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Article Type: Research Paper

The Effect of Gender Diversity in The Boardroom and Company Growth on Environmental, Social, and Governance Disclosure (ESGD)

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DOI: 10.18196/jai.v23i3.14402

CITATION:
Putri, C. P., & Nasih, M. (2022). The Effect of Gender Diversity in The Boardroom and Company Growth on Environmental, Social, and Governance Disclosure (ESGD). *Journal of Accounting and Investment, 23*(3), 460-477.

ARTICLE HISTORY
Received:
04 Apr 2022
Revised:
19 Apr 2022
17 May 2022
24 Jun 2022
Accepted:
25 Jun 2022

JAI Website:

Abstract

Research aims: This study aims to obtain empirical evidence regarding gender diversity in the boardroom on ESGD (environmental, social, and governance disclosures). In this case, an entity should not only be profit-oriented but rather carry out a form of corporate social responsibility so that the company's sustainability is considered a form of decision-making.
Design/Methodology/Approach: The sample was companies listed on the Indonesia Stock Exchange for 2010-2018. The data obtained were based on the annual and sustainability reports. This study used a quantitative approach with multiple linear analyses, with the help of the Software STATA 15 program as hypothesis testing.
Research findings: The results uncovered that gender diversity in the boardroom had a significant and positive effect on environmental, social, and governance disclosures, and company growth strengthened their relationship.
Theoretical contribution/Originality: This study attempts to see how the company's growth in building CSR in companies with board diversity. In addition, the results of this study are a discussion of and in line with the theory of legitimacy, upper echelons, and stakeholders.
Practitioner/Policy implication: The practical contribution of this study is that the placement of people with gender diversity on the board is crucial. When the company recruits a woman to its board, its ESGD level will change.
Research limitation/Implication: This study was limited to the value of overall disclosure, so it is hoped that future researchers can categorize each environmental, social, and governance indicator more broadly.
Keywords: Environmental; Social; Gender; ESGD; Growth

Introduction

In recent decades, institutions and individuals have stated that an entity is profit-oriented and fulfills corporate social responsibility (CSR). The reason CSR has recently received more attention (Camilleri, 2015) is that CSR has become a principal factor in the plans and agendas of a business entity (Kend, 2015). In addition, stakeholders believe that a company will remain in its position if it can adapt flexibly and focus on matters with financial and non-financial aspects, such as social and environmental impacts in assessing a company (Klassen & McLaughlin, 1996).

The world has also highlighted sustainable development. It has become one of the prestigious trends today designed by the United Nations (UNSDG), targeting poverty, inequality, climate, environmental degradation, prosperity, peace, and justice.

It is proclaimed as a means of sustainable implementation to have implications for a better future for society in 2030. In addition, there are also pioneers in implementing guidelines for sustainability reporting, namely the Global Reporting Initiative (GRI), which is defined as a set of standards regarding an organization that can report economic, environmental, and social impacts. GRI divides itself into two sets of universal and specific disclosure standards, where the specific standard consists of environmental, social, and governance (ESG).

According to the National ESG Survey (2019) conducted by the Center for Risk Management and Sustainability Indonesia, the perception of businesspeople in Indonesia implementing ESG was revealed that even though Indonesia took part, participation between corporations was still minimal. Most businesses in Indonesia still did not include many structured ESG criteria in the decision-making process. On the other hand, stakeholders consider social and environmental responsibilities in decision-making (Manita et al., 2018). From the overall survey, only about 15.8% of organizations have implemented guidelines related to ESG considerations in their companies. In addition, the values and code of ethics in applying the organizational governance principles in the company's short-term and long-term operations to build awareness of ESG risks were around 13.5%, indicating that awareness of sustainable development and the code of ethics of an organization in Indonesia is still low and has not received a positive response. For this reason, Indonesia should focus more on ESG practices because of the many environmental polemics, especially regarding climate change.

Moreover, the decision-making process in a company is carried out by stakeholders and the board of directors. The characteristics of the board in a company are essential; this is suspected to determine the effectiveness of a company's governance and CSR disclosure (Manita et al., 2018). In a company, if there is gender diversity in the board room, it indicates having a much better understanding of the process of overseeing the business environment (Miller & del Carmen Triana, 2009). On the board of directors, women are in the spotlight because their leadership styles are different from men's directors; on the other hand, women directors pay attention not only to environmental but also to social issues related to donations, educational and non-governmental organizations, or environmental issues, including waste management, water efficiency, and pollution reduction (Bear et al., 2010).

