

The Effect of CEO Characteristics on Water Disclosure: The Moderating Role of Independent Commissioners in Companies Listed in the Indonesian Stock Exchange

Pengaruh Karakteristik CEO terhadap Pengungkapan Air: Peran Moderasi Komisaris Independen di Perusahaan yang Terdaftar di Bursa Efek Indonesia

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Article Info	Abstract
<i>Article History :</i> Received: 31 December 2025 Accepted: 07 February 2026 Published: May 2026 <i>DOI Number :</i> 10.33059/jseb.v17i2.13776 <i>How to Cite :</i> Ivone, I., Ramadana, M., & Syafitri, I. (2026). The effect of CEO characteristics on water disclosure: The moderating role of independent commissioners in companies listed in the Indonesian Stock Exchange. <i>Jurnal Samudra Ekonomi dan Bisnis</i>, 17(2), 330-341. DOI: 10.33059/jseb.v17i2.13776.	This study analyzes the influence of Chief Executive Officer (CEO) characteristics and corporate governance mechanisms on the level of water disclosure in public companies in Indonesia following the implementation of the 2021 edition of the Global Reporting Initiative (GRI) 303. Independent variables include CEO age and CEO-Founder status, with independent commissioners as a moderating variable. Control variables include company age, company size, return on assets, leverage, and Big-4 auditors. Data were obtained from non-financial companies listed on the Indonesia Stock Exchange for the 2021–2023 period, with a total of 647 annual observations. The analysis used panel data regression with cluster robust standard errors. The results show that CEO age and CEO-Founder have a significant negative effect on water disclosure, while the interaction between CEO-Founder and independent commissioners has a significant positive effect. These findings confirm that corporate governance and performance play a greater role in driving water disclosure than CEO demographic factors. Keywords: CEO Characteristics, Corporate Governance, GRI 303, Water Disclosure.

Info Artikel	Abstrak
<i>Riwayat Artikel :</i> Diterima: 31 Desember 2025 Disetujui: 07 Februari 2026 Dipublikasikan: Mei 2026 <i>Nomor DOI :</i> 10.33059/jseb.v17i2.13776 <i>Cara Mensitasi :</i> Ivone, I., Ramadana, M., & Syafitri, I. (2026). The effect of CEO characteristics on water disclosure: The moderating role of independent commissioners in companies listed in the Indonesian Stock Exchange. <i>Jurnal Samudra Ekonomi dan Bisnis</i>, 17(2), 330-341. DOI: 10.33059/jseb.v17i2.13776.	<i>Penelitian ini menganalisis pengaruh karakteristik Chief Executive Officer (CEO) dan mekanisme tata kelola perusahaan terhadap tingkat pengungkapan air pada perusahaan publik di Indonesia pasca penerapan Global Reporting Initiative (GRI) 303 edisi 2021. Variabel independen meliputi umur CEO dan status CEO Founder, dengan komisaris independen sebagai variabel moderasi. Variabel kontrol mencakup umur perusahaan, ukuran perusahaan, return on assets, leverage, dan auditor Big-4. Data diperoleh dari perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia periode 2021–2023 dengan total 647 observasi tahunan. Analisis menggunakan regresi data panel dengan cluster robust standard errors. Hasil menunjukkan bahwa umur CEO dan CEO Founder berpengaruh negatif signifikan atas pengungkapan air, sementara interaksi CEO Founder dan komisaris independen berpengaruh positif secara signifikan. Temuan ini menegaskan tata kelola dan kinerja perusahaan lebih berperan mendorong pengungkapan air dibandingkan faktor demografis CEO.</i> Kata kunci: Karakteristik CEO, Tata Kelola Korporasi, GRI 303, Pengungkapan Air.

