JURNAL UPI

Jurnal Riset Akuntansi dan Keuangan

Journal homepage: https://ejournal.upi.edu/index.php/JRAK/

Does Board Gender Diversity Moderate ESG, Dividend Policy, and Firm Value Relationships?

*Fara Sahira Nur Aisyah[1], Tantina Haryati[2], Vicky Vendy[3]**

[123]Faculty of Economics and Business, Universitas Pembangunan Nasional "Veteran East Java", Indonesia

*Correspondence: E-mail: vicky.vendy.ak@upnjatim.ac.id

A B S T R A C T

The objective from this study is to investigate the relationship from ESG performance and dividend policy on firm value, and the impact of moderating variable that from board gender diversity. The sample comprises 103 manufacturing companies registered on the IDX in both 2021 and 2022. Data were gathered from annual and sustainability reports and analyzed by panel data regression. The research findings show that environmental performance and dividend policy have a positive effect on firm value. Combined ESG, social, and governance performance have no influence on firm value. On the other hand, board gender diversity can negatively moderate the effect of dividend policy on firm value, but it cannot moderate the influence from combined ESG performance on firm value.

I N F O A R T I K E L

Article History:

Submitted/Received June 15, 2024

First Revised July 15, 2024

Accepted July 31, 2024

First Available online August 14, 2024

Publication Date August 14, 2024

Keyword:

Firm value,

Board Gender Diversity,

ESG Performance,

Dividend Policy.

1. INTRODUCTION

All companies globally should have goals and missions to be achieved for their progress. When the company has achieved success, it can be used as a benchmark for a firm's value. The company's assessment reflects its performance and describes the situation and state of the company, which is influenced by the views of shareholders (Hendrani & Septyanto, 2021). The welfare of stakeholders can be promised through consistency and maximum effort in maintaining good firm value from year to year. The company's response to sustainability through non-financial aspects is an important factor that must receive more attention to increase firm value. Non-financial aspects such as social responsibility, good governance, and increased awareness of global risks related to environmental changes are of new interest to investors. However, they can pressure companies, and some corporate risks are widely reported in ESG aspects (Aydoğmuş et al., 2022).

In recent years, ESG performance disclosure has become increasingly popular among publicly traded companies due to the efforts of company management to respond to requests from investors, engage stakeholders, and provide reactions competition and to crises in companies in various industries (Olsen et al., 2021). The effect from ESG performance on firm value proxied by Tobin's Q has been extensively researched. ESG performance, both in combination and individually disclosed by companies has demonstrated that it can improve both the value and performance of a company (Abdi et al., 2022; Aydoğmuş et al., 2022; Cheng et al., 2023). In contrast, others believe that ESG performance, both in combination and individually, has no effect (Atan et al., 2018). The fact exists that ESG practices can protect the interests of investors and ensure that management decisions are separated from corporate control (Chouaibi et al., 2022). Another fact mentioned is that when companies optimally implement ESG practices, they will get an increase in business performance, corporate reputation, business networks, customer loyalty, and opportunities to increase the issuer's share price, as well as attract the attention of investors and open more expansive access to funding sources for company operations and performance (Kristianti, 2023).

The momentum of corporate sustainability is slowly starting to be applied because the high integrity of ESG makes it a global trend through ESG performance disclosure in developed and developing country companies, one of which is in Indonesia. Sustainability reports are a forum for disclosing the company's ESG performance. Some companies have prepared sustainability reports that meet the guidelines of the Global Reporting Initiative called GRI (Setiani, 2023). The government in Indonesia also did not remain silent. They responded to the issue of sustainability and ESG implementation by issuing a regulation POJK No.51/POJK/No.03/2017, which discusses how to implement sustainable financing for Indonesian public enterprises, financial services institutions, and issuers (Kristianti, 2023). Therefore, the company's commitment to disclosing ESG performance is essential to its sustainability.

The market reaction to the dividend policy explains various issues and company information, such as the uncertainty of the annual company income and the lack of transparency in disclosing all non-financial and financial information (Seth & Mahenthiran, 2022). The evaluation of the rate of return through dividends and capital gains provides a basis for investors to make decisions about investing capital in the company (Utami & Darmayanti, 2018). Dividend policy information that is endorsed by corporate management serves as a reliable indicator for investors to evaluate the company's financial condition

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

because, in their opinion, by distributing high dividends, the company is in a situation and condition where the financial and operational performance is at a maximum level, which in turn is expected to increase the firm value. However, there is always a debate between investors who want dividend distributions that satisfy them and the company management side who strive to manage these profits for company needs (Agung et al., 2021). Several studies showed that the commitment and consistency of companies that distribute dividends would increase firm value (akma et al., 2023; Kadim et al., 2020; Santosa et al., 2020).