The presence of female directors is deemed more participatory and democratic compared to male directors (Ray, 2015). Based on a study by the World Bank (1999), the level of women's participation at the parliamentary level leads to a decrease in the significance level of corruption in a country. However, Alatas et al. (2009) research suggested that corrupt behavior in Australia, India, Singapore, and Indonesia is not only based on gender but also due to habits and forms of culture. In addition, a survey conducted in Transparency International's Global Corruption Barometer in 2009 brought consistent evidence that women bribed less than men. In the end, women are considered more concerned with and have a much greater social concern regarding the welfare of the surrounding environment (Manita et al., 2018). Therefore, the presence of female leadership immunity can minimize the occurrence of political fraud in companies.

Further, the presence of women on company boards is the main thing to highlight. It is expected to increase the role of social and environmental issues in a corporate perspective, such as human rights, climate change, and income equality, to develop company strategies (Loop & DeNicola, 2019). In the global realm, it implies that women are more inclined and sensitive to social issues closer to the level of empathy or concern for society. However, this preference indicates that this ability does not automatically affect the disclosure level because it will depend on the company reporting complexity. Therefore, the current researchers researched further the impact of gender diversity in the boardroom on the ESG (environmental, social, and governance) disclosures, especially within the scope of Indonesia.

The research conducted by Cucari and Mugova (2017) showed insignificant results between the diversity of the board and the disclosure of ESG scores. It indicates that the higher the gender diversity, the lower the ESG disclosure score. In addition, the research by Ismail and Latif (2019) resulted in an insignificant relationship between gender diversity and ESG; this could be due to the small number of female board members in Malaysia. The previous research gap from the hypothesis results revealed no significant effect. Hence, this study attempts to prove that gender diversity, especially in the small number of women, can significantly affect ESGD. It will be in line with research conducted by Wasiuzzaman and Wan Mohammad (2020), Arayssi et al. (2016), Bravo and Reguera-Alvardo (2017), and other studies.

In this case, the stakeholder theory by Freeman (1984) is a concept developed primarily for large firms and companies to communicate by disclosing information to their stakeholders. Larger firms may have higher public pressure (Udayasankar, 2008), and they use CSR reporting to justify to stakeholders in a broader sense. Hahn and Kühnen (2013) verified that the firm size is the only internal determinant that consistently and positively affects sustainability reporting. Furthermore, literature from Graafland et al. (2003) stated that larger firms use more instruments to analyze and report ethical and sustainable behavior, and it seems that larger firms have more resources and more often use reporting tools to provide ESG data. Therefore, based on this description, this study aims to determine the effect of gender diversity in the directors on ESG disclosure in all industrial sectors in Indonesia, and the research novelty is the additional relationship between how a company's growth moderates gender diversity and ESG disclosure in Indonesia.

Previous studies also imply that women are more inclined and sensitive to social issues close to the level of empathy or concern for society. Still, this preference indicates that this ability does not automatically affect the disclosure level because it will depend on the company reporting complexity. Therefore, the researchers investigated gender diversity in the boardroom on the ESG (environmental, social, and governance) disclosures, especially within the scope of Indonesia. In this regard, company growth is also often associated with better ESGD due to better resources; thus, the authors want to see its relationship in the company with diversity on the board.

From this research, it is expected to provide empirical evidence and become a reference for further research, especially in the scope of ESG as a form of company concern for the context of sustainability.

Literature Review and Hypotheses Development

According to Dowling and Pfeffer (1975), legitimacy is defined as a condition or status in which an entity or company has a congruent value system and indicates that this social system is a larger part of the scope of the value system itself. Meanwhile, the first upper echelons theory was introduced by Hambrick and Mason (1984). This theory considers the concept of top management as the main strategic decision-maker in the organization. Related to that, gender diversity in the boardroom is one aspect of board diversity, where gender in boardrooms has recently become a prominent issue in a company. In this case, the values held between men and women have differences in social responsibility (Pos et al., 2011).