INTRODUCTION

Corporate sustainability issues are increasingly becoming a global concern amid the escalating climate crisis and water scarcity. In the context of sustainability reporting, water disclosure (WD) is the disclosure of information regarding water use, conservation, and management, which is an important indicator of a company's environmental commitment. The Global Reporting Initiative (GRI) report emphasizes that water is a vital element that determines the sustainability of production chains and cross-sector supply chains, especially in natural resource-based industries such as energy, mining, and manufacturing (GRI, 2018). In Indonesia, sustainability reporting requirements are regulated by OJK Regulation No. 51/PJOK.03/2017 on Sustainable Finance mandates companies to incorporate environmental, social, and governance (ESG) principles into their corporate strategies and disclosure practices. Nevertheless, the extent of water-related disclosure among publicly listed companies in Indonesia remains limited and varied, indicating that there are internal company factors that influence the extent to which openness on environmental issues is carried out consistently (Sabaruddinsah & Asiah, 2025).

One of the most decisive internal factors in the direction and quality of environmental disclosure is executive leadership, particularly the characteristics of the Chief Executive Officer (CEO). Based on Upper Echelons Theory (Mahran & Elamer, 2024), an organization's strategic decisions reflect the values, experiences, and personal characteristics of its top leaders. CEOs with different ages, experiences, and founder status may have different orientations towards sustainability and environmental transparency. Older CEOs may have a more mature perspective in making decisions related to natural resource management, while younger CEOs or company founders may be more oriented towards innovation and rapid change. Previously, many studies have shown that older CEOs or company founders tend to place greater emphasis on sustainability issues and the integration of environmental disclosure in corporate strategy (Jiang *et al.*, 2025).

In response to increasing pressure from stakeholders, WD practices have become a key means for companies to communicate their water management impacts, risks, and strategies to the public. WD is not only seen as part of sustainability reporting, but also as a form of corporate accountability for the public's basic right to information related to vital resources such as water (Morris *et al.*, 2023). Previous research shows that adequate WD can reduce information asymmetry, enhance corporate legitimacy, and strengthen the trust of investors and other stakeholders (Yu *et al.*, 2020).

Recent research by Almaqtari *et al.* (2023) reveals that the influence of CEO characteristics on environmental disclosure is greatly affected by the CEO's orientation towards sustainability. In their study, it was found that CEOs who are more oriented towards operational efficiency and short-term profitability often neglect disclosures related to the use of natural resources. In addition, founder CEOs, despite their emotional attachment to the company, often focus on aspects of faster growth and may reduce disclosures related to long-term sustainability. Recent research by Adhariani (2021) emphasizes that WD is a crucial tool for businesses to convey the effects, risks, and management of water to all stakeholders, and is seen as part of the basic right of the public to obtain information related to vital resources such as water. The study also shows that in Indonesia, WD practices are still relatively low and are greatly influenced by internal corporate governance factors, particularly ownership structure, reflecting the strong role of internal actors in determining the level of corporate transparency.

In addition to CEO characteristics, the effectiveness of environmental information disclosure, including WD, is greatly influenced by corporate governance mechanisms, particularly the role of

independent commissioners (IC) (Giannarakis *et al.*, 2020). Within the framework of Agency Theory, IC serve as a supervisory mechanism to mitigate conflicts between management and shareholders, as well as to limit the potential for opportunistic managerial behavior. The existence of IC is expected to encourage transparency non-financial disclosure through a more objective monitoring function (Al-Shaer & Zaman, 2016).

However, previous studies have focused more on ownership structure and company characteristics, while the role of individual CEO characteristics as the main decision-maker in determining WD policies has been relatively limited in terms of research, especially in the developing countries. In fact, based on Upper Echelons Theory, corporate strategic decisions, including environmental information disclosure, are greatly influenced by the personal characteristics of the company's top leadership. Therefore, there is an important research gap to examine how CEO age and CEO founder status influence WD policies, as well as how governance mechanisms such as IC play a role in moderating this relationship.

Specifically in Indonesia, there is still a gap between companies that prioritize transparent sustainability disclosure and those that do not. Therefore, this study offers a significant contribution to understanding the dynamics of WD in Indonesian firms. This study aims to examine the influence of CEO Age and CEO Founder on WD, as well as to explore the role of IC as a moderating variable in this relationship.