Apart from explaining the factors that influence firm value, board diversity, one of which is gender diversity, is a form of increasing firm value. According to Handayani & Panjaitan (2019), the board of directors is diverse with regard to age, experience, gender, and educational background. Gender diversity in the company provides an excellent opportunity to be more effective and efficient. Suppose the company focuses more on the composition of the management structure to be heterogeneous. In that case, it encourages positive impacts related to conflict mitigation that will occur, and gender diversity mainly serves to resolve problems outside of legal justice and supports high identification between company management (Byoun et al., 2016). Women get many opportunities in the world of work to serve and occupy high positions, such as directors in a company. When there is female representation on the board, it will provide a different perspective and get various, more innovative ideas (Wiley & Monllor-Tormos, 2018; Young et al., 2019). In Indonesia, based on the Central Statistics Agency (BPS) data showed that women in managerial positions reached 32.26% in 2022.

The board gender diversity had an effect on combined ESG performance (Aladwey et al., 2022; Khemakhem et al., 2023;22; Shakil et al., 2021) and also dividend policy (Brahma et al., 2021; Khan & Kent Baker, 2023; Mulchandani et al., 2021). According to Menicucci & Paolucci (2022), having gender diversity company’s board would positively affect ESG performance when the ratio of women and men was equal. Then, it would have a negative impact when the proportion of women was less than that of men, even though some women may be highly interested in sustainability and have expertise in ESG. Furthermore, Mustafa et al. (2020) presented the findings of the dividend policy's influence, indicating that including women on the board after the dividend announcement was beneficial. According to Almeida et al. (2020), an insignificant impact on dividend policy was observed when there were more women as a member of the company's board because of existence female board members created a tendency for weak income distribution and low payout rates.

The explanation of previous research shows that there is an increase in firm value through the disclosure of ESG performance both in combination and individually also dividend policy, and board gender diversity has an influence on dividend policy and company's combined ESG performance. However, previous research does not make board gender diversity a moderating variable. Therefore, this study aims to examine how both combined and individual ESG performance also dividend policy affect the firm value and to determine if board gender diversity can influence relationship of the combined ESG performance, dividend policy, and firm value. The contribution from this study is significant of corporate governance literature and examines the connection of ESG performance and Tobin’s Q as firm value proxy’s. Second, there is information on how implementing ESG performance in Indonesia can help the government make better policies and regulations. The novelty of the research is

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

created by testing board gender diversity as a moderating variable and using GRI as a standard to get ESG performance scores in manufacturing companies in Indonesia, such as conducted by Hikam & Haryati (2023). The research conceptual framework can be reviewed in Figure 1

