JURNAL ILMIAH WAHANA AKUNTANSI

JURNAL ILMIAH WAHANA AKUNTANSI

Vol 19 (1) 2024, 51-66

http://journal.unj/unj/index.php/wahana-akuntansi

ISSN: 2302 – 1810

Corporate Sustainability Performance: The Role Of The Gender Diversity Of The Board And Enterprise Risk Management

Rimi Gusliana Mais[1)], Lim Hendra[2)], Siti Almurni[3)], Fanisyah Maliki[4)]

[1,2,3,4)]Sekolah Tinggi Ilmu Ekonomi Indonesia, Jakarta, Indonesia

rimi_gusliana@stei.ac.id[1)], Lim_hendra@stei.ac.id[2)], siti_almurni@stei.ac.id[3)], fanisyah_maliki@stei.ac.id[4)]

ARTICLE INFO

Article History:
Received: May 29, 2024
Accepted: June 17, 2024
Published: July 1, 2024

Keyword:
Board Gender Diversity, COSO, Enterprise Risk Management, ESG (Environmental, Social and Governance), Sustainability Performance

ABSTRACT

The research objective is to investigate the impact of board gender diversity on corporate sustainability performance, with enterprise risk management (ERM) as a moderating factor within health sector companies listed on the Indonesia Stock Exchange. The study adopts a secondary quantitative research approach and utilizes panel data linear regression analysis conducted through Econometric Views (E-Views). The study population consists of health sector firms listed on the Indonesia Stock Exchange from 2019 to 2022. The sample selection method used is purposive sampling, resulting in a sample size of 10 companies for the study. Secondary data is collected through the documentation method from the Indonesia Stock Exchange and the official websites of the selected companies. The findings reveal a negative relationship between board gender diversity and corporate sustainability performance, with a negative coefficient indicating that higher gender diversity among board members correlates with lower sustainability performance. Additionally, the study demonstrates that ERM strengthens the association between gender diversity and sustainability performance. Companies proficient in ERM implementation are better positioned to leverage the positive effects of gender diversity on sustainability performance. Understanding this interplay can assist organizations in making informed decisions regarding gender diversity policies and enterprise risk management strategies.

Kata kunci:
COSO, Keragaman Gender Dewan Direksi, Kinerja Keberlanjutan, Lingkungan Sosial Tata Kelola,

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui dampak keberagaman gender dewan direksi terhadap kinerja keberlanjutan perusahaan, dengan manajemen risiko perusahaan (ERM) sebagai faktor moderasi dalam perusahaan sektor kesehatan yang terdaftar di Bursa Efek Indonesia. Penelitian ini

Manajemen Risiko Perusahaan

menggunakan pendekatan penelitian kuantitatif sekunder dan menggunakan analisis regresi linier data panel yang dilakukan melalui Econometric Views (E-Views). Populasi penelitian terdiri dari perusahaan sektor kesehatan yang terdaftar di Bursa Efek Indonesia dari tahun 2019 hingga 2022. Metode pemilihan sampel yang digunakan adalah purposive sampling, sehingga diperoleh ukuran sampel sebanyak 10 perusahaan untuk penelitian ini. Data sekunder dikumpulkan melalui metode dokumentasi dari Bursa Efek Indonesia dan situs web resmi perusahaan yang dipilih. Temuan penelitian ini mengungkapkan hubungan negatif antara keberagaman gender dewan direksi dan kinerja keberlanjutan perusahaan, dengan koefisien negatif yang menunjukkan bahwa keberagaman gender yang lebih tinggi di antara anggota dewan direksi berkorelasi dengan kinerja keberlanjutan yang lebih rendah. Selain itu, penelitian ini menunjukkan bahwa ERM memperkuat hubungan antara keberagaman gender dan kinerja keberlanjutan. Perusahaan yang mahir dalam implementasi ERM memiliki posisi yang lebih baik untuk memanfaatkan efek positif keberagaman gender terhadap kinerja keberlanjutan. Memahami interaksi ini dapat membantu organisasi dalam membuat keputusan yang tepat mengenai kebijakan keragaman gender dan strategi manajemen risiko perusahaan.

Corresponding Author:
Rimi Gusliana Mais
rimi_gusliana@stei.ac.id

How to Cite:
Mais, R.G., Hendra, L., Almurni, S & Fanisyah,, M (2024). *Corporate Sustainability Performance: The Role Of The Gender Diversity Of The Board And Enterprise Risk Management*. *Jurnal Ilmiah Wahana Akuntansi*, 19 (1), 51-66. https:// doi.org/10.21009/wahana.19.014

INTRODUCTION

Sustainability is a key factor that highlights the importance of organizations or companies embracing sustainable practices to ensure their long-term survival. An effective sustainability strategy within a company, along with engaging stakeholders, is crucial for determining business sustainability and influencing whether the business will grow or potentially face failure (Napitupulu et al., 2020). In research studies, the sustainability performance of companies is commonly assessed through environmental, social, and governance, known as ESG (Tamimi & Sebastianelli, 2017). ESG practices and disclosures serve as emerging accountability metrics that demonstrate a voluntary dedication to non-financial objectives and sustainable development, generating value for the company's investors, stakeholders, and society in general (Arayssi et al., 2019). In other words, corporate sustainability performance (CSP) is a company's effort to align business activities with ESG. However, in practice, the role business plays in sustainability is criticized for being driven by a political and profit-driven agenda (Luke, 2017); making the determining factors of a company's willingness to implement CSP still need to be explored.