LITERATURE REVIEW

CEO Age

One of the most researched characteristics of CEOs is CEO Age (Sriartini & Supadmi, 2025). Based on the Upper Echelon Theory, strategic decisions made by CEOs are greatly influenced by their personal characteristics, including age, experience, and values (Mahran & Elamer, 2024). Older CEOs are often considered more cautious and conservative in making strategic decisions that have long-term impacts, including in terms of sustainability and natural resource management such as water. Several studies show that older CEOs tend to pay attention to long-term sustainability in their decision-making, including environmental disclosure such as WD (Wahyuningrum *et al.*, 2023).

Various studies show that variations in CEO age are related to differences in the level of openness and sustainability practices of companies. Hussain *et al.* (2023) found that CEO age influences the adoption of sustainability reporting, while Serfling (2020) showed that CEO age correlates with a cautious attitude in strategic decision-making. In the environmental disclosure, CEO age influences a firm sensitivity to environmental transparency, although the direction of the influence is contextual (Zhao *et al.*, 2022; Fernandes *et al.*, 2019). Thus, CEO age is seen as an important determinant in explaining variations in environmental disclosure policies, including WD.

H1: CEO age has a significant negative effect on WD.

CEO Founder

CEO Founder is also a frequently studied characteristic because CEOs who are also company founders tend to have a long-term perspective on corporate sustainability (Kavadis & Thomsen, 2023). Founder CEOs often have strong emotional ties to the company and a more holistic vision. However, founder CEOs often focus more on short-term growth and operational efficiency, which can lead to reduced attention to more in-depth sustainability disclosure (Almaqtari *et al.*, 2023).

Prior study show that founder CEOs tend to have a longer-term orientation and higher reputational commitment, making them more inclined to maintain the company's legitimacy through

sustainability practices and non-financial disclosure (Bhaskar *et al.*, 2024; Tupper & Mehta, 2023). Research by Santoso & Setiawan (2024) found that WD is negatively impacted by CEO founders. This is due to the tendency of CEO founders to prioritize business expansion and profitability over sustainable natural resource management. In addition, CEO founders often have a greater focus on rapid company growth, which can reduce attention to more transparent disclosure regarding the use of natural resources, including water.

However, from an Agency Theory perspective, the dominance of founder CEOs also has the potential to increase opportunistic behavior due to weak external oversight mechanisms. Research in developing countries has found that the power of founder CEOs can reduce the quality of governance and transparency when board oversight is ineffective (Amin *et al.*, 2024; Hakim & Tantri, 2023). In the context of sustainability reporting, empirical findings show mixed results, where CEO founders can encourage CSR practices and environmental disclosure in order to preserve the firms legacy, but under certain conditions actually limit disclosure if it is considered inconsistent with short-term strategic interests (Bhaskar *et al.*, 2024; Maharani & Lastiati, 2023).

H2: CEO Founder has a significant negative effect on WD.

Independent Commissioners as a Moderating Variable

IC play a strategic role as a monitoring mechanism to mitigate conflicts of interest and to constrain managerial opportunistic behavior (Al-Shaer & Zaman, 2016; Peng *et al.*, 2023). In the context of environmental disclosure, particularly WD, IC are expected to promote transparency through objective monitoring functions that are free from internal interests. Prior research suggests that the quality and comprehensiveness of sustainability disclosures are favorably correlated with the presence of IC (Fernandes *et al.*, 2019; Wahyuningrum *et al.*, 2023).

Furthermore, the role of IC becomes increasingly critical when a company is led by a CEO who is also a founder (founder CEO). Founder CEOs typically possess greater power and broader strategic discretion, which may potentially weaken governance quality and transparency if not balanced by strong oversight mechanisms (Amin *et al.*, 2024; Hakim & Tantri, 2023). Peng *et al.* (2023) find that IC are able to strengthen environmental accountability in firms with concentrated leadership structures. Thus, the presence of IC can restrain the dominance of founder CEOs and encourage higher levels of WD as a form of legitimacy and public accountability.

More broadly, the interaction between CEO characteristics and governance mechanisms suggests that WD is influenced not only by executives' personal preferences but also by the effectiveness of corporate oversight structures. IC may either reinforce or diminish the impact of CEO characteristics on strategic choices, including decisions related to environmental disclosure (Almaqtari *et al.*, 2023; Santoso & Setiawan, 2024). In Indonesia, where WD practices remain relatively limited and heterogeneous, the role of IC becomes increasingly important in ensuring accountable and sustainability-oriented corporate governance.