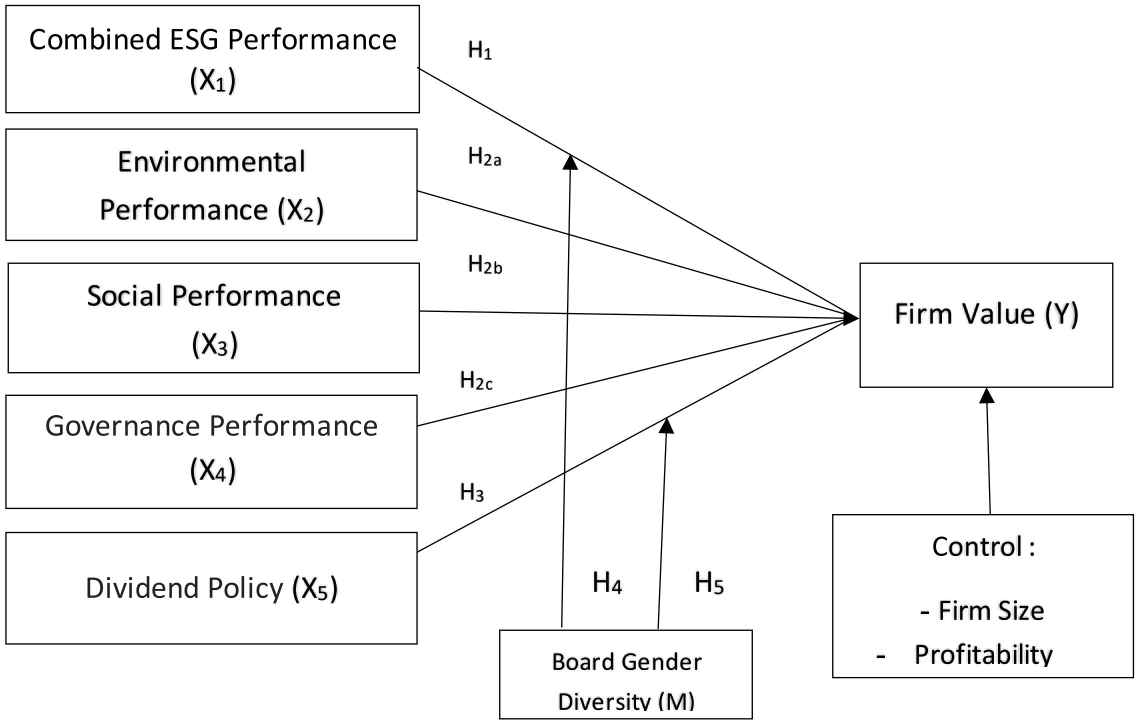

Figure 1. Conceptual Framework

Combined ESG Performance and Firm Value

Investors can apply the presence of ESG practices as a non-financial metric to identify possible risks in the business's operations that could impede its capacity to expand sustainably. In addition, investors must assess several factors, namely all traditional financial factors, material factors, and ESG factors, to assess investment opportunities and risks in a company because they consider a very likely influence on company performance and investment performance (Chouaibi et al., 2022). There was a significantly positive relationship from firm value and combined ESG performance (Cheng et al., 2023; Chouaibi et al., 2022; Lunawat & Lunawat, 2022). However, Atan et al. (2018) showed no effect of combined ESG performance with firm performance in a sample of 54 companies during the 2010-2013 period in Malaysian companies. From Cheng et al. (2023), according to stakeholder theory, a company may build an excellent reputation that will make increase of firm value with achieving high performance from the ESG concerns and establish a stable operational environment. Hence, following of the hypothesis is proposed:

H_1: Combined ESG performance has a positive effect on firm value

Environmental Performance and Firm Value

The company's environmental performance is demonstrated by its responsibility to disclose its environmental policies and actions, as well as by carrying out those and supporting the preservation of its reputation and market presence. Stakeholder theory supports the relationship between firm value and environmental performance. Stakeholders certainly need information on disclosure of corporate environmental performance, which is useful for assessing company performance. Numerous studies have indicated that environmental performance positively impacts firm value (Abdi et al., 2022; Cheng et al., 2023). Aydoğmuş et al. (2022) and Atan et al. (2018) discovered of the environmental performance that had no impact on firm value. Thus, drawing upon stakeholder theory and prior studies, following of the hypothesis is derived:

H_{2a}: Environmental performance has a positive effect on firm value

Social Performance and Firm Value

The social dimension of the company can be utilized to assess of correlation between social performance. This encompasses the company's interactions with employees concerning their welfare, health, and safety at work, as well as its rapport with customers regarding their satisfaction with the company's products. Additionally, it involves the company's engagement with local communities through the implementation of ESG policies related to its social responsibilities (Xaviera & Rahman, 2023). Stakeholder theory upholds the idea that the connection of social performance and firm value, assessed via corporate social responsibility, will yield benefits for stakeholders, not just getting high profits from year to year (Aboud & Diab, 2018). Several studies have shown that social performance can positively influence firm value (Abdi et al., 2022; Cheng et al., 2023). However, Lunawat & Lunawat (2022) indicated a negative influence between social and company performance. Additionally, research from Atan et al. (2018) and Cheng et al. (2023) showed significant influence from social performance on firm value. Thus, drawing upon stakeholder theory and prior research, following of the hypothesis is formulated:

H_{2b}: Social performance has a positive effect on firm value

Governance Performance and Firm Value

Corporate governance performance serves as an indicator of transparency in corporate disclosure, independence among board members, the company's ownership structure, and minority shareholder policies (Lunawat & Lunawat, 2022). The encouragement of corporate sustainability transparency and the creation of firm value can occur when companies implement ESG performance in high governance aspects (Giannarakis et al., 2020). This demonstrates that as governance performance improves, the firm's value also rise because the element of stakeholder interests that is realized is a consideration for full disclosure of governance information in accordance with stakeholder theory. Several studies indicated that the outcomes of governance performance positively impact firm value (Alareeni & Hamdan, 2020; Aydoğmuş et al., 2022). Other studies have demonstrated that governance performance does not influence firm value (Abdi et al., 2022; Cheng et al., 2023). Therefore, from the stakeholder theory and previous research, following of the hypothesis is obtained:

H_{2c}: Governance performance has a positive effect on firm value

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

Dividend Policy and Firm Value

Company information in dividend announcements can influence the future value of the company. This happens if a business declares its dividends and gives clear signals to the capital markets about how it plans to perform going forward (Akhmadi & Januarsi, 2021). The signal theory supports the connection from firm value and dividend policy, wherein the signal can be in the form of company information for investors regarding dividend distribution. Various studies have discussed the effect from dividend policy and firm value by showing different results. Prior research showed positive results of dividend policy with firm value (Abdullah et al., 2023; Santosa et al., 2020; Seth & Mahenthiran, 2022). Therefore, based on signal theory and previous research, following hypothesis is obtained:

H_3: Dividend policy has a positive effect on firm value

The Moderating Effect of Board Gender Diversity on the Relationship Between Combined ESG Performance, Dividend Policy, and Firm Value

The board gender diversity refers of variation in the representation from female and male members on the board who are able to influence decision planning and making of the company's operational management policies and become a bridge that connects the interests of internal parties, namely company management with investors (Santioso & Daryatno, 2021). The company's board that having female member's will facilitates the expression of diverse opinions when making decisions, reducing the opportunity for conflict between authorized parties, providing more focus on stakeholder expectations, and increasing the effectiveness and efficiency of managing company resources (Handayani & Panjaitan, 2019). As per Manita et al. (2018), the resource dependence theory elucidates connection of ESG performance and the diversity of gender representation on the board because company performance depends on important resources owned by board members, including educational background, experience, and psychological characteristics. The type of decisions made by management, as assessed by the board of directors, includes voluntary disclosures, such as revealing the ESG performance (Khemakhem et al., 2023). Manita et al. (2018) had no find influence of board gender diversity and ESG performance in their research, but Paolone et al. (2024), Khemakhem et al. (2023), and Shakil et al. (2021) observed that combined ESG performance was positively impacted by board gender diversity. Therefore, from the theory and previous research, following of the hypothesis is obtained:

H_4: Board gender diversity moderates the effect of combined ESG performance on firm value.

According to Khan & Kent Baker (2023), the theory of resource dependence provides a perspective on the addition of a female board member being able to influence higher dividend payments to investors, which is beneficial for improving the company's communication with external parties which will later realize an increase in firm value. A company's board gender diversity indicates how many women are on the board. However, the nature of women have a higher sense of caution when facing risks such as economic changes that are not easy to predict and market uncertainty, forcing women to prefer to hold cash to protect company finances (Fauziah & Probohudono, 2018). Mulchandani et al. (2021) and Khan & Kent Baker (2023) suggested a favorable impact on the association of board gender diversity and dividend policy. However, according to Almeida et al. (2020) and

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

Vinjamury (2023), there was a negative effect on the dividend policy and board gender diversity. Therefore, from the theory and previous research, following of the hypothesis is obtained:

H_5: Board gender diversity moderates the effect of dividend policy on firm value

2. RESEARCH METHODS

Sample

Manufacturing companies were a sample of this study above 228 companies that listed on the Indonesia Stock Exchange (IDX) over 2021 and 2022. The choice of the research timeframe was determined by the commencement of sustainability report disclosure in Indonesia. The issuance of POJK No.51/POJK No.03/2017 in Indonesia requires public companies and financial institutions to disclose sustainability reports (Kristianti, 2023). The research method is quantitative with purposive sampling to get the best sample through several criteria and secondary data are sourced from the company's sustainability reports and annual reports. The information can be accessible from official website of the IDX (www.idx.co.id) as well as the each company. After going through several criteria with the purposive sampling method, this study had 103 companies with 206 observations sample the 2021 and 2022 periods.