In response to the increasing focus on environmental and social responsibility, there has been a shift towards incorporating sustainability report disclosures alongside financial reports. Rosati and Faria (2019) highlight that sustainability performance serves as a means of accountability and communication regarding how a company's activities impact sustainable development positively or negatively. According to a KPMG survey cited in the GRI News Center on December 01, 2020, 96% of the G250 companies have integrated sustainability reports into their sustainability performance practices. This statistic underscores the significance of sustainability reporting as a tool for showcasing a company's efforts in addressing sustainability issues across economic, environmental, and social dimensions (Channuntapipat, 2021).

The research on high-quality sustainability reports and their influencing factors has been a significant area of interest for academic scholars. Among the various determinants studied, gender diversity has emerged as one of the most extensively validated factors impacting sustainability reporting practices. Previous studies (Al-Shaer & Zaman, 2016; Buallay et al., 2022; Fernandez-Feijoo et al., 2014; Girón et al., 2022; Miles, 2019; Rosati & Faria, 2019; Singhania et al., 2023; Wang, 2017; Zampone et al., 2024) have contributed to confirming the influence of gender diversity on sustainability reporting quality. To build upon the existing body of research, the study aims to introduce enterprise risk management as a boundary condition that can affect the relationship between gender diversity and corporate sustainability performance. By incorporating ERM as a moderating factor, the research seeks to explore how the effectiveness of gender diversity initiatives within corporate boards may be influenced by the organization's risk management practices, ultimately impacting corporate sustainability performance (CSP) outcomes.

The Committee of Sponsoring Organizations (COSO) introduced Enterprise Risk Management for Environmental, Social, and Governance (ESG) risks in 2018. The aim of this guidance is to help risk management and sustainability professionals apply the principles of Enterprise Risk Management (ERM) to ESG-related risks. The COSO ERM Framework defines risk as "the likelihood of an event occurring and affecting the achievement of goals and business objectives." This concept encompasses both negative consequences, such as a decrease in revenue goals or damage to reputation, and positive outcomes, such as new market opportunities for products or cost-saving initiatives.

The increasing interest from investors in understanding how organizations identify and respond to ESG-related risks is noteworthy. In recent years, environmental and social proposals in the US have accounted for about half of all shareholder proposals submitted, making it the largest category of proposals (the other categories include board, anti-takeover/strategic, compensation, or routine/other). In 2018, environmental and social shareholder proposals that reached a vote addressed high-profile topics, such as political spending and lobbying, greenhouse gas emissions, sustainability reporting, diversity and inclusiveness, human rights, gun control, and prescription drugs. Governance-focused shareholder proposals, on the other hand, relate to board matters such as director elections and executive and director compensation. It is worth noting that the level of investor support for environmental issues has been increasing; for instance, climate-related proposals have received the majority of votes cast at large-cap companies such as ExxonMobil, Occidental Petroleum, PPL Corporation, and Anadarko.

There is a case to be made for entities to take a more active role in understanding and addressing ESG-related risks, such as reducing or removing risk, adapting and preparing for risk, or being more transparent about how the organization is addressing risk. Many entities have ERM structures and processes in place to identify, assess, manage, monitor, and communicate risk. Even in the absence of a formalized ERM function, the roles and responsibilities for risk management activities across businesses are often defined and executed. These processes provide a path for boards and management to optimize outcomes with the goal of enhancing capabilities to create, preserve, and ultimately realize value. While there are many choices in how management will apply ERM practices, and no one better approach is universally better than another, research has shown that mature risk management can lead to higher financial performance.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENTS

Corporate Sustainability Performance

Corporate sustainability, as defined by Rosati and Faria (2019), entails meeting the needs of a company's stakeholders while safeguarding future interests. Sustainability performance is commonly linked to the Triple Bottom Line (TBL) concept introduced by Elkington (1998), which encompasses considerations of financial profit, environmental protection, and social responsibility. This comprehensive approach to sustainability demonstrates a company's dedication to balancing economic, environmental, and social impacts within its operations. Amidst the escalating concerns of stakeholders and managers regarding environmental sustainability and social issues, there has been a shift towards integrating sustainability report disclosures alongside traditional financial reports (Spallini et al., 2021). This transition marks a paradigm shift in corporate reporting practices, advancing towards a more thorough evaluation of a company's sustainability performance. Sustainability performance, as emphasized by Rosati and Faria (2019), functions as a mechanism for accountability and communication, illustrating how a company's actions contribute positively or negatively to sustainable development. This focus on sustainability reporting underscores the increasing significance of transparency and ethical business practices in today's corporate environment.

Risk management and sustainability practitioners can play a critical role in enhancing ESG-related risk awareness at the board level by preparing information for the board (e.g., KPIs and metrics that reflect the organization's ESG performance), determining what communication channels should be used and establishing how frequently the information should be provided. In addition, practitioners may leverage internal capabilities in the organization to provide informed perspectives to individual board members and/or committees on ESG-related risks. Where appropriate, practitioners may also obtain expert third-party opinion or perspectives.