Moreover, because executives have responsibility for the organization as a whole, their characteristics, what they do, and how they do it, in particular, affect organizational outcomes (Finkelstein & Hambrick 1996). In addition, according to Smith and Rogers (2000), women are also considered more able to act ethically and prioritize ethics than men. Then, it can minimize the occurrence of a violation of organizational policies in a company.

The main premise of the upper-echelons theory is that executives' experiences, values, and personalities greatly influence their interpretation of the situation at hand and impact their choices. Therefore, a focus on the top management's characteristics will produce a more substantial explanation of organizational outcomes than a focus on individual top executives. Furthermore, management decision is influenced by the cognitive characteristics of the board of directors and the board of commissioners. Here, gender is considered an alternative basis that describes a person's cognition so that it can influence decision-making in the organization (Byron & Post, 2016).

Meanwhile, stakeholder theory sees that companies need to maintain relationships not only with shareholders but also with other stakeholders, such as customers, suppliers, employees, investors, and communities. Freeman (1984) initially detailed the stakeholder theory of organizational management and business ethics, discussing the morals and values of managing an organization. The bigger the company, the more stakeholders it has, and the more public is concerned about high-profile cases damaging its reputation. Several attempts have been made to incorporate these findings into general strategic business objectives. Many of these corporate social responsibility initiatives characterize stakeholder relations as a constraint, much like the corporate planning literature. This separation effectively isolates certain stakeholder relationships (society and environment) from other stakeholder relationships (focused on business). In addition, corporate social responsibility is seen as an "additional" luxury that only the most successful businesses can provide or as damage-limiting insurance rather than as a core input to corporate strategy.

European countries that have highlighted the presence of female directors on the company's board imply that female directors' participation is considered one indicator that a company has better governance. The Norwegian government, for example, passed a law for public companies to require a company to have a 40 percent quota of board representation (Matsa & Miller, 2013). In addition, Spain also mandated the same thing to fulfill the quota of women as much as 40 percent on the company's board so that the results of a company's performance could run effectively (Campbell & Vera, 2010). Countries like the UK, France, Germany, the Netherlands, Belgium, and Sweden have also implemented mandates to fulfill gender quotas, especially for female directors on company boards (Gregory-Smith et al., 2018). In this case, the leadership structure also influences the implementation of gender diversity on the board, where each country has a diverse board structure system.

The board structure system in various countries has a different structure. For example, the UK and US apply a single-board system basis, where the membership of the board of directors and commissioners is absolutely not separated. In this system, the board of commissioners concurrently serves as a member of the board of directors, and the two become one unit as the board of directors. Meanwhile, the two-tier system model conceptually separates the board of commissioners as supervisors and the board of directors as corporate executives. On the other hand, Indonesian company generally applies a two-tier system basis, consisting of a board of commissioners and a board of directors, used as leadership guidelines in the boardroom (Wise & Ali, 2009).

Moreover, the current global response focuses more on environmental issues, especially the frequent occurrence of extreme climate change in various parts of the world. Thus, the polemic about the environment becomes one of the things that must be handled together with the company's awareness of the environment and waste management. To go beyond the normal scope of a company, there is the issue of sustainable development and the term ESG (environment, social, and governance), which is considered a new trend under CSR (Buallay, 2019). According to Elkington (1999), suggesting the existence of a theoretical framework of sustainability, a "triple bottom line" shows that a corporation can achieve sustainable development if it can implement and integrate economic, social, and environmental aspects within its business scope. In addition, a company must have a regulatory role to focus on sustainable development to benefit producers and consumers in the company's business.

Previous researchers have examined gender diversity in the boardroom on the environmental, social, and governance disclosure. Therefore, the results of previous studies can be used as a reference for this research. However, some studies have been carried out in various countries and are still not widely applied by companies regarding sustainability reporting and corporate social responsibility, especially concerning environmental, social, and governance disclosure (Cucari et al., 2018; Issa & Fang, 2019; Wasiuzzaman & Wan Mohammad, 2020; Ismail & Latiff, 2019; Arayysi et al., 2016; Bravo & Reguera-Alvarado, 2019; Paltrinieri., et al., 2020; Arayssi et al., 2020; Del Bosco & Misani, 2016; Qureshi et al., 2020). It indicates that the results of previous studies support this study. Meanwhile, in their research, Humphrey et al. (2012) showed that the environmental scores had no significant effect on UK companies' performance. In addition, Hutton et al. (2001) identified communication spending for social responsibility as the third-largest budget item for corporate communication departments in Fortune 500 companies. Apart from this, it is unknown how much a company spends only on CSR reporting. However, the number of CSR reports has grown in recent years (Perez & Sanchez, 2009; King & Bartels, 2015), and research from Chauhan (2014) revealed that CSR spending grows with firm size. In this case, an important finding from research in this area is that those small and large companies differ in the structure and formalization of ESG reporting.