Table 1. Research Sample Criteria

No.	Sample Selection Criteria		Number of Companies
1.	Manufacturing companies are listed on the IDX consecutively in 2021 and 2022.	(13)	215
2.	Manufacturing companies that disclose sustainability and annual reports consecutively in 2021 and 2022.	(67)	148
3.	Manufacturing companies that experience profits consecutively in 2021 and 2022	(44)	103
	- total of samples that meet the criteria		103
	- total of observations during the observation period (103 companies x 2 years)		**206 observations**

Source: Data processed from IDX (2024)

This research used panel data regression analysis. Two empirical research models have profitability and company size as control variables. First, it examines the impact of dividend policy, as well as combined and individual ESG performance on the firm value.

The first empirical model in the study is as follows:

$$\text{Tobin's } Q_{it} = \alpha + \beta_1 ESG_{dit} + \beta_2 ENV_{it} + \beta_3 SOC_{it} + \beta_4 GOV_{it} + \beta_5 DPR_{it} + \beta_6 SIZE_{it} + \beta_7 ROA_{it} + \varepsilon_{it} \quad (1)$$

Second, the study explores of moderating influence from board gender diversity on the correlation between dividend policy and combined ESG performance regarding firm value, employing the Moderated Regression Analysis (MRA) test.

The second empirical model in the study is as follows:

$$\text{Tobin's } Q_{it} = \alpha + \beta_1 ESG_{dit} + \beta_2 ENV_{it} + \beta_3 SOC_{it} + \beta_4 GOV_{it} + \beta_5 DPR_{it} + \beta_6 BGD_{it} + \beta_7 BGD{*}ESG_{dit} + \beta_8 BGD{*}DPR_{it} + \beta_9 SIZE_{it} + \beta_{10} ROA_{it} + \varepsilon_{it} \quad (2)$$

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

Where Tobin's Q represents the worth of a firm value, ESGd refers to the combined disclosure of ESG performances, ENV represents the disclosure of environmental performance, SOC represents the disclosure of social performance, and GOV represents the disclosure of governance performance, DPR is dividend policy, BGD is board gender diversity, SIZE is company size, and ROA is profitability. Then α is the intercept, β_1 to β_{10} are regression coefficients, and εit is the error term.

Measurement

In this study, Tobin's Q indicator is utilized to measure the dependent variable, firm value. Tobin's Q ratio uses equity, liabilities, and assets in its calculation and compares the current market value with the replacement value or book value of total assets (Aydoğmuş et al., 2022; Lunawat & Lunawat, 2022; Naeem et al., 2022; Seth & Mahenthiran, 2022).

ESG performance in combination and individually, as well as dividend policy, are independent variables in this study. ESG performance disclosure uses GRI standards divided into environmental performance topics and issues using GRI 300 as many as 37 items, social performance topics and issues using GRI 400 as many as 40 items, and governance performance topics and issues using GRI 102 as many as 22 items. The indicator is calculated by comparing the number of items disclosed with 99 items (Ghazali & Zulmaita, 2020; Hikam & Haryati, 2023).

In this study, the dividend policy is evaluated through the Dividend Payout Ratio (DPR) indicator, which measures the dividends distributed to investors in relation to the company's total net profit (Amaliyah & Herwiyanti, 2020; Hidayat et al., 2022; Latief, 2022; Seth & Mahenthiran, 2022). The moderating variable is board gender diversity in this study, which assessed by proportion of female board members and total number of board (Khan & Kent Baker, 2023; Khemakhem et al., 2023; Menicucci & Paolucci, 2022; Mulchandani et al., 2021; Shakil et al., 2021).

Additionally, the control variable for company size, denoted by the indicator SIZE, is calculated as the natural logarithm of the company's total assets (Agung et al., 2021; Aydoğmuş et al., 2022; Bhaskaran et al., 2020) . The indicator for measuring Return on Assets (ROA) offers insight into the profitability of company by assessing its ability to generate profits from capital over a specific period and shows how successful and efficient a company is with its total assets in the production and operational processes (Mulchandani et al., 2021; Shakil et al., 2021; Wijayaningsih & Yulianto, 2021).