Gender Diversity

Gender diversity in top management, when effectively implemented, not only enhances corporate governance quality but also positively impacts company performance and helps minimize agency problems within the organization (Thoomaszen & Hidayat, 2020). The inclusion of women on the board strengthens the board's effectiveness in supervising senior managers' performance and decisions regarding strategic choices. A highly effective board with a balanced gender distribution is associated with lower debt costs, enabling the company to access increased borrowing opportunities. Gender diversity can strengthen the positive influence between board size and the level of debt of a company, so that with a high proportion of women on the board, the company has a variety of ideas, knowledge, and skills in the process of selecting a company's funding (Zaid et al., 2020). Gender diversity is important in capital structure decisions during the process of making a decision or solving the problem of whether the company will use internal or external funding. Therefore, gender diversity in the board of directors will bring up various points of view about a decision such as a capital structure decision, the difference between men and women in terms of mindset will affect how to see a risk that occurs.

H1: Board gender diversity positively related to corporate sustainability performance

Enterprise Risk Management

Enterprise Risk Management (ERM) is a strategic approach that organizations use to identify, assess, and manage risks that could affect the achievement of their objectives. It involves a systematic process of understanding potential risks, both present and future, and implementing measures to mitigate or capitalize on these risks. The COSO 2017 framework emphasizes that ERM is not just about risk management but also about integrating risk considerations into the organization's overall strategy and performance management. This integration involves fostering a risk-aware culture, developing the necessary capabilities to manage risks effectively, and implementing best practices to align risk management with strategic goals. According to Beasley (2020), ERM goes beyond just preventing risks; it also involves managing existing risks within the organization.

This means that ERM is a proactive approach that addresses both known and unknown risks, aiming to enhance the organization's resilience and ability to navigate uncertainties. By incorporating ERM practices into their operations, companies can better anticipate and respond to risks, thereby safeguarding their long-term sustainability and value-creation efforts.

What are ESG-related risks?

ESG-related risks are the environmental, social and governance-related risks and/or opportunities that may impact an entity. There is no universal or agreed-upon definition of ESG-related risks, which may also be referred to as sustainability, non-financial or extra-financial risks.a Each entity will have its own definition based on its unique business model; internal and external environment; product or services mix; mission, vision and core values and more. The resulting definition may be broad (for example, may include all aspects of the International Integration Reporting Council’s (IIRC) six capitals, discussed in Chapter 2) or narrow (for example, may include only a selection of priority environmental and social issues) and may evolve over time.

Governance refers to the process and structure that ensure the overall efficiency and effectiveness of a business, government, or multilateral institution. It is crucial to establish the goals of the organization, the means to pursue them, and the ability to understand any associated risks. The COSO ERM Framework emphasizes the importance of effective governance, including strong oversight, in identifying, assessing, and addressing all the risks faced by an organization. It is crucial to incorporate ESG-related risks into governance structures, systems, and processes to overcome challenges, such as organizational silos, quantification difficulties, and biases that many organizations face when managing these risks.

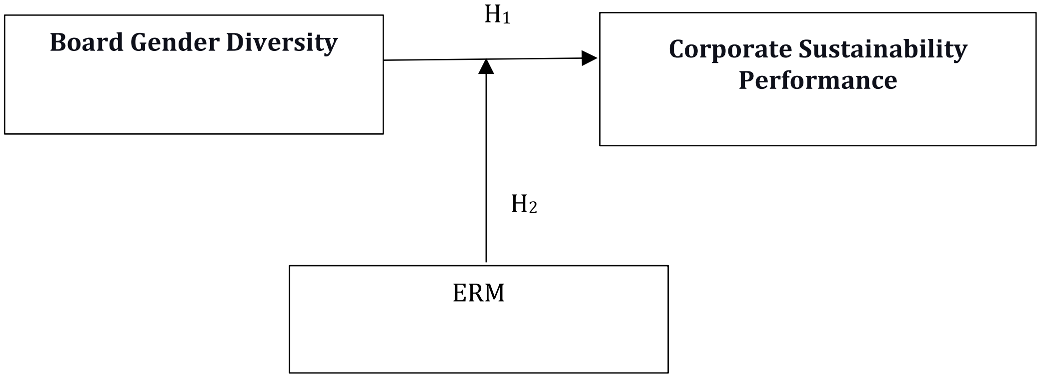

Figure 1: Research Framework

Previous studies have confirmed that ERM can influence firm performance (Malik et al., 2020), sustainability which is integrated with ERM (Shad et al., 2019), plays an important role in maintaining company sustainability (Oyewo, 2022). Another study also integrates the concepts of gender diversity and risk management (risk management committee gender diversity matter / RMCGD) developed by Jia (2019). ERM processes can help identify risks associated with gender diversity initiatives and corporate sustainability performance. By recognizing potential risks such as biases, discrimination, or resistance to change related to gender diversity, ERM can facilitate the development of strategies to mitigate these risks and enhance the effectiveness of sustainability efforts.