The influence of gender diversity in the boardroom on environmental, social, and governance disclosure

The impact of ESG disclosure usually occurs in companies that are more sensitive to environmental issues, where these companies usually operate in a more accessible social contact. In addition, ESG disclosure as a whole can provide a more significant assessment if a company is exposed to environmental problems. Therefore, ESG requirements are higher, and the more sensitive industry will focus more on sustainable handling using the ESG application as the company's standard in overcoming environmental polemics (Miralles-Quirós et al., 2018).

Moreover, Galbreath (2011) stated that women on boards could promote long-term sustainability projects by reporting on investments in corporate social responsibility. In addition, other studies revealed positive and significant results in the board diversity on ESG disclosure. It is in line with research conducted by (Wasiuzzaman & Wan Mohammad, 2020; Arayssi et al., 2016; Bravo & Reguera-Alvardo, 2019), and other studies. Therefore, board diversity, in reality, provides benefits for environmental, social, and corporate governance, where the relationship between the presence of women on the board and the efficiency of ESG disclosure is not a simple linear relationship. The statement supports the upper echelon and legitimacy theories, suggesting that all company decisions are the leader's thoughts. In this case, the board and the legitimacy theory take on the company and try to gain recognition from the wider community. However, there are many diverse levels, so gender diversity in the boardroom can be hypothesized to influence ESG significantly.

***H_1**: Gender diversity in the boardroom has a significant positive effect on ESGD.*

The influence of gender diversity in the boardroom on environmental, social, and governance disclosures and its relation to growth

Gender diversity in the boardroom consists of the board of directors and the board of commissioners, who must pay more attention to disclosure in sustainable reporting, which can also impact the company. A company with sustainable disclosure is expected to increase its performance with better company growth so that the company will be able to continue its operations in the long term. Qureshi et al. (2020), in his research, stated a significant and positive relationship between ESG sustainability, especially in the sensitivity industry, and company growth. Smith and Rogers (2000) also consistently asserted that women are more likely to act ethically than men and avoid violating organizational policies. Another line of argumentation comes from Graafland et al. (2003), noting that larger firms use more instruments to analyze and report ethical and sustainable behavior. They also argued that competitiveness and cost pressure between smaller firms is higher.

Furthermore, the provision of sustainability data is costly. The crucial finding of the research in this field is that small and large firms differ in the structuring and formalization of ESG reporting. For example, Hörisch et al. (2015) found that larger firms had more knowledge of sustainability management tools (e.g., environmental management systems or balanced sustainability scorecards) than small firms. In addition, it is suggested that women are more concerned about perceived health and environmental risks than men (Wehrmeyer & McNeil, 2000). Thus, the researchers developed the second hypothesis. Also, this hypothesis supports the stakeholder theory that management thinks about business ethics as the company grows.

***H_2:** Company growth can strengthen the relationship between gender diversity in the boardroom and ESGD.*

Research Method

The approach used in this study was quantitative methods. This quantitative approach is identical to processing statistical data in the form of numbers adopted from financial statements to assess a certain hypothesis to produce information. This quantitative approach is defined as an approach that can measure data in a structured manner and quantify and generalize results from large samples representing each research population using statistical methods (Anshori & Iswati, 2019). The dependent variable in this study was environmental, social, and governance disclosures (ESGD). Meanwhile, the independent variable in this study consisted of gender diversity in the board room with control variables of board independence (BINDEP), board size (BSIZE), leverage (LEV), firm size (FSIZE), return on assets (ROA), industry (INDUSTRY), and big 4 auditors (BIG4).

The operational definition of a research variable is an attribute or value of an object. It is usually interpreted as an activity with certain variations and is determined by a researcher to produce an interpretation and draw a conclusion. In addition, the definition of research variables must be unified to avoid multiple interpretations (ambiguity) in the data collection process (Sugiyono, 2015). The measurement of all variables used in this study can be seen in Table 1.