Table 2. Variable Definition

Variable Name			Measurement
Dependent	Firm Value	Tobin's Q	$Q = \frac{MVE + DEBT}{\text{Total Asset}}$
Independent	Combined ESG Performance	ESG_d	$ESG_D = \frac{\text{Total company disclosure items}}{\text{total GRI standard disclosure (99 items)}}$
Independent	Environmental Performance	ENV	$ENV = \frac{\text{Total company disclosure items}}{\text{total GRI 300 standard disclosures (37 items))}}$

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

Variable Name			Measurement
Independent	Social Performance	SOC	$SOC = \frac{\text{Total company disclosure items}}{\text{total pengungkapan standar GRI 400 (40 item)}}$
Independent	Governance Performance	GOV	$GOV = \frac{\text{Total company disclosure items}}{\text{total disclosure of GRI 400 standard (40 items)}}$
Independent	Dividend Policy	DPR	$DPR = \frac{Dividend\ Per\ Share}{Earning\ Per\ Share}$
Moderator	Board Gender Diversity	BGD	$BGD = \frac{\text{Total of female directors}}{\text{Total of board of directors}}$
Control	Firm Size	SIZE	Size = Ln(Total assets)
Control	Profitability	ROA	$ROA = \frac{\text{Net profit after tax}}{\text{Total Assets}}$

3. RESULTS AND DISCUSSION

Descriptive Statistics

This study combines descriptive statistics to offer a comprehensive overview and get understanding of the qualities of the observed data. Descriptive statistics give an overview of this study to assess the characteristics of the data that has been observed.

Table 3. Result of Descriptive Statistics

Variable	Obs	Mean	SD	Min.	Max.
Q	206	1,848	2,023	0,116	17,237
ESG_d	206	0,468	0,187	0,080	0,696
ENV	206	0,489	0,238	0,054	0,837
SOC	206	0,463	0,192	0,025	0,725
GOV	206	0,441	0,228	0,045	1
DPR	206	0,897	7,470	0	106,850
BGD	206	0,132	0,171	0	0,750
SIZE	206	28,815	1,745	24,939	33,655
ROA	206	8,489	8,124	0,011	58,624

Source: Result from STATA 17 (2024)

The conclusions from descriptive statistical analysis appear in Table 3. The average value of firm value is 1.848, equivalent to 184.8%, the standard deviation is 2.023. The results indicate of average disclosure from combined ESG performance is 0.468, or 46.8%, the standard deviation is 0.187. Additionally, the average individual ESG performance results are as follows: environmental performance (ENV) is 0.489, or 48.9%, the standard deviation is

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

0.238; social performance (SOC) is 0.463, or 46.3%, the standard deviation is 0.192; and governance performance (GOV) is 0.441, or 44.1%, the standard deviation is 0.228.

Furthermore, from the descriptive statistical data, the minimum value for board gender diversity and dividend policy is 0, indicating that the company does not distribute profits as dividends and has no female representation on its board of directors. The dividend policy exhibits an average of 0.897, equivalent to 89.7%, with a standard deviation of 7.470. Meanwhile, board gender diversity has an average value of 0.132, or 13.2%, with a standard deviation of 0.171. Regarding the control variables in this study, namely company size (SIZE) with an average of 28.815 or 2881.5% with a standard deviation score of 1.745 and profitability (ROA) with an average of 8.489 or 848.9% with a standard deviation score of 8.124.

Hypothesis Test Results

This study contained three statistical tests: the Chow test, the Hausman test, and the Lagrange multiplier test. The results showed that the fixed effect method (FEM) was ideal regression model. Below are the results of the estimation of the FEM regression model:

Table 4. Result of Hypothesis Test

Dependent Variable: Firm Value (Tobin's Q) Fixed-Effect Method						
	Model 1 (without moderator)			Model 2 (MRA) (with moderator)		
	koefisien	t	p > |t|	koefisien	t	p > |t|
ESG_d	-0,2059191	-1,64	0,105	-0.1833561	-1,46	0,149
ENV	0,1193898	2,37	0,020	0,1090647	2,18	0,032
SOC	0,1199997	1,05	0,298	0,099741	0,87	0,386
GOV	0,0467429	0,61	0,544	0,376523	0,50	0,621
DPR	0,1129301	2,18	0,032	0,213714	3,18	0,002
BGD				0,171074	0,70	0,486
ENV_d*BGD				-0,019558	-0,11	0,916
DPR*BGD				-0,2806396	-2,48	0,015
SIZE	-1,112206	-2,75	0,007	-1,102572	-2,74	0,007
ROA	0,1780533	3,46	0,001	0,17557955	3,35	0,001
Const	-0,0002485	-0,01	0,991	0,0061814	0,27	0,790
Obs		206			206	
Firms		103			103	
Periode		2			2	
R-squared (within)		0,2849			0,3297	
F-statistic		0,0000			0,0000	

Source: Result from STATA 17 (2024)

Table 4 provides analysis results showing that the R-squared value is 0.2849 or 28.49%, which means that all independent and control variables influence the firm value of only 28.49% with a significant 0.0000. There are 71.51% (100%-28.49%) independent and control

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

variables outside the study that can affect firm value. The F-statistic shows a result of 0.0000 both without and with the moderation of the variable of board gender diversity. This results in the independent and control variables being able to influence the dependent variable (firm value).