H2: ERM moderates the relationship between board gender diversity and corporate sustainability performance

METHODS

The study utilized secondary data sourced from annual reports and sustainability reports of health sector companies listed on the Indonesia Stock Exchange (IDX) from the period 2019 to 2022. The criteria for sample selection included: (1) Health sector companies listed on the IDX between 2020-2022, (2) Companies that published sustainability reports consecutively from 2020 to 2022, and (3) Companies with women serving on the board of directors. The initial population considered for sample selection comprised 28 companies, out of which 10 companies met all the criteria, resulting in a total dataset of 30 data points over the three-year period (2020-2022). The measuring instruments for each variable studied are detailed in the table provided in the study.

The following are some of the criteria set by researchers to select samples that are the objects of research:

1. Health Sector Companies listed on the Indonesia Stock Exchange in the period 2019-2022.

2. Health Sector Companies on the IDX that issued Sustainability Reports in 2019-2022 consecutively

3. There are women in the company's board of directors.

Tabel 1. Research Sampling Process

No.	Information	Amount
1.	Health Sector Companies listed on the Indonesia Stock Exchange in the period 2019-2022.	28
2.	Health Sector Companies Newly Listed on the IDX in the 2019-2022 Period	(11)
3.	Health Sector Companies on the IDX that did not publish a Sustainability Report in 2019-2022 consecutively	(7)
4.	Companies that do not have women on the company's board of directors.	0
Number of Samples		10
Observation Year		3
Total Research Sample		30

Source: www.idx.co.id (processed data), 2023

Based on the sampling process, the results obtained were 10 companies that met the predetermined criteria, the 10 companies are presented in the following research sample table 2:

Table 2. Companies that are Research Samples

No.	**Company Code**	**Company name**
1.	KAEF	Kimia Farma Tbk.
2.	KLBF	Kalbe Farma Tbk.
3.	MERK	Merck Tbk.
4.	SIDO	Industri Jamu dan Farmasi Sido
5.	SILO	Siloam International Hospitals
6.	PRDA	Prodia Widyahusada Tbk.
7.	HEAL	Medikaloka Hermina Tbk.
8.	PEHA	Phapros Tbk.
9.	TSPC	Tempo Scan Pacific Tbk.
10.	INAF	Indofarma Tbk.

Source: www.idx.co.id (processed data) 2023

Table 3. Variable Measurement

No	**Variable**	**Indicator**	**Scale**
1	Gender Diversity	$\frac{The\ members\ of\ women\ directors}{The\ members\ of\ the\ board\ of\ directors}\ X\ 100$	Ratio
3	Corporate Sustainability Performance	CSP = $\frac{V}{M}$	Ratio
3	Enterprise Risk Management	ERMDI = $\frac{\Sigma ij\ Dite}{\Sigma ij\ ADite}$	Ratio

Source: www.idx.co.id (processed data), 2023

RESULTS AND DISCUSSION

Gender diversity variable data is obtained by dividing the total number of female directors by the total number of company board members. Information about a company's board members is obtained in the annual report in the board of directors chapter. Below are the results of the data obtained:

Table 4. Data Gender diversity variable

Company	2020			2021			2022		
	Female board members	Total members of the board of directors	WOD	Female board members	Total members of the board of directors	WOD	Female board members	Total members of the board of directors	WOD
PRDA	4	5	0.8	4	5	0.8	4	5	0.8
TSPC	6	9	0.6	6	9	0.6	5	9	0.5
SILO	4	9	0,4	4	9	0,4	4	9	0,4
KAEF	1	6	0,16	2	6	0,3	3	6	0.5
KLBF	1	5	0.2	1	5	0.2	1	5	0.2
MERK	1	3	0,3	1	3	0,3	1	3	0,3
SIDO	1	4	0.25	1	4	0.25	1	4	0.25
HEAL	1	4	0.25	1	4	0.25	1	4	0.25
PEHA	2	5	0.4	2	6	0,3	3	6	0.5
INAF	1	5	0.2	1	5	0.2	1	5	0.2

Source: www.idx.co.id (processed data), 2023

Base on table 4 above, it is known that:

a. PT Prodia Widyahusada Tbk. has a consistent number of female board members from 2020 to 2022, which is 80% of the total board members.

b. PT Tempo Scan Pacific Tbk. has 60% female board members of all board members in 2020 and 2021, then decreased in 2022 to 50%.

c. Siloam International Hospitals has a consistent number of female board members from 2020 to 2022, which is 40% of the total board members because the term of office of board members is valid from 2020 to 2025.

d. PT Kimia Farma Tbk. has 16% female board members of all board members in 2020, then experienced an increase in the number of female board members to 30% in 2021 and increased again in 2022 to 50%.

e. PT Kalbe Farma Tbk. has a consistent number of female board members from 2020 to 2022, which is 20% of the total board members.

More informations:

a. PT Merck Tbk. has a consistent number of female board members from 2020 to 2022, which is 30% of the total board members.

b. Industri Jamu dan Farmasi Sido has a consistent number of female board members from 2020 to 2022, which is 25% of the total board members.

c. Medikaloka Hermina Tbk. has a consistent number of female board members from 2020 to 2022, which is 25% of the total board members.

d. PT Phapros Tbk. has 40% female board members from all board members in 2020, then experienced a decrease in the number of female board members to 30% in 2021 and increased again in 2022 to 50%

e. PT Indofarma Tbk. has a consistent number of female board members from 2020 to 2022, which is 25% of the total board members.