Table 1 The Measurement of All Variables Used in This Study

Variable		Measurement	Source
Dependent Variable			
ESG Disclosure	ESGD	Actual score from the accumulated sum of each indicator E or ENVI (environmental), S or SOCL (social) and G or GOV (governance)	GRI Index
Independent Variable			
Gender Diversity in the Board	PWOMD1 PWOMC1	The percentage of female directors on the board The percentage of female commissioners on the board	(Annual Report)
Moderation Variable			
Growth		Presenting the growth of the company's assets	(Annual Report)
Control Variables			
Board Size	BSIZE	Number of directors and commissioners in the company	(Annual Report)
Board Independence	BINDEP	Number of independent directors and independent commissioners in the boardroom	(Annual Report)
Growth	GROWTH	Presenting the growth of the company's assets	(Annual Report)
Leverage	LEV	Total debt divided by total assets	ORBIS
Firm Size	FSIZE	Natural logarithm (ln) of the company's total assets	ORBIS
Return on Asset (ROA)	ROA	Profit or earnings after tax (EAT) divided by total assets	ORBIS
Auditor Big 4	BIG4	Score 1 if the company's sustainability report is audited by a Big 4 auditor, and a score of 0 if otherwise	(Sustainability Report)
Industry	INDUSTRY	Companies that are adapted to certain types of companies as listed in the annual report	(Annual Report)

The data source used in this research was secondary data from the official website of the Indonesia Stock Exchange. Other data sources, specifically control measures, were obtained from the ORBIS database. The data used in this study were also from companies' financial statements in Indonesia and acquired from the Indonesia Stock Exchange from 2010 to 2018. Then, the indicator data for each ESGD element were gained through the Bloomberg Online website.

The population in this study was companies listed on the IDX from 2010 to 2018. This research covered all industrial sectors to obtain clearer results to understand the wider impact of ESGD. Then, the sampling technique used the purposive sampling method. The analytical techniques employed in this study were descriptive statistical analysis tests, Pearson correlation tests, and multiple linear regression analysis tests, with the help of STATA 15.0 software. In a study, there is a distribution of data so that there may be many outliers; it results in a large number of data experiencing deviations that are too far. It distorts the results when developing a research model (Kettaneh et al., 2005). To overcome this problem, a Winsorizing was conducted on each study variable before the descriptive statistical analysis test was performed. Then, the regression model used in this study is as follows:

Model 1: To test hypothesis 1, the influence of gender diversity in the boardroom on environmental, social, and governance disclosure

$$ESGD_{i,t}=\beta_0+\beta_1 PWOMD_{i,t}+\beta_2 PWOMC_{i,t}+\beta_4 BSIZE_{i,t}+\beta_5 BINDEP_{i,t}+\beta_{6} GROWTH_{i,t}+\beta_7 LEV_{i,t}+\beta_{8} FSIZE_{i,t}+\beta_{9} ROA_{i,t}+\beta_{10} BIG4_{i,t}+\beta_{11} YEAR_{i,t}+\beta_{12} INDUSTRY_{i,t}+\varepsilon_{i,t} \quad \ldots\ldots (1)$$

Model 2: To test hypothesis 2, the influence of gender diversity in the boardroom on environmental, social, and governance disclosures with company growth

$$ESGD_{i,t}=\beta_0+\beta_1 PWOMD*GROWTH_{i,t}+\beta_2 PWOMC*GROWTH+\beta_3 PWOMD_{i,t}+\beta_4 PWOMC_{i,t}+\beta_5 BSIZE_{i,t}+\beta_6 BINDEP_{i,t}+\beta_{7} GROWTH_{i,t}+\beta_8 LEV_{i,t}+\beta_{9} FSIZE_{i,t}+\beta_{10} ROA_{i,t}+\beta_{11} BIG4_{i,t}+\beta_{12} YEAR_{i,t}+\beta_{13} INDUSTRY_{i,t}+\varepsilon_{i,t} \quad \ldots\ldots (2)$$

Result and Discussion

In a study, there are subjects and objects of research. The subjects in this study were all companies listed on the Indonesia Stock Exchange and included in the GRI index in the 2010-2018 period. Meanwhile, the objects in this study were gender diversity in the boardroom and environmental, social, and governance disclosures. This study also covered all industrial sectors of the company, including agriculture and forestry, construction, finance, insurance, and property (real estate), manufacturing, mining, services, transportation, communications, and wholesale trade.