The Effect of Combined ESG Performance on Firm Value

The results of the t-test in Table 4 indicate that the p-value for combined ESG performance (ESGd) is 0.105, exceeding 0.05, which means it has no significant relationship, so the first hypothesis (H1) cannot be accepted. This study indicates that combined ESG performance (ESGd) does not contribute to enhancing firm value, contrary to the predictions of stakeholder theory, which explains the form of corporate responsibility for various parties. This result is consistent with Atan et al. (2018) and Xaviera & Rahman (2023) study, which showed that the implementation of combined ESG performance (ESGd) had no influence on firm value.

The lack of impact in the association of combined ESG performance (ESGd) and firm value is attributed to the financial resources available to dictate the adoption of ESG practices within a company, which can be considered as a form of expenditure and ESG regulations or standards in Indonesia are still not as good and complete as developed countries so that many companies set aside and consider disclosure of ESG performance as voluntary rather than compulsory (Xaviera & Rahman, 2023). In addition, the inability of combined ESG performance (ESGd) to affect firm value is due to the signal that the performance of all companies that have more or less ESG performance disclosure information is seen as the same. In other words, their value is the same in the view of the market, and there is no privilege for companies that disclose ESG performance (Atan et al., 2018).

The Effect of Individual ESG Performance (Environmental Performance) on Firm Value

According to Lunawat & Lunawat (2022), environmental performance measures the company's sensitivity regarding environmental and climate impacts that come from company operations. The results from t-test showed in Table 4 indicate of p-value for environmental performance (ENV) is 0.020, which is below the threshold of 0.05, which means it has a significant effect, so the H2a hypothesis can be accepted. These results align with stakeholder theory regarding the depiction of responsibility by disclosing environmental performance that benefits various parties. This study presented that environmental performance (ENV) has a positive relationship on firm value. The studies from Abdi et al. (2022) and Cheng et al. (2023) indicated a positive influence of environmental performance (ENV) and firm value. According to Xaviera & Rahman (2023), disclosing environmental performance (ENV) can also be used as strategic planning to attract investors and stakeholders to increase firm value.

The Effect of Individual ESG Performance (Social Performance) on Firm Value

According to Lunawat & Lunawat (2022), social performance means discussing social factors such as human rights, equality and diversity in the work environment, and community contributions. The results from t-test showed in Table 4 indicate of p-value for social

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

performance (SOC) is 0.298, which is more than 0.05, which means it has no significant effect, so the H2b hypothesis cannot be accepted. This study reveals that social performance (SOC) does not contribute to increasing firm value, contradicting the principles of stakeholder theory, which elucidates corporate responsibility to multiple partiesThe finding is consistent with the research carried out by Cheng et al. (2023) and Atan et al. (2018), which also found no association of social performance (SOC) and firm value. Below, the fact that social performance (SOC) is routinely disclosed by most businesses, it has become unremarkable and thus fails to exert an influence on firm value (Wangi & Aziz, 2023).

The Effect of Individual ESG Performance (Governance Performance) on Firm Value

According to Lunawat & Lunawat (2022), governance performance encompasses the independence of board members, organizational structure, policies regarding minority shareholders, company ownership, and transparency in the form of disclosure of company information. The results from t-test depicted in Table 4 of significant relationship of social performance (SOC) is 0.544, which is more than 0.05, which means it has no significant effect, so the H2c hypothesis cannot be accepted. This study indicates that governance performance (GOV) does not contribute to enhancing firm value, deviating from the predictions of stakeholder theory, which explains the form of corporate responsibility for various parties. Prior studies from Abdi et al. (2022), Atan et al. (2018), and Cheng et al. (2023) also found that governance performance (GOV) did not affect firm value. Like social performance, the lack of influence of governance performance (GOV) on firm value stems from the widespread publication of corporate governance disclosures by most companies, rendering it commonplace and ineffective in impacting firm value (Wangi & Aziz, 2023).