Description of Sustainability Performance Variable Data

Sustainability performance variable data is obtained by disclosing sustainability reports. The Sustainability report disclosure index (SRDI) is measured according to the Global Reporting Initiative (GRI) which consists of 91 disclosure items, namely Economic, Environmental, and Social (Labor Practices and Decent work, Human Rights, Society and Product Responsibility). A score is given if the item is disclosed (1) or if not disclosed (0), then added up to give a total. After each index is given a score, the score is then entered into the SRDI formula. The formula for calculating the SRDI is to divide the number of items disclosed by the number of items disclosed as many as 91. Below are the results of the data obtained:

Tabel 5. Sustainability Performance Variable Data

company	2020			2021			2022		
	Items Disclosed	Total Items Disclosed	SRDI	Items Disclosed	Total Items Disclosed	SRDI	Items Disclosed	Total Items Disclosed	SRDI
KLBF	21	91	0,23	19	91	0,20	27	91	0,29
KAEF	18	91	0,19	20	91	0,21	17	91	0,18
INAF	16	91	0,17	16	91	0,17	16	91	0,17
MERK	21	91	0,23	22	91	0,24	25	91	0,27
SIDO	19	91	0,20	17	91	0,18	17	91	0,18
SILO	25	91	0.27	20	91	0.21	22	91	0.24
PRDA	21	91	0,23	21	91	0,23	29	91	0,31
HEAL	30	91	0,32	33	91	0,36	40	91	0,43
PEHA	20	91	0,21	20	91	0,21	20	91	0,21
TSPC	26	91	0,28	26	91	0,28	29	91	0,31

Source: www.idx.co.id (processed data), 2023

Based on table 5 above, it is known that:

a. PT Kalbe Farma Tbk. disclosed a sustainability report of 23% of the total disclosure items in 2020, then decreased in 2021 to 20% and again experienced an increase in disclosure in 2022 to 29%.

b. PT Kimia Farma Tbk. disclosed a sustainability report of 19% of the total disclosure items in 2020, then increased in 2021 to 21% and decreased disclosure in 2022 to 18%.

c. PT Indofarma Tbk. consistently disclosed a sustainability report of 17% of the total disclosure items from 2020 to 2022.

d. PT Merck Tbk. disclosed a sustainability report of 23% of the total disclosure items in 2020, then increased in 2021 to 24% and again experienced an increase in disclosure in 2022 to 27%.

e. Sido Herbal Medicine and Pharmaceutical Industry. disclosed sustainability reports of 20% of total disclosure items in 2020, then decreased in 2021 and 2022 to 18%.

f. Siloam International Hospitals disclosed sustainability reports of 27% of total disclosure items in 2020, then decreased in 2021 to 21% and again experienced an increase in disclosure in 2022 to 24%.

g. PT Prodia Widyahusada Tbk. disclosed sustainability reports of 23% of total disclosure items in 2020 and 2021, and again experienced an increase in disclosure in 2022 to 31%.

h. PT Medikaloka Hermina Tbk. disclosed sustainability reports of 32% of total disclosure items in 2020, then increased in 2021 to 36% and again experienced an increase in disclosure in 2022 to 43%.

i. PT Phapros Tbk. consistently disclosed sustainability reports of 21% of the total disclosure items from 2020 to 2022.

j. PT Tempo Scan Pacific Tbk. disclosed sustainability reports of 28% of the total disclosure items in 2020 and 2021, and again experienced an increase in disclosure in 2022 to 31%.

Description of Enterprise Risk Management Variable Data

Sustainability performance variable data was obtained from the disclosure of enterprise risk management contained in the Company's annual report. ERM disclosure uses the criteria for item 108 disclosures based on the COSO ERM Framework dimensions which include eight dimensions, namely internal environment, goal setting, event identification, risk assessment, risk response, monitoring activities, information and communication, and monitoring. Information regarding ERM 31 disclosures is obtained from the company's annual report. The calculation of disclosed ERM items is given a value of 1 and a value of 0 if not disclosed. After each index is given a score, the score is then entered into the ERM formula. The formula for calculating ERM is to divide the number of items disclosed by the number of items disclosed, which is 108. Below are the results of the data obtained:

Tabel 6. Data Enterprise Risk Management

Perusahaan	2020			2021			2022		
	Items Disclosed	Total Items Disclosed	ERM	Items Disclosed	Total Items Disclosed	ERM	Items Disclosed	Total Items Disclosed	ERM
KAEF	101	108	0,93	102	108	0,94	102	108	0,94
KLBF	92	108	0,85	93	108	0.86	93	108	0,86
INAF	98	108	0,90	92	108	0,85	91	108	0,84
MERK	83	108	0,76	85	108	0,78	85	108	0,78
SIDO	77	108	0.71	83	108	0,76	82	108	0,75
SILO	77	108	0,71	79	108	0,73	91	108	0,84
PRDA	78	108	0,72	83	108	0,76	86	108	0,79
HEAL	71	108	0,65	81	108	0,75	79	108	0,73
PEHA	98	108	0,90	92	108	0,85	91	108	0,84
TSPC	50	108	0,46	68	108	0,62	75	108	0,69