Table 2 Purposive Sampling Criteria

Description	Observation
Number of companies listed on the IDX in 2010-2018	4.907 observations
Excluded:	
Companies that were not registered in the GRI database	(4.283 observations)
Total companies listed on the IDX and the GRI database in 2010-2018	(624 observations)
Companies that were delisted and did not have complete data	(48 observations)
Final samples	576 observations

Table 3 Sample Distribution

	Panel A *No woman on the board*		Panel B *Has woman on the board*		Total	
	N	**%**	**N**	**%**	**N**	**%**
(SIC 1) Agriculture and Forestry	24	4.2	12	2.1	36	6.3
(SIC 2) Construction	7	1.2	11	1.9	18	3.1
(SIC 3) Finance, Insurance, Property	25	4.3	155	26.9	180	31.3
(SIC 4) Manufacturing	40	6.9	86	14.9	126	21.9
(SIC 5) Mining	38	6.6	61	10.6	99	17.2
(SIC 6) Services	10	1.7	8	1.4	18	3.1
(SIC 7) Transportation & Utilities	16	2.8	56	9.7	72	12.5
(SIC 8) Wholesale Trade	9	1.6	18	3.1	27	4.7
Total	169	29.3	407	70.7	576	100.0
N	576					

Source: Data processed with STATA, 2020. *Notes: 1. Agriculture, forestry, and fishing, 2. Construction, 3. Finance, insurance, and property, 4. Manufacturing, 5. Mining, 6. Services, 7. Transportation, communication, and utilities, 8. Wholesale trade*

The validity test used a loading factor approach and a minimum value of 0.70 to determine the indicator's validity. The loading factor is the relationship between the indicator and constructed values (Andriariza, 2013). In convergent validity testing, the rule of thumb is the lowest outer loading value of 0.70, with an Average Variance Extracted (AVE) of more than 0.50 (Hartono, 2011).

Table 4 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
ESGD	576	0.00	1.00	0.38	0.21	0.05
PWOMD1	576	0.00	0.67	0.12	0.16	0.02
PWOMC1	576	0.00	1.00	0.12	0.26	0.07
GROWTH	576	-0.26	0.64	0.15	0.18	0.03
ROA	576	-16.78	42.14	5.56	9.09	82.70
LEV	576	0.14	1.19	0.62	0.23	0.05
FSIZE	576	19.39	27.63	23.94	1.59	2.53
BSIZE	576	0.00	21.00	11.03	4.62	21.36
BINDEP	576	0.00	6.00	2.51	1.23	1.50
BIG4	576	0.00	1.00	0.73	0.45	0.20
WOMENONBOARD	576	0.00	1.00	0.71	0.46	0.21
N	576					

The observations explained that ESGD (environmental, social, and governance disclosures) had a mean value of 0.38. In addition, for ESGD, the maximum value was 1.00, and the minimum value was 0.00. PWOMD1 showed a mean value of 0.12 of the total observations, with a minimum value of 0.00 and a maximum value of 0.67. Besides, PWOMC1 revealed a mean value of 0.12 of the total observations, with a minimum value of 0.00 and a maximum value of 1.00.

Multiple regression results between the ESGD and the gender diversity in the boardroom variables showed that gender diversity was measured using three proxies: PWOMD, PWOMC, and PWOMDC. The regression testing of this hypothesis was carried out twice using ordinary least squares and controlling with year fixed effects and industry fixed effects. Then, the cluster model approach adopted from Petersen (2009) was employed in the second ordinary least square.

