
The Effect of Women on Board on Financial Performance: the Mediating Role of Corporate Social Responsibility

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Abstract

This study aimed to present empirical evidence regarding the effect of women on board on financial performance with corporate social responsibility as the mediating variable. Women on board or a company's top management have become one of the attention-drawing issues in organizational governance. This topic gains even more attention in Indonesia with its patriarchal culture, which may affect the perspective of employment in this country. A company needs to focus not only on its shareholders' interests but also on its stakeholders. A company's success and sustainability may depend on its managers' ability to create values and satisfy stakeholders' interests. This study took ninety-six manufacturing companies listed on Indonesia Stock Exchange (IDX) between 2017 and 2019 as study samples, selected using purposive sampling technique following predetermined criteria. Data were analyzed using linear regression analysis with intervening regression, consisting of two stages: coefficient difference and coefficient multiplication. The result showed that women on board negatively affected CSR. It also showed that CSR did not affect financial performance and did not mediate the relationship between women on board and financial performance. Women on board tend to lower the company's CSR-related policies, which is likely followed by a lower financial performance.

Keywords: Women On Board, CSR, Financial Performance

1. Introduction

Women on Board has become an organizational governance issue broadly discussed recently. The presence of women on board is an interesting research topic, especially in Indonesia, where most people believe men fit top management positions better than women. This patriarchal culture appears to affect the country's employment perspective. This condition is in contrast with European countries that no longer view gender diversity as an issue in determining an individual's quality, especially related to the position of one's job. Some European countries like Spain, Italy, Netherlands, France, and Norway even oblige companies in their territory to have 40% of their board filled by women (Adams & Ferreira, 2009; Rose, 2007). Such a law aims to realize gender equality by eliminating the view that men are better than women. Only a few

countries in the world have enacted such a law, and Indonesia is not one of them. International Finance Corporation (2019), reports that companies with more female board members exhibited better financial performance. The study showed that companies with more than 30% women composition in its board have an average ROE of 6.2%, whereas those with no female board member reported an average ROE of 4.2%.

Linking the concept of good corporate governance in Indonesia and Law number 40 of 2007 on Limited Liability Company, Indonesian company's board structure follows a two-tier system that consists of boards of director and boards of commissioner. The board of director serves as the company's highest decision-maker, acting as the key to relationships among stakeholders who affect the extent of social responsibility fulfillment by responding to their diverse interests (Blair, 1995; Blair & Stout, 1999; Freeman, 1984; Hill & Jones, 1992; Jain & Jamali, 2016; Kaufman & Englander, 2005). Companies with better corporate social responsibility (CSR) implementation stands a broader chance to secure stakeholders' capital by creating valuable resources that may affect the company's financial performance (Donaldson & Preston, 1995; Freeman, 1984; Harjoto et al., 2015). The presence of women on a company's board may affect the company's financial performance through the effect of its CSR implementation.

Previous studies report different findings related to the effect of women on board on financial performance. Women on board of directors positively affects the financial performance (Abdullah et al., 2016; Carter et al., 2003; Erhardt et al., 2003). This finding is supported by Martínez & Rambaud (2019), who report that higher portion of women on board may lead to higher financial performance. Some studies, however report different findings, in which women on board negatively affects financial performance (Darmadi, 2011; Haslam et al., 2010; Minguez-Vera & Martin, 2011). Further study is necessary to extend the existing body of literature and strengthen the existing theories.

Manufacturing industry is the largest industry sector listed on Indonesia Stock Exchange (IDX). Out of 622 companies listed in Indonesia Stock Exchange (IDX) in 2017-2019, 155 of them were manufacturing companies, which could be divided into three sectors: basic industry and chemicals, miscellaneous industry, and consumer goods industry. Manufacturing industry is one of the sectors with the highest contribution to environmental pollution (either air, soil, and water pollution) due to waste generated during their production activity. The Ministry of Environment and Forestry states that manufacturing companies' compliance with environmental management is still low (Bisnis.com, 2020). Thus, selecting manufacturing companies as samples in this study may reflect the CSR practices in broader sense.