Source: www.idx.co.id (processed data), 2023

Based on table 6 above, it is known that:

a. PT Kimia Farma Tbk. disclosed enterprise risk management as much as 93% of the total disclosure items in 2020, then increased in 2021 to 94% and remained consistent in 2022.
b. PT Kalbe Farma Tbk. disclosed enterprise risk management as much as 85% of the total disclosure items in 2020, then increased in 2021 to 86% and remained consistent in 2022.
c. PT Indofarma Tbk. disclosed enterprise risk management as much as 90% in 2020, then decreased in 2021 to 85% and in 2022 to 84% of the items disclosed.
d. PT Merck Tbk. disclosed enterprise risk management as much as 76% of the total disclosure items in 2020, then increased in 2021 to 78% and remained consistent in 2022.
e. Sido Herbal Medicine and Pharmaceutical Industry disclosed enterprise risk management as much as 71% in 2020, then decreased in 2021 to 76% and in 2022 to 75% of disclosed items.

f. Siloam International Hospitals disclosed enterprise risk management as much as 71% of total disclosure items in 2020, then increased in 2021 to 73% and 84% in 2022.
g. PT Prodia Widyahusada Tbk. disclosed enterprise risk management as much as 72% of total disclosure items in 2020, then increased in 2021 to 76% and 79% in 2022.
h. PT Medikaloka Hermina Tbk. disclosed enterprise risk management as much as 65% of total disclosure items in 2020, then increased in 2021 to 75% and 73% in 2022.
i. PT Phapros Tbk. disclosed enterprise risk management as much as 90% in 2020, then decreased in 2021 to 85% and in 2022 to 84% of disclosed items.

PT Tempo Scan Pacific Tbk. disclosed enterprise risk management as much as 46% of total disclosure items in 2020, then increased in 2021 to 62% and 69% in 2022.

The study analyzed the average values and characteristics of the variables studied over the period 2020-2022. The Sustainability Report Disclosure (SRD) variable had an average value of 0.246520, indicating that, on average, the 30 sampled companies disclosed sustainability reports at a rate of 24.652%. The standard deviation for SRD was 0.061806. The minimum SRD value of 0.175824 was reported by Indofarma Tbk, while the maximum value of 0.439560 was achieved by Medikaloka Hermina Tbk. Regarding gender diversity, the average value over the period was 0.383704 or 38.37%, suggesting that women's presence on boards of directors remained a minority in the sampled companies.

The standard deviation for gender diversity was 0.196001. The lowest female board presence was 16.667% in Kimia Farma Tbk in 2020, while the highest was 80% in Prodia Widyahusada Tbk in 2021. The Enterprise Risk Management (ERM) disclosure, considered as a moderating variable, had an average disclosure value of 0.781067 with a standard deviation of 0.100120. Kimia Farma Tbk had the highest ERM disclosure at 94.4%, while Tempo Scan Pacific Tbk had the lowest at 46.3%. These values provide insights into the levels of sustainability report disclosure, gender diversity, and ERM disclosure within the sampled health sector companies during the specified period.

Table 7. Descriptive statistics

	SRD	GENDER	ERM
Mean	0.246520	0.383704	0.781067
Median	0.230769	0.333333	0.773000
Maximum	0.439560	0.800000	0.944000
Minimum	0.175824	0.166667	0.463000
Std. Dev.	0.061806	0.196001	0.100120
Skewness	1.239531	0.968968	-0.799
Kurtosis	4.425530	2.784275	4.797788
Jarque-Bera	10.22236	4.752663	7.231390
Probability	0.006029	0.092891	0.026898
Sum	7.395604	11.51111	23.43200
Sum Sq. Dev.	0.110780	1.114070	0.290698
Observations	30	30	30

Source: www.idx.co.id (processed data), 2023

The research conducted various tests to determine the most suitable regression model for the balanced panel data. After performing tests such as the Chow test, Hausman test, and Langrange Multiplier test, it was concluded that the random effect model (REM) was the best regression model for testing the hypotheses in the study. This choice of model helps ensure the robustness and reliability of the results obtained. In Table 3, the results indicated that the gender diversity variable had a t-value of 6.072584, which was greater than the critical t-value (t-table) of 1.703, with a probability of 0.0261, which is less than the significance level of 0.05. This led to the acceptance of the hypothesis (H1), suggesting that gender diversity has a significant effect on sustainability performance.

The statistically significant t-value indicates that gender diversity plays a crucial role in influencing sustainability performance within the context of the study. Furthermore, the KG * ERM interaction variable showed a t-value of 6.990527, exceeding the critical t-value of 1.703, with a probability of 0.0199, which is also less than 0.05. Consequently, the hypothesis (H2) was supported, indicating that gender diversity has a significant impact on sustainability performance when ERM is considered as a moderating variable. This finding highlights the importance of considering the interaction between gender diversity and ERM in understanding their combined effect on sustainability performance.