H3: IC moderate the relationship between CEO age and WD.

H4: IC moderate the relationship between CEO founder status and WD.

METHOD

This study uses secondary data from Indonesia Stock Exchange at www.idx.co.id. The sample used is the sector that has sustainability reports for the period 2019 to 2023. This data was downloaded and transferred to a data table to ensure completeness and to make it easier to find out the total number

of companies that had sustainability reports during the research period. This study uses a quantitative approach with the aim of testing the formulated hypothesis regarding the influence of CEO age and CEO founder on WD.

The dependent variable in this study is WD, which is measured using a WD index based on the Global Reporting Initiative Water Guidelines (GRI 303), consisting of 5 items of water information disclosure. This study applies a reading and checking technique to determine the reported WD. Companies are given a score of "1" if the water information item is disclosed and "0" if it is not disclosed. Thus, the water information disclosure index is obtained by calculating the ratio of the actual water information disclosure score to the maximum score that can be achieved by the company.

The independent variables include CEO age and CEO founder. CEO age is the first variable measured from the year of birth of the CEO in the company. The second variable is CEO founder, which is measured by a dummy variable, where if the company founder is the CEO, a score of "1" is given, and "0" if not. In addition, the control variables used are firm size (FSIZ), profitability (ROA), audit quality (BIG4), leverage (LEV), and firm age (FAGE).

The moderating variable examined in this study is IC, which are hypothesized to strengthen or weaken the interaction between CEO characteristics and WD (Fulgence *et al.*, 2023; Odia & Ken-Otokiti, 2021). Data analysis was conducted using panel data regression with cluster robust standard errors to address potential heteroskedasticity and autocorrelation using Stata software. The regression models were developed in a stepwise manner, beginning with testing the direct effects of the independent variables on WD, followed by examining the moderating effects through interaction terms between CEO characteristics and IC.

RESULTS

The results of the descriptive statistical analysis presented in Table 1 show that the WD variable has an average value of 0.487, with a minimum value of 0 and a maximum value of 1. This indicates that the level of WD in Indonesian companies is still relatively low. The average for CEO age (CAGE) is 4.006 with a SD of 0.182, indicating a fairly small variation in the age of CEOs in the sample companies. CEO founder (CEFO) has an average of 0.082, indicating that a small proportion of companies have CEOs who are also the founders of the company. Firm size (FSIZ) has an average of 28.917, indicating that most companies are large companies. Profitability (ROA) has an average of 0.062 with a SD of 0.110, indicating variation in financial performance between companies. Leverage (LEV) has an average of 0.459 with a SD of 0.283, indicating that the companies in the sample have moderate debt.

The results of the Pearson correlation test presented in Table 2 show that WD is significantly positively correlated with firm size ($p = 0.389$), return on assets ($p = 0.164$), and audit quality ($p = 0.310$). This means that larger, more profitable companies that are audited by large auditors tend to disclose information related to water management. WD has a weak negative correlation with CAGE ($p = -0.025$) and CEFO ($p = -0.024$), indicating that CEO traits don't significantly affect WD. Leverage has a very weak correlation with WD ($p = 0.015$), indicating that firm size has no discernible impact on WD (Sreedevi, 2022; Yu & Hutson, 2024).

The t-test results presented in Table 3. The t-test evaluates whether each independent variable has a statistically significant effect on the dependent variable, where a p-value below 0.05 indicates significance (Chicco *et al.*, 2025; Riina *et al.*, 2023). The findings show that the CAGE variable has a significant negative effect ($\beta = -0.131$; $p < 0.05$). This finding indicates that an increase in the age

of the CEO is linked with a low level of corporate WD. The CEFO variable also has a significant negative effect ($\beta = -0.573$; $p < 0.01$). This indicates that CEOs who are also company founders tend to produce lower WD. This condition may be related to the greater control power of founders and certain strategic preferences in sustainability information management.