This study responds to Jeremy Galbreath (2016), suggestion regarding the need for further study in different countries with longer time periods using panel data. This study is expected to enrich the existing literature and strengthen the theories in previous studies (Jeremy Galbreath, 2016). The novelty of this study lies in its use of CSR as the mediating variable, considering that only a few literature discussed this topic. This study aimed to present empirical evidence regarding the effect of women on board on financial performance with corporate social responsibility as the mediating variable.

1.1 The Effect of Women On Boards on CSR

Jeremy Galbreath (2016) found that women's representation on boards positively affects CSR. Companies with women on board tend to exhibit more involvement in CSR (Boulouta, 2013; Harjoto et al., 2015; Jain & Jamali, 2016), as women tend to be more aware of their corporate social responsibility. Women on board tend to be more willing to build broader relationships with the stakeholders and put more effort into the stakeholders' interest (Rosener, 1995). In addition, women tend to have a higher moral judgment than men (Elm et al., 2001). Women on board are related to policies that are employee-oriented (Schwartz-Ziv, 2013). Therefore, women on board tend to be more aware of the importance of the company social responsibility.

H1: Women On Boards positively affects CSR.

1.2 The Effect of CSR on Financial Performance

Jeremy Galbreath (2016) found that CSR positively affects financial performance. Involvement in CSR could reduce costs and the negative impacts of occupational accidents in the company (Bansal & Roth, 2000). Such a lower risk may benefit the company by lowering the cost of capital and debt, eventually increasing the company's financial performance (El Ghouli et al., 2011; Goss & Roberts, 2011). Companies with high CSR activities may affect their financial performance (Margolis et al., 2007; Orlitzky et al., 2003; Van Beurden and Gössling, 2008; Wang et al., 2015). Therefore, CSR could improve a company's financial performance.

H2: CSR positively affects Financial Performance.

1.3 The Effect of Women On Boards on Financial Performance mediated by CSR.

Jeremy Galbreath (2016) reported that CSR fully mediates the effect of women on board on financial performance. According to the stakeholder theory, a company that creates reciprocity in relationships with stakeholders through the development of ethics and the social standard is expected to benefit from its financial performance improvement (Freeman et al., 2004; Jensen, 2001). A company's board characteristics are more related to financial performance through actions that affect the board (e.g., CSR), which eventually affect the company's revenue or cost (Hermalin & Weisbach, 2003). Therefore, women on a company's board may affect the company's financial performance through its effect on CSR.

H3: CSR positively mediates the effect of Women On Board and Financial Performance.

1.4 Conceptual Model

The following figure displays the conceptual model and framework, developed based on the existing literature:

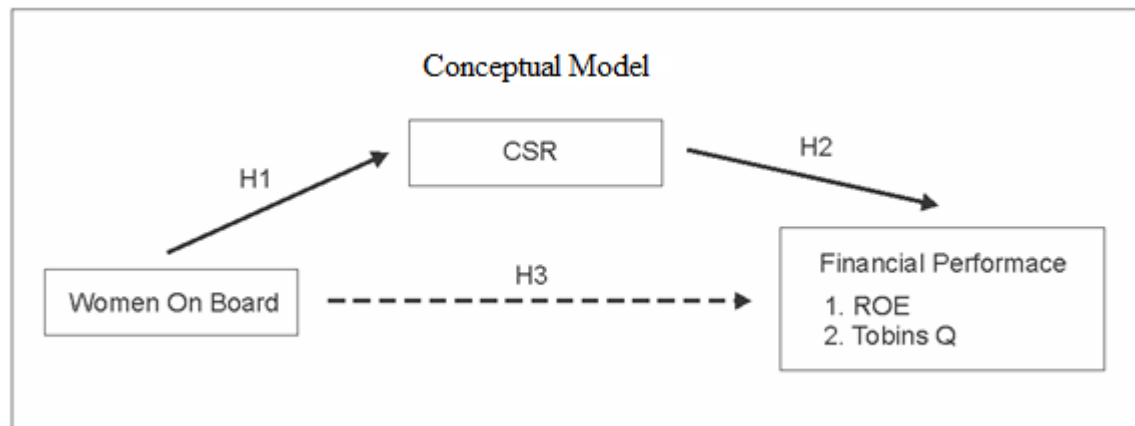


Figure 1. Conceptual Model

2. Method

2.1 Research Design

This study was categorized as a descriptive quantitative study. Samples were manufacturing companies listed in Indonesia Stock Exchange (IDX) between 2017 and 2019 that met the predetermined criteria, selected using purposive sampling technique. The following criteria were applied when selecting samples: (1) a manufacturing company listed in IDX, (2) a manufacturing company that publishes an annual report, (3) a manufacturing company with gender boards (boards of director and boards of commissioners), and (4) a manufacturing company that implements CSR. Applying the criteria, 96 companies were obtained as the study sample.

2.2 Variable Measurement

2.2.1 Dependent Variable: Financial Performance (ROE & Tobin's Q)

Financial performance was measured using ROE and Tobin's Q. ROE represents the company's profitability (Margolis et al., 2007; Orlitzky et al., 2003; Wang et al., 2015), measured by dividing the total equity by the net profit. The company's financial performance was also measured using Tobin's Q (Adams & Ferreira, 2009; Campbell & Mínguez-Vera, 2008; Isidro & Sobral, 2015), by which the stock price is multiplied by the distributed stock, added by liability, and divided by the total asset.

2.2.2 Independent Variable: Women On Board (WOB)

Women on board refers to the proportion or representation of women in a company board, either board of directors or board of commissioners (Isidro & Sobral, 2015; Post et al., 2015). This variable was measured by adding the number of women on board of directors and board of commissioners, then dividing by the total number of board members.

2.2.3 Mediating Variable: CSR

Corporate social responsibility refers to a company's social goodness in terms of economic, environmental, and social aspects according to the reference of social disclosure obtained from

Global Reporting Initiative (GRI) 2013, which consists of ninety-one indicators (Global Reporting Initiative, 2013). This variable was measured by dividing the number of indicators implemented by the company by the total number of indicators.

2.2.4 Control Variable

Control variables in this study were data from 2017 to 2019. The first control variable was the firm size, which represents the total asset of a company (Wu, 2006). Firm size was measured by determining the logarithm of total assets. Second, past financial performance represents the company's profitability, which could be seen from ROE, net profit, and equity from the previous year (Geletkanycz & Boyd, 2011; Kim, 2005). The past financial performance was measured by dividing previous year's net profit by the total equity of the previous year. The third control variable was organizational slack, which constitutes a company resource that could potentially be reused to achieve the organizational goal (George, 2005). Organizational slack was measured by subtracting current liability from the current asset. Fourth, CEO duality, which is defined as an individual sitting as a head and CEO at the same time (Galberth, 2012). The CEO duality was measured as a dummy variable (scored 1 if the head and the CEO positions are held by the same person, 0 if otherwise). The fifth control variable was the board size, representing the size of the board of a company (Nielsen & Huse, 2010). The board size was measured by seeing the total number of the board member. The sixth control variable was the representation of outsider directors on the board (de Villiers et al., 2011; Johnson & Greening, 1999), which was measured by dividing the total board size by the total number of external director.

2.3 Analysis Technique

Data were analyzed using linear regression analysis with intervening regression, which was done in two stages: coefficient difference and coefficient multiplication (Solimun, 2011).

2.3.1 Coefficient Difference

Coefficient difference was seen by analyzing the model with and without the mediating variable. It comprises four steps. First, examining the direct effect of WOB on financial performance in the model, by involving CSR (a). Second, examining the effect of WOB on financial performance without involving CSR (b). Third, examining the effect of WOB on CSR (c). Fourth, examining the effect of CSR on financial performance (d). If the result showed that (c) and (d) are significant while (a) is not, CSR is considered to have a full mediation role. If the result showed that (a), (c), and (d) are significant (coefficient (a) is lower than coefficient (b)), CSR is considered to have a partial mediation role. Meanwhile, if the result showed that (a), (c), and (d) are significant (coefficient (a) almost equals coefficient (b)), CSR is considered not to have a mediation role. Corporate social responsibility is not considered a mediating variable if (c) or (d) is not significant (Hair et al., 2010; Solimun, 2011).