Table 8. Result of Random Effect Model Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.316155	0.010474	30.18365	0.0011
GENDER	-0.223674	0.036833	-6.072584	0.0261
ERM	-0.067826	0.015175	-4.469506	0.0466
GENDER*ERM	0.235965	0.033755	6.990527	0.0199

Source: www.idx.co.id (processed data), 2023

DISCUSSION

The results showed that gender diversity has a negative effect on sustainability performance. The coefficient value which has a negative direction indicates that the higher the gender diversity of the board of directors in a company, the lower the sustainability performance. So the presence of women on the board of directors is not a benchmark that the company's sustainability performance will be better. The results of this study are in line with research conducted by Thoomaszen & Hidayat (2020) which states that board gender diversity has a significant negative effect on company performance. The results of this study conflict with previous studies (Al-Shaer & Zaman, 2016; Buallay et al., 2022; Fernandez-Feijoo et al., 2014; Girón et al., 2022; Miles, 2019; Rosati & Faria, 2019; Singhania et al., 2023; Wang, 2017; Zampone et al., 2024) which concludes that gender diversity has a positive effect on corporate sustainability performance.

The present study show that gender diversity has a negative effect on corporate sustainability performance due to various reasons: First, when gender diversity initiatives are implemented merely for symbolic reasons without a genuine commitment to inclusion and equality, it can create a sense of tokenism among employees. This can lead to feelings of resentment, lack of trust, and disengagement, ultimately impacting organizational performance (Ely & Thomas, 2001). Secondly, introducing gender diversity initiatives may face resistance from existing employees who are accustomed to traditional workplace dynamics.

This resistance can create tension, and communication barriers, and hinder collaboration, which can affect sustainability performance (Kalev et al., 2006). Third, gender diversity alone is not sufficient to drive sustainability performance. Organizations need to foster an inclusive culture where diverse perspectives are valued, and all employees feel empowered to contribute. Without an inclusive environment, gender diversity may not translate into improved sustainability outcomes (Cox & Blake, 1991). Moreover, the low number of female boards in Indonesian public companies and the lack of competence of female boards are unable to encourage and improve the company's ethical behavior, including in sustainability strategies and formulating company policies so that they can have a negative impact on the company's sustainability performance.

In Indonesia, the existence of board gender diversity in the company has not actually been regulated in government regulations regarding the rules for how many percent of women hold top management positions. The ratio of men and women in the company must be balanced so that there is good diversity, no more and no less than others. However, in this study it may occur due to several things such as health sector companies do not have too many female members on the board of directors, which has an impact on the small sample obtained. Furthermore, many Asians are still patrilineal, therefore women rarely get the same positions and opportunities as men, even when they work. In addition, Asian women are less likely to pursue careers than Asian men. Women's tendency to avoid conflict and take calculated risks can have a negative impact on gender diversity on corporate boards.

Moreover, the results showed that ERM plays an important role in moderating the relationship between gender diversity and sustainability performance. Enterprise Risk Management (ERM) is a structured approach to identifying, evaluating, managing, and mitigating risks that can affect the achievement of organizational goals. In this case, ERM is also a framework used by companies to plan, organize and control risk-related activities in their business. More specifically, the regression coefficient of 0.235965 indicates that ERM strengthens the relationship. This means that if we observe a 1% increase in the moderating variables and sustainability performance, there will be a 0.459639 strengthening in the relationship between gender diversity and sustainability performance. This finding is considered important as it highlights the strategic role of ERM in the context of gender diversity and sustainability performance. This implies that organizations that implement ERM well may be better able to optimize the positive impact of gender diversity on their sustainability performance. Therefore, a deeper understanding of this relationship can help companies make better decisions regarding their gender diversity policies and enterprise risk management.

CONCLUSIONS

The study researcher mentioned examines the impact of gender diversity on sustainability performance, with enterprise risk management (ERM) serving as a moderating variable. The findings reveal that gender diversity has a negative influence on sustainability performance. The negative coefficient value suggests that as the level of gender diversity among the board of directors increases, sustainability performance tends to decrease. This unexpected result contradicts the common belief that gender diversity typically leads to positive outcomes in organizations. Furthermore, the study indicates that ERM plays a moderating role in enhancing the relationship between gender diversity and corporate sustainability performance. This implies that the presence of ERM practices within an organization can influence how gender diversity affects sustainability performance. The interaction between gender diversity and ERM may result in different outcomes compared to scenarios where ERM is not considered. Further research is necessary to delve into the underlying mechanisms driving these relationships and to explore potential strategies for leveraging gender diversity and ERM to improve sustainability performance in organizations.

REFERENCES

Al-Shaer, H., & Zaman, M. (2016). Board gender diversity and sustainability reporting quality. *Journal of Contemporary Accounting & Economics*, *12*(3), 210–222. https://doi.org/10.1016/j.jcae.2016.09.001

Arayssi, M., Fakih, A., & Kassem, M. (2019). Government and Financial Institutional Determinants of Development in MENA Countries. *Emerging Markets Finance and Trade*, *55*(11), 2473–2496. https://doi.org/10.1080/1540496X.2018.1507907

Buallay, A., Hamdan, R., Barone, E., & Hamdan, A. (2022). Increasing female participation on boards: Effects on sustainability reporting. *International Journal of Finance & Economics*, *27*(1), 111–124. https://doi.org/10.1002/ijfe.2141