The Effect of Dividend Policy on Firm Value

To assess of firm value, minority investors and other stakeholders may find dividend payment rates important (Seth & Mahenthiran, 2022). From t-test results in Table 4 reveal of significance value of the dividend policy (DPR) is 0.032, which is less than 0.05, which indicates a significant impact, thus allowing the acceptance of the H3hypothesis. The findings from this study demonstrate that dividend policy positively influences and correlates with the enhancement of firm value. This aligns with signal theory, which posits that management actions that furnish information to the market will elevate firm value. Prior studies from Abdullah et al. (2023), Akhmadi & Januarsi (2021), Kadim et al. (2020), Kim et al. (2021), Santosa et al. (2020), and Seth & Mahenthiran (2022) Additional evidence further confirms the positive correlation from dividend policy and firm value. Companies that deliberately spread positive signals to the market and investors expect signal recipients to be able to distinguish between quality companies and not (Agung et al., 2021).

Board Gender Diversity Moderates the Effect of Combined ESG Performance on Firm Value

Analyzing the results from MRA test in Table 4, the significant relationship from interaction of the moderating variable board gender diversity and combined ESG performance (ENVd * BGD) with firm value is 0.916, exceeding the threshold of 0.05, which means it has no significant effect, so the H4 hypothesis cannot be accepted. As the findings on this study, gender diversity on the board does not moderate the relationship of combined ESG performance (ESGd) and firm value. Manita et al. (2018) also found there was no

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

influence from board gender diversity (BGD) on combined ESG performance (ESGd) because there was a minority phenomenon in the board of directors that caused women to be unable to delegate their roles, reduced the rights and votes that should be exercised, and underestimated the presence of women either social or symbolic, so that board gender diversity was unable to encourage companies to be more effective in disclosing combined ESG performance (ESGd).

Board Gender Diversity Moderates the Effect of Dividend Policy on Firm Value

Drawing from the outcomes from MRA test showed in Table 4, the significant value of the interaction of the moderating variable board gender diversity with dividend policy (DPR * BGD) on firm value is 0.015 less than 0.05, which means significant, then H5 hypothesis can be accepted. The findings on this study suggest association from dividend policy (DPR) and firm value can be negatively moderated by the board gender diversity. Almeida et al. (2020), Mustafa et al. (2020), and Vinjamury (2023) found evidence indicating a negative impact on the moderation of the relationship of board gender diversity and dividend policy (DPR). Women typically to be more sensitive to the risks that will be faced by companies that also threaten the company's finances. The nature of women who are more cautious and able to choose risks by holding cash will play a role in market uncertainty (Almeida et al., 2020; Fauziah & Nur Probohudono, 2018).

This study examined the influence from control variables, company size (SIZE) and profitability (ROA), on firm value. While profitability (ROA) demonstrated a significant positive effect on firm value, company size (SIZE) exhibited a significant negative impact. The results above suggest that an organization's worth decreases with size, whereas its value increases with increased profitability.

4. CONCLUSION

Utilizing a dataset consisting of 206 observations from 103 manufacturing companies listed on the IDX during 2021 and 2022, the study aims to explore the impacts of ESG performance, individually (ENV, SOC, and GOV) and in combination (ESGd) also dividend policy (DPR) on firm value. Building upon the theory of resource dependence, this study investigates effect board gender diversity as moderating variable on the correlation between dividend policy (DPR) and combined ESG performance (ESGd) concerning firm value (Q). The research findings suggest that there is no effect of firm value (Q) and combined ESG performance (ESGd), social performance (SOC), and governance performance (GOV). However, environmental performance (ENV) and dividend policy (DPR) have a significant positive relationship with firm value. Additionally, the relation between combined ESG performance (ESGd) and firm value (Q) can not be moderated by board gender diversity; nevertheless, relationship from dividend policy (DPR) and firm value (Q) can be negatively moderated by it.

This study is not free from limitations. First, not all manufacturing companies in Indonesia disclose ESG performance through their sustainability reports, so many research samples are eliminated. Second, there is an inconsistency of companies that implement ESG performance related to the standards used to reference the disclosure of sustainability reports, namely using GRI standards only or with other applicable standards. So, it is expected that future research can access and use ESG performance databases such as Refinitiv, Bloomberg, and Thomson Reuters to get a more complete and accurate ESG score.

DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X

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p- ISSN 2338-1507 e- ISSN 2541-061X

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DOI: http://dx.doi.org/10.17509/xxxx.xxx
p- ISSN 2338-1507 e- ISSN 2541-061X