CHAPTER V
CONCLUSION

5.1 Conclusion

This study was conducted to examine the effect of gender diversity on the Board of Commissioners and the Board of Directors on firm performance and ESG disclosure among non-financial companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Hypothesis testing was carried out using panel data regression with the Random Effect Model, which was selected based on a series of model specification tests (the Chow Test and the Hausman Test) applied to 45 sample companies with a total of 225 firm-year observations. Based on the results of the hypothesis testing presented in the previous chapter, the following conclusions can be drawn:

First, gender diversity on the Board of Commissioners was not found to have a significant effect on firm performance as measured by Return on Assets. Although the relationship is positive as predicted, the presence of female commissioners does not appear strong enough to meaningfully improve how efficiently companies use their assets. This suggests that the supervisory function of the Board of Commissioners in Indonesia has not yet been substantially shaped by its gender composition, possibly due to the concentrated ownership structures common among Indonesian firms.

Second, gender diversity on the Board of Directors was also not found to have a significant effect on firm performance. The presence of female directors has not translated into a measurable impact on profitability, even though theory suggests women bring distinct decision-making perspectives to the board. This finding indicates that the operational influence of female directors on firm outcomes in Indonesia remains limited.

Third, gender diversity on the Board of Commissioners was not found to have a significant effect on ESG disclosure. Although the coefficient is positive, this result suggests that the presence of female commissioners has not yet become a decisive factor in pushing management toward more comprehensive sustainability reporting.

Fourth, unlike the previous three hypotheses, gender diversity on the Board of Directors was found to have a statistically significant effect on ESG disclosure, but in the opposite direction from what was hypothesized, that is, negative. This finding indicates that a higher proportion of women on the Board of Directors is associated with lower ESG disclosure levels within this sample. This unexpected result may be related to the relatively low average representation of women on the Board of Directors (around 13%), meaning female directors may not yet have reached a critical mass sufficient to meaningfully shape the firm's sustainability agenda. It may also reflect unobserved industry-level characteristics not captured in this study.

Overall, all four hypotheses in this study were rejected. These findings reinforce the view that the relationship between board gender diversity and firm outcomes is highly context-dependent, and that female representation alone, without sufficient influence within the governance structure, does not necessarily produce the expected improvements in performance or sustainability transparency.

5.2 Implications

The results of this study offer several important theoretical and practical implications, each of which can be understood through the three grand theories underpinning this research: Agency Theory, Gender Socialization Theory, and Resource-Based Theory.

From an Agency Theory perspective, this study suggests that board gender diversity alone does not automatically strengthen the monitoring function assumed to reduce agency costs. Although female representation on both the Board of Commissioners and the Board of Directors showed the theoretically expected positive direction with respect to firm performance, the lack of statistical significance suggests that in Indonesia's concentrated ownership environment, gender diversity has not yet functioned as an effective independent check on management. This points to the need for governance frameworks that pair board diversity with mechanisms that genuinely empower independent oversight.

From a Gender Socialization Theory perspective, the largely insignificant, and in the case of ESG disclosure negative, effects of gender diversity indicate that the behavioral tendencies the theory attributes to female board members, greater ethical sensitivity and stakeholder orientation, do not automatically translate into governance outcomes without adequate representation and authority. This finding nuances the theory by suggesting that socialized behavioral tendencies require a sufficient platform, in terms of both numerical presence and decision-making power, to be expressed at the organizational level.

From a Resource-Based Theory perspective, the overall pattern of results, positive but insignificant effects on performance, and an unexpected negative effect on ESG disclosure, reinforces the theory's central distinction between resource possession and resource utilization. Gender diversity represents a potentially valuable human capital resource, but this study shows that its mere presence on a board is insufficient to generate competitive advantage or improved sustainability outcomes. The findings imply that firms must actively integrate this resource into governance capabilities, through genuine authority, adequate support, and a critical mass of representation, before its theoretical benefits can be realized. This extends Resource-Based Theory into the corporate governance domain by illustrating that in emerging-market settings with concentrated ownership, the conversion of a valuable board resource into a firm capability is not automatic and depends heavily on institutional context.

Taken together, these theoretical implications suggest that gender representation on boards may be more symbolic than substantive in emerging markets with concentrated ownership structures such as Indonesia, pointing to the need for theoretical frameworks that more explicitly account for local institutional context when explaining governance outcomes.

Practically, for companies, these findings suggest that placing women on boards should not be treated merely as a matter of compliance or corporate image. Consistent with Resource-Based Theory, meaningful diversity requires that female board members are given genuine authority and adequate resources so their presence can be converted from a latent resource into an actual governance capability that substantively influences strategic decision-making, including on sustainability matters.

For investors and stakeholders, these results serve as a reminder that the proportion of women on a board cannot be used as the sole indicator of governance quality or sustainability commitment. A more comprehensive evaluation of board effectiveness, including how meaningfully diversity is integrated into decision-making, is still necessary.

For regulators, particularly the Financial Services Authority (OJK) and the Indonesia Stock Exchange, these findings suggest that policies focused solely on increasing the numerical representation of women on boards may not be sufficient to achieve better governance outcomes. Complementary policies that ensure meaningful involvement of women in decision-making processes, and that support the critical mass needed for gender diversity to function as a genuine strategic resource, may also be needed.

5.3 Limitations

This study has sought to contribute to the understanding of how board gender diversity affects firm performance and ESG disclosure in Indonesia. Nonetheless, several limitations should be acknowledged:

1. The sample is limited to 45 non-financial companies with consistently available Refinitiv ESG scores throughout the 2020–2024 period, resulting in a relatively small sample compared to the overall population of companies listed on the IDX.
2. Gender diversity is measured solely as the ratio of female to total board members, without accounting for individual characteristics such as the educational background, experience, or tenure of female board members.
3. The coefficient of determination (R^2) for both research models is relatively low, indicating that many other factors outside this model likely influence firm performance and ESG disclosure.

4. The ESG data used in this study is sourced from a third-party database (Refinitiv Eikon), meaning the scoring methodology depends on the standards and interpretations applied by that data provider.
5. The five-year observation period (2020–2024) may not be sufficient to capture the long-term dynamics of how board gender diversity affects firm outcomes.

5.4 Suggestions

Based on the limitations outlined above, the following suggestions are proposed for future research:

1. Future studies are encouraged to expand the sample size by considering alternative ESG data sources, allowing for a broader and more representative set of companies to be analyzed.
2. Future research could incorporate qualitative characteristics of female board members, such as educational attainment, experience in finance or sustainability, and tenure, to gain deeper insight into the substantive influence of female directors and commissioners.
3. Moderating or mediating variables, such as family ownership concentration, foreign ownership structure, or the presence of a sustainability committee, should be considered to help explain why the effect of BOD gender diversity on ESG disclosure was negative rather than positive.
4. Extending the observation period in future research would help determine whether the effects of board gender diversity on firm performance and ESG disclosure remain consistent over the long term.
5. Future studies could also consider industry-based analysis to examine whether the relationship between board gender diversity and firm outcomes differs across sectors.