Table 5 Gender Diversity in Boardroom on Environment, Social, and Governance Disclosure

	(1)
Variables	**ESGD**
PWOMD1	0.841^{**}
	(2.03)
PWOMC1	0.772^{**}
	(2.05)
GROWTH	-0.0776
	(-1.31)
ROA	0.00265^{**}
	(2.35)
LEV	-0.0795^{*}
	(-1.70)
FSIZE	0.0180^{**}
	(2.47)
BSIZE	0.00530^{**}
	(2.37)
BINDEP	-0.0130
	(-1.48)
BIG4	0.0569^{***}
	(2.70)
WOMENONBOARD	-0.00582
	(-0.23)
Industry	*Included*
Year	*Included*
GRI	*Included*
Constant	-0.0265
	(-0.17)
F	8.590
r2	0.222
Rmse	0.193
N	576

t-statistics in parentheses
Source: Data processed by STATA * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

In the regression test results on each independent variable, PWOMD1 explained the board of directors in the board room, in which in column 1 ESGD, the PWOMD1 coefficient was 0.841, and the t-value was 2.03, significant at the 5% level. It indicates that for every 1-point increase in PWOMD1, ESGD will increase by 0.841. Then, PWOMC1 described the board of commissioners in the board room, where in column 1 ESGD, the coefficient of

PWOMC1 was 0.772 with a t-value of 2.05, with a significance level of 5%. It denotes that for every 1-point increase in PWOMC1, the ESGD will increase by 0.772. In addition, the regression results showed that gender diversity in the boardroom, PWOMD1 and PWOMC1 significantly and positively affected ESGD. These results are consistent with the research hypothesis and indicate that the board of directors and commissioners' participation in the female gender has a vital role in ESG disclosure. Moreover, the value of r^2 on the ESGD revealed that the results of this regression model could explain the relationship between the independent and dependent variables by 22.2%.

Table 6 Gender in Diversity in Boardrooms on Environment, Social, and Governance Disclosure with Company Growth

	(1)	(2)
	ESGD	**ESGDGROW**
PWOMD1	0.841**	
	(2.03)	
PWOMC1	0.772**	
	(2.05)	
PWOMDGROW		3.026**
		(2.25)
PWOMCGROW		2.631**
		(2.21)
GROWTH	-0.0776	0.0118
	(-1.31)	(0.13)
ROA	0.00265**	0.00296**
	(2.35)	(2.58)
LEV	-0.0795*	-0.0616
	(-1.70)	(-1.24)
FSIZE	0.0180**	0.0200***
	(2.47)	(2.82)
BSIZE	0.00530**	0.00472**
	(2.37)	(2.10)
BINDEP	-0.0130	-0.0113
	(-1.48)	(-1.27)
BIG4	0.0569***	0.0604***
	(2.70)	(2.83)
WOMENONBOARD	-0.00582	-0.0111
	(-0.23)	(-0.49)
Industry	*Included*	*Included*
Year	*Included*	*Included*
GRI	*Included*	*Included*
Constant	-0.0265	-0.106
	(-0.17)	(-0.72)
F	8.590	8.393
r2	0.222	0.221
Rmse	0.193	0.193
N	576	576

t statistics in parentheses; Source: Data processed by STATA; * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The results of this regression explained the relationship between gender diversity in the boardroom and ESGD with company growth. For PWOMDGROW on ESGD, the PWOMDGROW coefficient was 3.026, and the t-value was 2.25, significant at the 5% level. It shows that for every 1-point increase in PWOMDGROW, ESGD will increase by 3,026. In addition, PWOMCGROW explained the ranks of the board of commissioners in the ESGD; the coefficient of PWOMCGROW was 2.631 with a t-value of 2.21 with a significance level of 5%. It indicates that for every 1-point increase in PWOMC1, the ESGD will increase by 2,631. Thus, the regression results showed that for gender diversity in the PWOMDGROW board room, PWOMCGROW had a significant positive effect on ESGD. This result is consistent with the research hypothesis. It shows that the participation of the female board of directors and commissioners has a significant role in ESG disclosure and can increase company growth.

Moreover, the value of r^2 on the ESGD showed that the results of this regression model could explain the relationship between the independent and dependent variables of 22.1%. Besides, from the research results carried out by multiple linear regression, gender diversity in the board room significantly affected ESGD. It denotes that companies with more diverse gender diversity and the presence of women on the board of directors and commissioners will affect their environmental, social, and governance disclosures. Also, the results of this study follow the initial hypothesis proposed so that the first hypothesis (H_1) was accepted.