Regarding the interaction variable, the findings reveal that CAGE and WD moderated by CAMD is not significant ($\beta = 0.023$; $p > 0.05$). This finding indicates that the presence of IC has not been able to influence the relationship between CAGE and WD. Conversely, the CEMD interaction shows a significant positive result ($\beta = 1.329$; $p < 0.01$). This finding confirms that IC play a role in strengthening the relationship between CEFO and WD, so that companies led by a founder tend to increase water transparency when independent commissioner oversight is more effective.

Table 1. Results of Descriptive Test

	Mean	Standard Deviation (SD)	Minimum	Median	Maximum
CAGE	4.006	0.182	3.332	3.912	4.431
CEFO	0.082	0.274	0	0	1
WD	0.487	0.336	0	0.200	1
CAMD	1.708	0.508	0	1.353	4.111
CEMD	0.036	0.123	0	0	0.667
FAGE	36.995	19.411	2.000	24.000	117.000
FSIZ	28.917	1.682	24.836	27.778	33.731
ROA	0.062	0.110	-0.411	0.009	0.616
BIG4	0.385	0.487	0	0	1
LEV	0.459	0.283	0.031	0.283	2.418

Source: Secondary data (processed), 2026.

Table 2. Results of Pearson Correlation

Variabel	WD	CAGE	CEFO	CAMD	CEMD	FAGE	FSIZ	ROA	BIG4	LEV
WD	1.000	—	—	—	—	—	—	—	—	—
CAGE	-0.025 (0.529)	1.000	—	—	—	—	—	—	—	—
CEFO	-0.024 (0.549)	0.226*** (0.000)	1.000	—	—	—	—	—	—	—
CAMD	0.128*** (0.001)	0.156*** (0.000)	0.060 (0.130)	1.000	—	—	—	—	—	—
CEMD	0.009 (0.827)	0.221*** (0.000)	0.971*** (0.000)	0.116*** (0.003)	1.000	—	—	—	—	—
FAGE	0.080** (0.041)	0.157*** (0.000)	-0.126*** (0.001)	0.073* (0.063)	-0.136*** (0.001)	1.000	—	—	—	—
FSIZ	0.389*** (0.000)	0.085* (0.030)	-0.039 (0.327)	0.179*** (0.000)	-0.031 (0.437)	0.222*** (0.000)	1.000	—	—	—
ROA	0.164*** (0.000)	0.041 (0.302)	0.090** (0.022)	0.046 (0.245)	0.107*** (0.007)	0.023 (0.554)	0.224*** (0.000)	1.000	—	—
BIG4	0.310*** (0.000)	0.041 (0.302)	-0.051 (0.196)	0.076* (0.055)	-0.040 (0.304)	0.096** (0.015)	0.444*** (0.000)	0.270*** (0.000)	1.000	—
LEV	0.015 (0.705)	0.007 (0.858)	-0.002 (0.956)	0.068* (0.083)	-0.015 (0.696)	0.095** (0.016)	0.113*** (0.004)	-0.291*** (0.000)	-0.081** (0.039)	1.000

Source: Secondary data (processed), 2026.

Table 3. Results of t-test

D	Coeff.	Robust Std. error	t	P > t	[95%cof.
CAGE	0.131569	0.066639	1.97	0.049	0.262425
CEFO	0.573315	0.180201	-3.18	0.002	0.927165
CAMD	0.023719	0.023444	1.01	0.312	0.022318
CEMD	1.329170	0.432240	3.08	0.002	0.480406
FSIZ	0.056609	0.008207	6.90	0.000	0.040494
FAGE	0.000049	0.000663	0.07	0.941	0.001253
ROA	0.193808	0.110303	1.76	0.079	0.022788
BIG4	0.110892	0.028187	3.93	0.000	0.055544
LEV	0.026088	0.042964	0.61	0.544	0.058279

Source: Secondary data (processed), 2026.

Table 4. Results of Adjusted R-square

r	
r ² _a	0.239
N	647

Source: Secondary data (processed), 2026.

