

ABSTRACT

The concept of Environmental, Social, and Governance (ESG) is widely implemented by corporations and is important to stakeholders. The situation is the same for Board Gender Diversity (BGD) due to increasing awareness of sustainable growth. This study aims to analyze the influence of disclosure of ESG on financial performance, as well as gender diversity of the board of directors as a moderating variable. The board of directors' gender diversity variable is calculated using Proportion of Female Directors index and the financial performance variable is calculated using Return on Equity (ROE).

This research used secondary data comprising all listed companies on the Indonesia Stock Exchange (IDX) during the period 2020-2024. A quantitative approach is employed, using purposive sampling to obtain relevant observational data. The analytical techniques used include panel data regression and the hierarchical Moderated Regression Analysis (MRA) to examine the moderation relationship.

The results of the study show that ESG disclosure has a positive and significant effect on firm's financial performance. Furthermore, the presence of BGD positively moderates the relationship. These findings support the stakeholder, upper echelons and signaling theories, which suggest that a leader's personal values and environmental concern can foster better ESG practices and transparencies, thereby improving corporate reputation and financial performance. Overall, the findings emphasize the importance of considering BGD, as the existence of women provides new perspectives on corporate decision-making and to enhance financial performance through ESG strategies.

Keywords: ESG disclosure, Board Gender Diversity (BGD), firm's financial performance.