Channuntapipat, C. (2021). Can sustainability report assurance be a collaborative process and practice beyond the ritual of verification? *Business Strategy and the Environment*, *30*(2), 775–786. https://doi.org/10.1002/bse.2653

Cox, T. H., & Blake, S. (1991). Managing cultural diversity: implications for organizational competitiveness. *Academy of Management Perspectives*, *5*(3), 45–56. https://doi.org/10.5465/ame.1991.4274465

Ely, R. J., & Thomas, D. A. (2001). Cultural Diversity at Work: The Effects of Diversity Perspectives on Work Group Processes and Outcomes. *Administrative Science Quarterly*, *46*(2), 229–273. https://doi.org/10.2307/2667087

Fernandez-Feijoo, B., Romero, S., & Ruiz-Blanco, S. (2014). Women on Boards: Do They Affect Sustainability Reporting? *Corporate Social Responsibility and Environmental Management*, *21*(6), 351–364. https://doi.org/10.1002/csr.1329

Girón, A., Kazemikhasragh, A., Cicchiello, A. F., & Monferrá, S. (2022). The Impact of Board

Gender Diversity on Sustainability Reporting and External Assurance: Evidence from Lower-Middle-Income Countries in Asia and Africa. *Journal of Economic Issues*, *56*(1), 209–224. https://doi.org/10.1080/00213624.2022.2020586

Jia, J. (2019). Does risk management committee gender diversity matter? A financial distress perspective. *Managerial Auditing Journal*, *34*(8), 1050–1072. https://doi.org/10.1108/MAJ-05-2018-1874

Kalev, A., Dobbin, F., & Kelly, E. (2006). Best Practices or Best Guesses? Assessing the Efficacy of Corporate Affirmative Action and Diversity Policies. *American Sociological Review*, *71*(4), 589–617. https://doi.org/10.1177/000312240607100404

Luke, T. W. (2013). Corporate Social Responsibility: An Uneasy Merger of Sustainability and Development. *Sustainable Development*, *21*(2), 83–91. https://doi.org/10.1002/sd.1558

Malik, M. F., Zaman, M., & Buckby, S. (2020). Enterprise risk management and firm performance: Role of the risk committee. *Journal of Contemporary Accounting & Economics*, *16*(1), 100178. https://doi.org/10.1016/j.jcae.2019.100178

Miles, K. (2011). Embedding gender in sustainability reports. *Sustainability Accounting, Management and Policy Journal*, *2*(1), 139–146. https://doi.org/10.1108/20408021111162164

Napitupulu, S., Primiana, I., Nidar, S. R., Effendy, N., & Puspitasari, D. M. (2020). The Effect of Management Capabilities in Implementing Good Corporate Governance: A Study from Indonesia Banking Sector. *The Journal of Asian Finance, Economics and Business*, *7*(1), 159–165. https://doi.org/10.13106/jafeb.2020.vol7.no1.159

Oyewo, B. (2022). Enterprise risk management and sustainability of banks performance. *Journal of Accounting in Emerging Economies*, *12*(2), 318–344. https://doi.org/10.1108/JAEE-10-2020-0278

Rosati, F., & Faria, L. G. D. (2019). Addressing the SDGs in sustainability reports: The relationship with institutional factors. *Journal of Cleaner Production*, *215*, 1312–1326. https://doi.org/10.1016/j.jclepro.2018.12.107

Shad, M. K., Lai, F.-W., Fatt, C. L., Klemeš, J. J., & Bokhari, A. (2019). Integrating sustainability reporting into enterprise risk management and its relationship with business performance: A conceptual framework. *Journal of Cleaner Production*, *208*, 415–425. https://doi.org/10.1016/j.jclepro.2018.10.120

Singhania, S., Singh, J., Aggrawal, D., & Rana, S. (2023). Board gender diversity and sustainability reporting quality: a generalized ordered logit approach. *Kybernetes*. https://doi.org/10.1108/K-07-2022-0963

Spallini, S., Milone, V., Nisio, A., & Romanazzi, P. (2021). The Dimension of Sustainability: A Comparative Analysis of Broadness of Information in Italian Companies. *Sustainability*, *13*(3), 1457. https://doi.org/10.3390/su13031457

Tamimi, N., & Sebastianelli, R. (2017). Transparency among S&P 500 companies: an analysis of ESG disclosure scores. *Management Decision*, *55*(8), 1660–1680. https://doi.org/10.1108/MD-01-2017-0018

Thoomaszen, S. P., & Hidayat, W. (2020). Keberagaman Gender Dewan Komisaris dan Direksi terhadap Kinerja Perusahaan. *E-Jurnal Akuntansi*, *30*(8), 2040. https://doi.org/10.24843/EJA.2020.v30.i08.p11

Wang, M.-C. (2017). The Relationship between Firm Characteristics and the Disclosure of

Sustainability Reporting. *Sustainability*, *9*(4), 624. https://doi.org/10.3390/su9040624

Zampone, G., Nicolò, G., Sannino, G., & De Iorio, S. (2024). Gender diversity and SDG disclosure: the mediating role of the sustainability committee. *Journal of Applied Accounting Research*, *25*(1), 171–193. https://doi.org/10.1108/JAAR-06-2022-0151