2.3.2 Coefficient Multiplication

Coefficient multiplication was done using sobel test, namely Z_value . Z_value was approximated by dividing the indirect effect coefficient by the standard error, as shown in the following equation:

$$Z_value = (a \times b) / \text{SQRT} (b^2 \times SE_a^2 + a^2 \times SE_b^2) \tag{1}$$

Description:

a = Standardized regression coefficient of the effect of WOB on CSR.

SE_a = Coefficient a's standard error.

b = Standardized regression coefficient of CSR effect on Financial Performance.

SE_b = Coefficient b's standard error.

3. Result

The sample of this study was manufacturing companies listed in Indonesia Stock Exchange (IDX) between 2017 and 2019. There were 465 observations in this period, yet 177 observations were unused as they did not meet the predetermined criteria. Thus, 288 observations were used as the study sample. The following section describes the descriptive statistics, followed by test and discussion results.

3.1 Descriptive Statistics

Table 1. Descriptive Analysis Result

Variable	Observation	Mean	Median	Minimum	Maximum
WOB	288	0.183	0.170	0.000	0.600
CSR	288	0.163	0.160	0.000	0.360
ROE	288	-45.990	6.505	-13643.600	225.370
Tobin's Q	288	2.528	1.090	0.280	53.410
Firm Size	288	28.710	28.475	25.220	40.540
Past Financial Performance	288	6.433	7.090	-1199.000	224.460
Organizational Slack	288	1.58E+12	2.62E+11	-2.52E+13	2.91E+13
CEO Duality	288	0.003	0.000	0.000	1.000
Board Size	288	9.080	8.000	4.000	22.000
Representation of Outsider Directors on Board	288	0.767	0.800	0.140	1.000

Source: Data Processing Result

Note: Past Financial Performance = PFP, Representation of Outsider Directors on Board = RODB.

Table 1 presents the descriptive statistics result of all variables examined in this study. The WOB score ranges from no female board members to 60% female board members, with an average score of 18%. Meanwhile, CSR scores ranged from not implementing CSR according to the GRI index to the GRI Index of 36%, with an average score of 16%. The ROE score ranged between -13643% to 225%, with an average score of -45%. Tobin's Q score ranged between 0.280 to 53.410, with an average score of 2.538. The firm size score ranged between 25.220 to 40.540,

with an average score of 28.710. The past financial performance score ranged between -1199% to 224%, with an average score of 6%. The organizational slack score ranged between -2.52E+13 to 2.91E+13, with an average score of 1.58E+12. The CEO duality score was between 0 and 1, with an average score of 0.003. The board size score was between 4 to 22 directors, with an average score of 9 directors. The representation of outsider directors on the board score was between 14% to 100%, with an average score of 76%.

3.2 Regression Model Selection

Panel data regression has three model approaches: Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test.

Table 2. Financial Performance (ROE) Regression Model Selection Result.

Financial Performance	Chow Test	Hausman Test	LM Test	Model Selection
ROE	0.038 Fixed Effect	0.445 Random Effect	0.810 Common Effect	Common Effect

Source: Data Processing Result

Based on the test result of the financial performance using the measurement of ROE, the most suitable model was the Common Effect Model.

Table 3. Financial Performance (Tobin’s Q) Regression Model Selection Result.

Financial Performance	Chow Test	Hausman Test	LM Test	Model Selection
Tobin’s Q	0.000 Fixed Effect	0.612 Random Effect	0.000 Random Effect	Random Effect

Source: Data Processing Result

Meanwhile, based on the financial performance test result using the measurement of Tobin’s Q, the most suitable model was the Random Effect Model.

