ABSTRACT

Agency theory suggests that it is important for companies to consider the interests of shareholders as the main stakeholders in implementing ESG and addressing the issue of board gender diversity. This study aims to analyze the effect of ESG and board gender diversity on profitability, as well as the moderating effect of board gender diversity on the influence of ESG and company profitability.

The data used in this study are panel data from non-financial companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022. Using Moderated Regression Analysis (MRA), this study analyzes the effect of ESG and board gender diversity on profitability, as well as the role of board gender diversity as a moderating variable on the influence of ESG and company profitability.

The results of the study showed that significant negative results were obtained on the influence of ESG and board gender diversity on company profitability. Meanwhile, the moderating role of board gender diversity on the influence of ESG on company profitability has a positive and significant effect. However, the results of the analysis showed that BGD as a moderating variable weakened the negative effect of ESG on profitability with the control variables of firm size and leverage. This suggests that companies need to manage company resources wisely so that ESG implementation continues to run to gain benefits in the future. In addition, companies need to consider the role of gender diversity in ESG implementation in order to increase company profitability and achieve stakeholder interests.

Keywords: ESG, Board Gender Diversity, Profitability.