Table 5. Results of Winsorizing

Variable	Coefficient	t-stat
CAGE	-0.131**	(-1.97)
CEFO	-0.572***	(-3.17)
CAMD	0.023	(0.98)
CEMD	1.328***	(3.07)
FSIZ	0.058***	(6.94)
FAGE	0.000	(0.09)
ROA	0.196	(1.62)
BIG4	0.109***	(3.86)
LEV	0.019	(0.38)
_cons	-0.901***	(-2.61)
Industry FE		Yes
Year FE		Yes
Adj. R (r ² _a)		0.240
N		647

Source: Secondary data (processed), 2026.

Table 4 shows the adjusted R square value is 0.239, which can be concluded that CAGE, CEFO, CAMD, CEMD, FSIZ, FAGE, ROA, BIG4, and LEV are able to explain the WD variable by 23.9 percent, while the remaining 76.1 percent is explained by other variables that have not been included in the model. The adjusted R-square indicates the model's explanatory strength by reflecting the proportion of variation in the dependent variable accounted for by the independent variables (Ardi, 2020; Raykov & DiStefano, 2025).

To ensure that the findings of this study are not influenced by model specifications or outliers in the data, several robustness tests were conducted. These robustness tests aim to examine the stability of regression results against changes in variable measurements and the analysis techniques used (Heinze *et al.*, 2018; Reckling *et al.*, 2021). The robustness test conducted, as reported in Table 5, involves winsorizing the FSIZ, ROA, and LEV variables at the 1st and 99th percentiles. The results show that the main findings, specifically the effects of CEO age (CAGE) and CEO founder status (CEFO) on WD (WD) remain consistent in both magnitude and significance. This indicates that the empirical results are robust and not driven by the presence of outliers in the data (Heinze *et al.*, 2018; Reckling *et al.*, 2021).

Discussion

The findings shows that CEO age (CAGE) has a significant negative effect on WD. Theoretically, this finding is consistent with Upper Echelons Theory, which asserts that an organisation's strategic decisions reflect the characteristics, values, and preferences of top leadership (Mahran & Elamer, 2024). In the context of environmental disclosure, more senior CEOs may exhibit more conservative tendencies and be more cautious in adopting policies that entail system changes, implementation costs, and reputational risks due to information disclosure. Similar evidence is reported by Jarboui & Bouzouitina (2025), who find that older executives are generally more risk-averse and less inclined to adopt innovative or disclosure-intensive strategies. These findings are supported by Jiang *et al.* (2025), which suggests that older CEOs or company founders tend to give greater priority to sustainability and environmental disclosure in corporate strategy. Furthermore, Hussain *et al.* (2023) document that CEO age is negatively associated with voluntary environmental disclosure when disclosure increases external scrutiny. This negative pattern can be explained by "risk aversion" and "status quo bias" in non-financial decision-making, as broader WD may expose firms to external evaluation related to water efficiency, operational risk, or supply-chain dependency. When WD levels are generally low, senior CEOs may therefore prefer minimal disclosure strategies to avoid unintended consequences. This finding also explains why the simple correlation between WD and CAGE is weakly negative, yet turns statistically significant once firm characteristics and panel effects are controlled for.

The test results show the CEO Founder (CEFO) has a significant negative influence on WD. These findings suggest that founder-led companies tend to make more limited WDs. Conceptually, this could be because founder CEOs have stronger strategic control and discretion, leading to disclosure decisions being more influenced by internal preferences than external demands. In some cases, founders' orientations toward rapid growth, expansion, and short-term efficiency can shift priorities away from long-term transparency of natural resources (Almaqtari *et al.*, 2023; Santoso & Setiawan, 2024). Prior studies by Bhaskar *et al.* (2024) and Tupper & Mehta (2023) provide evidence that founder CEOs are more likely to centralize authority and limit transparency when disclosure is perceived as constraining managerial autonomy. From the point of view of Agency Theory, the dominance of the founding CEO can increase entrenchment (strengthening position/power), making external discipline mechanisms less effective if internal governance is weak. Thus, WD can be treated as a strategic variable: increased when it provides reputational/legitimacy value, but reduced when perceived as rising costs, exposing people to litigation risks, or creating pressure for difficult-to-achieve environmental performance targets.

