women are usually more sensitive to changes that occur and appear in the surrounding environment, women can act quickly in dealing with problems that occur in the company.

The results of this study are in line with previous research conducted by Sondang & Totok (2021) which shows that the presence of a female board of commissioners in the company has a significant positive effect on CSR disclosure. The results obtained are in line with agency theory, namely the existence of diversity in the board can improve management performance and reduce information asymmetry. In other words, the existence of a diverse board of directors in the company, namely gender, can increase concern for the environment around the company and make good disclosure of the activities carried out as a form of concern. Research by Indriyani & Sudaryanti (2020) also found that gender diversity in the board affects CSR donations. The gender diversity of the board has the ability to make the company make a good contribution. The role of women on the board shows results that allow companies to make donations in their social responsibility efforts.

The Effect of the Effectiveness of the Board of Commissioners on the Quality of Sustainability Report Disclosure

The results of the study found that the effectiveness of the board of commissioners has an effect on the quality of sustainability report disclosure in banking sector companies listed on the IDX in 2019 – 2023. This shows that the higher the effectiveness of the board of commissioners, the higher the quality of disclosure of sustainability reports.

The stakeholder theory reveals that an effective board of commissioners is one that can ensure the company's management in accordance with the wishes of stakeholders, including regarding the social environment. The board of commissioners is part of a company that is responsible for supervising and advising the company (Setiawan & Ridaryanto, 2022). The board of commissioners is the supervisor for the company's management (Abdul Basit, 2019). Good supervision from the board of commissioners is expected to have a positive impact on the quality of information disclosure in sustainability *reports*. The greater the number of independent commissioners, the easier it will be to control the management and supervision carried out will be more effective, so that the pressure on management to implement sustainability will be greater.

The results of this research are in line with the findings of previous research conducted by Diono H. & Prabowo, T. J. W., (2017) which stated that the composition of the independent board of commissioners has a significant positive effect on the level of disclosure of *sustainability reports.* Research by Lulu (2020) also found that the effectiveness of the board of commissioners has a positive influence on the quality *of sustainability reports.* The same results were also obtained by Sriningsih & Wahyuningrum (2022) who stated that the effectiveness of the board of commissioners in a company has a great influence on *the sustainability report* of the company.

Moderation of the Effectiveness of the Board of Commissioners on the Influence of Financial Slack on the Quality of Sustainability Report Disclosure

The results of the study found that the effectiveness of the board of commissioners was not able to strengthen the influence of *financial slack* on the quality of sustainability report disclosure in banking sector companies listed on the IDX in 2019-2023. This shows that the existence of an effective board of commissioners cannot have an influence on *financial slack* on the quality of sustainability report disclosure.

The effectiveness of the board of commissioners is critical in ensuring that companies not only meet their reporting obligations, but also do so in a transparent and responsible manner. The contingency perspective suggests that the value of slack depends on the company's potential to utilize excess resources for productive purposes. *Slack* is expected to create value when it is held in an organizational context where it has an identifiable purpose that is appropriate. *Financial slack* can protect companies from positive environmental resources. From a financial slack theoretical standpoint, financial resources will be an important part of whether a company is involved in CSR activities, as having financial resources will allow the company to build mechanisms and demonstrate to stakeholders that the company has sufficient finances to invest in CSR disclosure activities (Anita & Jessica, 2023).

However, the effectiveness of the board of commissioners does not guarantee that companies that have *financial slack* can make quality sustainability disclosures. This can happen because *financial slack* in banking sector companies tends to be low, which means that excess current assets compared to current liabilities are relatively low, which cannot have a major effect on the quality of sustainability report disclosure. When a company has more current liabilities compared to current assets, of course, the company must pay off its current liabilities first before carrying out sustainability activities, so even if the board of commissioners has more independent commissioners, it will not be able to have an effect on the disclosure of sustainability reports because those used for sustainability activities are still not available.

Moderation of the Effectiveness of the Board of Commissioners on the Influence of Gender Diversity Boards on the Quality of Sustainability Report Disclosure

The results of the study found that the effectiveness of the board of commissioners was not able to moderate the relationship *between board gender* diversity and the quality of sustainability report disclosure in banking sector companies listed on the IDX in 2019 – 2023. This shows that an effective board of commissioners does not guarantee that it can improve *the gender diversity of the board* on the quality of sustainability report disclosure.

The effectiveness of the board of commissioners is critical in ensuring that companies not only meet their reporting obligations, but also do so in a transparent and responsible manner. However, the conditions that occur in the field, even though the board of commissioners has been dominated by independent commissioners, have not been able to strengthen the relationship between *the gender diversity board* and the quality of sustainability report disclosure. *Gender diversity boards* measured by the percentage of female directors shows a low value. Women have a tendency to be cautious, risk averse and have a special interest in social and environmental responsibility activities as it relates to the company's reputation. However, women are considered more cautious in spending money on company activities if the company's financial condition is not good, so an effective board of commissioners cannot guarantee an increase in the role of the female board of directors in disclosing sustainability reports.

In addition, judging from descriptive statistics, the average *gender diversity board* still tends to be low, which means that women's involvement is still relatively small, so it cannot have a major effect in decision-making regarding sustainability disclosure. The results of research by Puspitasari et al., (2023) explain that gender diversity boards have no effect on sustainability disclosure. Women have a tendency to push for accountability for stock performance. However, in this case, the number of women has an influence on the strong influence of women in giving opinions. Women's equality in sitting on the board of directors is indeed open, but the number of women in the board of directors is not dominant. Therefore, the existence of women on the board is still uneven, where there are quite a lot of women in one company, but in another company there are no women in the board of directors.

CONCLUSION

Based on the results of the study, it shows that *financial slack* has no effect on the quality of sustainability report disclosure because the majority of banking companies have larger current liabilities than current assets. On the other hand, *the gender diversity of the board and the effectiveness of the* board of commissioners have been shown to have a positive and significant influence on the quality of such disclosures. However, the effectiveness of the board of commissioners has not been able to moderate the relationship between *financial slack* and *board gender diversity* on the quality of disclosure, suggesting that the board's supervisory capacity is not strong enough to strengthen the relationship, especially given the low proportion *of financial slack* and gender diversity in the banking sector.

This study has limitations, such as testing only two independent variables and using samples from the banking sector listed on the IDX during 2019–2023. This limits the generalization of research results to other sectors or different periods, with an R-Square value of 12.2% indicating the influence of other variables that have not been studied. Therefore, banking companies are expected to increase the involvement of women on boards to support better disclosure of sustainability. Meanwhile, researchers are further advised to explore additional variables and consider more representative *methods of measuring financial slack* in order to produce more comprehensive findings.

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