3.3 Regression Analysis

The regression analysis result for model selection using financial performance (measured based on ROE), showed that the most suitable model was the Common Effect Model.

Table 4. Common Effect Model Regression Result

Dependent Variable: Financial Performance (ROE)

Variable	Regression Coefficient	Standard Error	t-Test	Sig-t
Constant	-702.056	782.556		
WOB	964.995	458.715	2.104	0.036
CSR	155.652	749.905	0.208	0.836
Firm Size	2.944	28.237	0.104	0.917
Past Financial Performance	-0.249	0.638	-0.390	0.697
Organizational Slack	3.70E-12	1.03E-11	0.358	0.721
CEO Duality	147.365	816.339	0.181	0.857
Board Size	5.771	15.868	0.364	0.716
Representation of Outsider Directors on Board (RODB)	407.981	240.743	1.695	0.091

Source: Data Processing Result

Note: Past Financial Performance = PFP, Representation of Outsider Directors on Board = RODB.

Meanwhile, as shown in Table 5, the regression analysis result for financial performance using Tobin’s Q measurement, showed that the most suitable model was the Random Effect Model.

Table 5. Random Effect Model Regression Result

Dependent Variable: Financial Performance (Tobin’s Q)

Variable	Regression coefficient	Standard Error	t-Test	Sig-t
Constant	15.270	6.895		
WOB	0.689	3.422	0.201	0.841
CSR	2.473	5.519	0.448	0.655
Firm Size	-0.520	0.250	-2.085	0.038
Past Financial Performance	0.001	0.003	0.355	0.723
Organizational Slack	6.40E-14	8.39E-14	0.763	0.446
CEO Duality	-0.956	4.149	-0.230	0.818
Board Size	0.089	0.125	0.712	0.477
Representation of Outsider Directors on Board (RODB)	0.979	1.844	0.531	0.596

Source: Data Processing Result

Note: Past Financial Performance = PFP, Representation of Outsider Directors on Board = RODB.

3.4 Hypothesis Test

3.4.1 H1: Women On Boards positively affects CSR.

3.4.1.1 Financial Performance (ROE) Test Result

$$\begin{aligned} \text{CSR} = & -0.039 - 0.148 \text{ WOB} + 0.006 \text{ Size} + 0.000 \text{ PFP}_{i(t-1)} - 2.20\text{E-}15 \text{ Slack} - \\ & 0.041 \text{ CEO} + 0.005 \text{ Board Size} + 0.029 \text{ RODB} + e_1 \end{aligned} \tag{2}$$

The common effect regression analysis result showed that WOB exhibited a regression coefficient of -0.148 with a probability level of 0.000. The result showed WOB negatively affected CSR, implying that the presence of women on board lowers the CSR performance. This result is in contrast with the proposed hypothesis stating that WOB increased CSR performance. In other words, hypothesis 1 was not supported.

3.4.1.2 Financial Performance (Tobin’s Q) Test Result

$$\begin{aligned} \text{CSR} = & -0.074 - 0.104 \text{ WOB} + 0.008 \text{ Size} + 5.05\text{E-}06 \text{ PFP}_{i(t-1)} - 1.17\text{E-}15 \text{ Slack} - \\ & 0.004 \text{ CEO} + 0.003 \text{ Board Size} - 0.007 \text{ RODB} + e_1 \end{aligned} \tag{3}$$

The random effect regression analysis result showed that WOB exhibited a regression coefficient of -0.104 with a probability level of 0.004. The result showed that WOB negatively affected CSR, implying that the presence of women on board lowers CSR performance. This result is in contrast with the proposed hypothesis stating that WOB increased CSR performance. In other words, hypothesis 1 was not supported.

3.4.2 H2: CSR positively affects Financial Performance.

3.4.2.1 Financial Performance (ROE) Test Result

$$\begin{aligned} \text{Performance} = & -407.304 - 227.021 \text{ CSR}_i + 3.972 \text{ Size} - 0.121 \text{ PFP}_{i(t-1)} + 2.80\text{E-}12 \\ & \text{Slack} + 109.419 \text{ CEO} + 1.737 \text{ Board Size} + 345.102 \text{ RODB} + e_1 \end{aligned} \tag{4}$$

Corporate social responsibility exhibited a regression coefficient of -227.021 with a probability level of 0.757. The result showed that CSR did not positively affect financial performance (ROE), implying that it did not affect a company’s financial performance. In other words, hypothesis 2 was not supported.