Further, from the research results using ordinary linear regression, company growth strengthened the relationship between gender diversity in the boardroom and ESGD. It signifies that companies with good growth, more diverse gender diversity, and having women on the board of directors and commissioners will affect their environmental, social, and governance disclosures. These results support Qureshi et al. (2020) and Wasiuzzaman and Wan Mohammad (2020) research, uncovering a significant positive relationship between ESG disclosure, especially in the sensitivity industry, and company growth. It could happen because companies that tend to grow will also improve the ESG disclosure. Therefore, the results of this study follow the initial hypothesis proposed so that the second hypothesis (H_2) was accepted.

This study focuses on the effect of gender diversity in the board of directors on ESG disclosure in all industrial sectors in Indonesia and aims to find the additional relationship or interaction between gender diversity and ESG disclosure with company growth. This research is expected to provide empirical evidence and become a reference for further research, especially in the scope of ESG as a form of company concern for the context of sustainability. This study also tries to continue previous research with a setting in Indonesia, where it is still difficult for women to be free from discrimination and gender inequality; the women's leadership in Indonesia is still an event, and how onboard will they (women) consider companies ESG disclosure (Wasiuzzaman & Wan Mohammad, 2020; Arayssi et al., 2016; Bravo & Reguera-Alvardo, 2019). In addition, adding GROWTH to see if the expanding company will affect their relationship as a novelty in this study is consistent with previous research on how the company size will align with ESG disclosure (Qureshi et al., 2020; Chauhan, 2014; Hörisch et al., 2015). From a theoretical perspective, this research is supported by the upper echelon theory, where the decisions taken by the company are the thoughts of the company's board, and the legitimacy theory, in which companies try to ensure that they carry out activities within the limits of the norm, in this case, ESG. Finally, it also aligns with a stakeholder theory, where the company must look at the interests of the broader community than only the shareholders; in this case, companies need to consider the environment as a form of social responsibility (Hambrick & Mason, 1984; Dowling & Pfeffer, 1975; Freeman, 1984).

Conclusion

This study aimed to obtain empirical evidence regarding the influence of gender diversity in the boardroom on ESGD (environmental, social, and governance) disclosure. The results of this study revealed that gender diversity in the boardroom had a significant and positive effect on environmental, social, and governance disclosures. The results of this study answer the upper echelons and legitimacy theories, where gender diversity in the board room with the presence of female directors can provide space for them to play their functions, especially in corporate social responsibility. In addition, environmental, social, and governance disclosures also answer the legitimacy theory, where the ESG disclosure is a form of sustainability in implementing social responsibility to external parties, especially in gaining the community's trust.

This study further makes several contributions, both from theoretical and practical perspectives. First, the study focused on the diversity of boards and ESG disclosure in Indonesia. This study is also an expansion of the study of ESG disclosure. This study measured CSR using the ESG score rating, utilizing measurement levels based on GRI standards. Second, the study expands the literature by documenting the relationship between board diversity, company growth, and ESG disclosure as the novelty of this study.

Third, the results of this study deepen the study of upper echelon theory. It is related to ensuring a match between the characteristics of company leaders, where there is diversity on the board in this study. Therefore, companies with management teams with optimal risk preferences will be able to increase ESG, following the upper echelon theory, suggesting that the company's strategy reflects the characteristics of the company's board of directors. Fourth, our results are also expected to contribute to practitioners by informing them that having a diversity of boards within the company will lead to better ESG disclosure. Especially if the company is in a good growth position, it will create better disclosure. Finally, a practical contribution of this study is that placing people with gender diversity on the board is crucial. When the company recruits a woman to the board, the company's ESG disclosure level will change. Therefore, company stakeholders can consider these results if they want company sustainability by recruiting a woman on the board.

This study has limitations, but these limitations are expected to be an opportunity for further research. The researchers only investigated gender diversity in the boardroom on the percentage of the board of directors and the board of commissioners. Thus, in the future, there are suggestions for further researchers to focus on other variations, such as nationality, differences in characters from various ethnicities and races that are diverse in Indonesia, and various forms of director background. Furthermore, research on environmental, social, and governance disclosure conducted by the researchers was limited to the value of overall disclosure, so it is hoped that future researchers will broadly categorize each environmental, social, and governance indicator. In addition, the lack of companies in Indonesia that disclosed sustainability reporting was also a limitation in this study. Therefore, research suggestions for companies are to prioritize social responsibility through sustainability reporting, especially regarding ESG (environmental, social, and governance) criteria and applying GCG (good corporate governance) principles.

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