The results of the interaction tests reveal an asymmetric moderation pattern of IC in shaping WD, providing partial support for Hypothesis 3. Specifically, the moderating effect of IC on the relationship between CEO age and WD (CAGE→WD) is not statistically significant. This finding suggests that while older CEOs tend to be more conservative in disclosure decisions, formal board oversight may not be sufficiently strong to alter leadership traits that are inherently linked to personal experience, risk orientation, and managerial preferences. Similar conclusions are reported by previous studies who find that board independence does not always moderate the influence of CEO characteristics on sustainability or environmental disclosure outcomes (Jiang *et al.*, 2025; Mahran & Elamer, 2024). While this result contrasts with prior studies indicating that board independence enhances sustainability disclosure (Fernandes *et al.*, 2019; Wahyuningrum *et al.*, 2023). Board independence is considered effective in enhancing sustainability disclosure because IC can provide objective oversight, reduce managerial opportunism, and encourage greater transparency in reporting environmental and social information to meet stakeholder expectations (Al-Jaifi *et al.*, 2023; Al Amosh & Khatib, 2021).

In contrast, the moderating role of IC on the relationship between CEO founder status and WD (CEFO→WD) is significantly positive, thereby supporting Hypothesis 4. The interaction coefficient (CEMD) is positive and statistically significant, indicating that IC are particularly effective in restraining the adverse effects of founder dominance and channeling founder CEOs' strategic discretion toward greater environmental transparency. This finding is consistent with Peng *et al.* (2023) and Al-Shaer & Zaman (2016), who argue that independent boards play a crucial role in mitigating agency problems in firms with concentrated leadership structures. When the CEO is also the founder, the presence of IC enhances accountability and encourages WD as a legitimacy-seeking strategy in response to stakeholder and regulatory pressures. Empirical evidence from Khan *et al.* (2025) and Amin *et al.* (2024) further shows that board independence strengthens environmental and sustainability disclosure in firms where managerial power is highly centralized. In founder-led firms, the presence of IC therefore increases accountability and promotes WD as a legitimacy-seeking response to stakeholder and regulatory pressures.

Based on the empirical test results show that CEO age has a significant negative effect on WD, indicating that the personal preferences of top company leaders influence environmental transparency policies, particularly in the area of WD, which is still voluntary in Indonesia. Furthermore, the study's findings indicate that CEO founders significantly and negatively impact WD. These findings indicate that CEOs who are also company founders tend to limit the level of WD, which can be explained by the high level of control and discretion that CEO founders have in strategic decision-making. This condition encourages a focus on protecting the company's reputation and long-term interests, so that environmental transparency is not yet a top priority. Thus, these results confirm that the dominance of founder leadership can be an inhibiting factor in improving the quality of sustainability disclosure.

Furthermore, this study found that IC act as a moderating variable in the link between CEO founders and WD. The interaction between CEO founders and IC has been proven to have a significant positive effect, indicating that the presence of IC can weaken the negative influence of CEO founders on WD. This finding emphasizes the importance of corporate governance mechanisms in maintaining managerial power balance and promoting corporate transparency. However, the moderating role of IC was not found to be significant in the link between CEO age and WD, suggesting that the influence of CEO age is more personal and difficult to compensate for through formal oversight mechanisms.

CONCLUSION

The results indicate that CEO characteristics significantly influence WD practices in Indonesia. Specifically, greater CEO age and founder status are linked to lower levels of WD, reflecting the influence of personal preferences, control, and strategic discretion in leadership decision-making. While IC are effective in mitigating the constraining effect of founder dominance on WD, they do not significantly influence the impact of CEO age, suggesting that age-related leadership traits are more deeply rooted and less responsive to formal governance mechanisms.

Theoretically, this study contributes to the development of WD and corporate governance literature by integrating the perspectives of Upper Echelons Theory and Agency Theory in the developing countries. Practically, the study's findings suggest have implications for regulators and stakeholders to strengthen the role of IC, especially in companies dominated by CEO founders or senior CEOs, in order to promote transparency in water resource management. This study has limitations in terms of the relatively short observation period and the limited characteristics of the CEOs tested. Therefore, further research is recommended to extend the observation period and include other CEO characteristics, such as educational background, environmental experience, or leadership style, to obtain a more comprehensive understanding of the determinants of corporate WD in Indonesia.

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