3.4.2.2 Financial Performance (Tobin’s Q) Test Result

$$\begin{aligned} \text{Performance} = & 15.470 + 2.251 \text{ CSR}_i - 0.520 \text{ Size} + 0.001 \text{ PFP}_{i(t-1)} + 6.28\text{E-}14 \text{ Slack} - \\ & 0.963 \text{ CEO} + 0.088 \text{ Board Size} + 0.946 \text{ RODB} + e_1 \end{aligned} \tag{5}$$

Random effect regression analysis exhibited that CSR’s regression coefficient was 2.251 with a probability level of 0.676. The result showed that CSR did not positively affect financial

performance (ROE), implying that it did not affect a company's financial performance. In other words, hypothesis 2 was not supported.

3.4.3 H3: CSR positively mediates the effect of WOB and Financial Performance.

The mediation test was performed using two stages: coefficient difference and coefficient multiplication (Solimun, 2011). Coefficient difference was seen by analyzing the model with and without the mediating variable. Meanwhile, coefficient multiplication was done using sobel test.

3.5 Coefficient Difference

3.5.1 Financial Performance (ROE) Test Result

3.5.1.1 The direct effect of WOB on Financial Performance (ROE) by involving CSR.

The common effect regression analysis result showed that WOB exhibited a regression coefficient of 964.995, with a probability level of 0.036. The result showed WOB positively affects financial performance (ROE).

3.5.1.2 The effect of WOB on Financial Performance (ROE) without involving CSR.

The common effect regression analysis result showed that WOB exhibited a regression coefficient of 941.899, with a probability level of 0.035. The result showed WOB positively affects financial performance (ROE).

3.5.1.3 The effect of WOB on CSR.

The common effect regression analysis result showed that WOB exhibited a regression coefficient of -0.148, with a probability level of 0.000. The result showed WOB negatively affected CSR.

3.5.1.4 The Effect of CSR on Financial Performance (ROE)

The Common Effect analysis showed that corporate social responsibility exhibited a regression coefficient of -227.021 with a probability level of 0.757. The result showed that CSR did not affect financial performance (ROE).

Based on the coefficient difference, CSR did not mediate the effect of WOB on financial performance (ROE) as it did not affect financial performance. In other words, hypothesis 3 was not supported. Women on board did not contribute to the company's financial performance when applied CSR.

3.5.2 Financial Performance (Tobin's Q) Test Result

3.5.2.1 The Direct effect of WOB on Financial Performance (Tobin's Q) by involving CSR.

Based on the random effect regression analysis result, WOB exhibited a regression coefficient of 0.689, with a probability level of 0.841. The result showed that WOB did not affect financial performance (Tobin's Q).

3.5.2.2 The effect of WOB on Financial Performance (Tobin's Q) without involving CSR.

Based on the random effect regression analysis result, WOB exhibited a regression coefficient of 0.379, with a probability level of 0.910. The result showed that WOB did not affect financial performance (Tobin's Q).

3.5.2.3 The effect of WOB on CSR.

Based on the random effect regression analysis result, WOB exhibited a regression coefficient of -0.104, with a probability level of 0.004. The result showed that WOB negatively affected CSR.

3.5.2.4 The Effect of CSR on Financial Performance (Tobin's Q)

The random effect analysis showed that corporate social responsibility exhibited a regression coefficient of 2.251 with a probability level of 0.676. The result showed that CSR did not affect financial performance (ROE).

The coefficient difference suggests that CSR did not mediate the effect of WOB on financial performance (Tobin's Q) as it did not affect financial performance (Tobin's Q). In other words, hypothesis 3 was not supported. Women on board did not contribute to the company's financial performance when applied CSR.

3.6 Coefficient Multiplication

Coefficient multiplication the testing is based on the sobel test with the formula as follows:

$$Z_value = (a \times b) / \text{SQRT}(b^2 \times SE_a^2 + a^2 \times SE_b^2) \tag{6}$$

3.6.1 Financial Performance (ROE) Test Result

$$a = -0.148$$

$$SE_a = 0.035$$

$$b = -227.021$$

$$SE_b = 731.944$$

$$Z_value = \frac{(-0.148)(-227.021)}{\sqrt{((-227.021)^2(0.035)^2 + (-0.148)^2(731.944)^2)}}$$

$$Z_value = \frac{33.599}{\sqrt{((51538.534)(0.001)) + ((0.022)(535742.019))}}$$

$$Z_value = \frac{33.599}{\sqrt{(51.539) + (11786.324)}}$$

$$Z_value = \frac{33.599}{\sqrt{(11837.863)}}$$

$$Z_value = \frac{33.599}{108.802}$$

$$Z_value = 0.309$$

Based on the coefficient multiplication test with financial performance (ROE), the Z_value was 0.309 ($< t$ -table of 1.96). This result suggests that CSR did not mediate the effect of WOB on financial performance (ROE). In other words, hypothesis 3 was not supported. Women on board did not contribute to the company's financial performance when applied CSR.

3.6.2 Financial Performance (Tobin's Q) Test Result

$$a = -0.104$$

$$SE_a = 0.036$$

$$b = 2.251$$

$$SE_b = 5.384$$

$$Z_value = \frac{(-0.104)(2.251)}{\sqrt{((2.251)^2(0.036)^2 + (-0.104)^2 (5.384)^2)}}$$

$$Z_value = \frac{-0.234}{\sqrt{((5.067)(0.001)) + ((0.011)(28.987))}}$$

$$Z_value = \frac{-0.234}{\sqrt{(0.005) + (0.319)}}$$

$$Z_value = \frac{-0.234}{\sqrt{(0.324)}}$$

$$Z_value = \frac{-0.234}{0.569}$$

$$Z_value = -0.411$$

Based on the coefficient multiplication test with financial performance (Tobin's Q), the Z_value was -0.411 ($< t$ -table of 1.96). This result implies that CSR did not mediate the effect of WOB on financial performance (Tobin's Q). In other words, hypothesis 3 was not supported. Women on board did not contribute to the company's financial performance when applied CSR.

The result of this study did not support the proposed hypothesis. Hypothesis 1, stating that WOB positively affects CSR, was not supported, as the regression result indicates a negative effect. Hypothesis 2, stating that CSR positively affects financial performance, was also not supported. Hypothesis 3, stating that CSR positively mediates the effect of WOB and Financial Performance, was also not supported on two stages of testing (coefficients difference and coefficients multiplication). The result in this study did not confirm the relationship between WOB and financial performance, as suggested by (Jeremy Galbreath, 2016).

4. Discussion

This study is in contrast with Jeremy Galbreath (2016), who stated that women's representation on boards positively affects CSR, CSR positively affects financial performance, and CSR positively mediates the effect of women on board and financial performance. The result showed that women on board negatively affected CSR. It also showed that CSR did not affect financial performance and did not mediate the relationship between women on board and financial performance.

Women on boards (either board of director or board of commissioner), tend not to affect their involvement in CSR. The effect of CSR involvement may appear when a good corporate governance was implemented, as such implementation may put women in a position that affects the CSR related policy or decision, which may also affect the company's financial performance.

Women on board may lower the company's CSR-related policies and lead to lower financial performance. The implication of this finding is important for determining the company board member, considering that women on board did not bring significant influence when compared to male board members, either in the board of directors or board of commissioners. The company should involve men in its board (either board of directors or board of commissioners) in order to determine proper CSR policies while increasing its financial performance.

The limitation of this study lies in its use of only manufacturing companies in Indonesia, which limited generalization. Therefore, future studies are recommended to involve different companies to confirm or find stronger results.

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