
# CEO Power and ESG: The Moderating Role of Gender Diversity in Indonesia

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**Abstract**

**Main Purpose -** The purpose of this study is to examine how CEO power influences ESG performance, taking into account board gender diversity.

**Method -** A total of 82 companies that issued sustainability reports in Indonesia between 2018 and 2022 were selected as the research subjects and were analyzed using Ordinary Least Squares (OLS) regression.

**Main Findings -** The study shows that CEO Power contributes positively and significantly to ESG, and that the level of CEO power is related to the company's ESG performance. Although, gender diversity in the board is expected to strengthen inclusive governance and promote sustainability practices, in the context of Indonesian companies, this moderating influence has not yet been statistically observed.

**Theory and Practical Implications -** This study extends upper echelons theory by showing that excessive CEO power weakens ESG performance, while board gender diversity serves as an effective internal governance mechanism to counterbalance such dominance.

**Novelty -** Unlike prior studies that treat CEO power and board characteristics separately, this research introduces board gender diversity as a moderating mechanism that mitigates the negative impact of CEO power on ESG outcomes.

**Keywords:** ESG, CEO Power, Women on Board, Gender Diversity, Sustainability

***Abstrak***

***Tujuan Utama -*** *Tujuan dari penelitian ini adalah untuk mengkaji bagaimana kekuasaan CEO mempengaruhi kinerja ESG, dengan mempertimbangkan keberagaman gender dewan.*

***Metode -*** *Sebanyak 82 perusahaan yang menerbitkan laporan keberlanjutan di Indonesia selama periode 2018–2022 dipilih sebagai subjek penelitian dan dianalisis menggunakan regresi Ordinary Least Squares (OLS).*

***Temuan Utama -*** *Studi ini menunjukkan bahwa Kekuasaan CEO berkontribusi secara positif dan signifikan terhadap ESG, dan bahwa tingkat kekuasaan CEO terkait dengan kinerja ESG perusahaan. Meskipun, keberagaman gender di dewan direksi diharapkan dapat memperkuat tata kelola yang inklusif dan mempromosikan praktik keberlanjutan, dalam konteks perusahaan Indonesia, pengaruh moderasi ini belum diamati secara statistik.*

***Implikasi Teori dan Kebijakan -*** *Penelitian ini memperluas teori upper echelons dengan menunjukkan bahwa kekuasaan CEO yang berlebihan melemahkan kinerja ESG, sementara keberagaman gender dalam dewan berperan sebagai mekanisme tata kelola internal yang efektif untuk menyeimbangkan dominasi tersebut. ya*

***Kebaruan Penelitian -*** *Berbeda dengan penelitian sebelumnya yang membahas kekuasaan CEO dan karakteristik dewan secara terpisah, penelitian ini memperkenalkan keberagaman gender dalam dewan sebagai mekanisme moderasi yang dapat mengurangi dampak negatif kekuasaan CEO terhadap kinerja ESG.*

***Kata Kunci:*** *ESG, CEO Power, Women on Board, Gender Diversity, Sustainability.*

## INTRODUCTION

Many researchers, investors, regulators, and companies have recently become interested in the topic of ESG to determine business practices in achieving their goals. ESG affects the sustainability of publicly listed companies, resulting in long-term effects such as a better environment, social impact, and improved corporate governance (Velte, 2020). By implementing ESG, powerful CEOs can significantly enhance company sustainability and decision-making management (Fu et al., 2024; Lee & Hooy, 2024). However, when large companies are run by a board of directors, it becomes possible to measure certain board characteristics e.g., gender, independent members, industry-specific background, etc (Odriozola et al., 2024; Oyinlola, 2025).

CEOs are the primary decision-makers in a company, but their impact becomes more prominent when they have dominant power to control the company's resources (Candy & Delfina, 2023). Meanwhile, CEO expertise and ownership enhance ESG performance, indicating a complex relationship between CEO power concentration and ESG practices (Lee & Hooy, 2024). Heightened scrutiny from investors may encourage CEOs to act cautiously, prioritizing stability over bold strategies. In this context, CEO power becomes critical, as it can either strengthen commitment to ESG initiatives or weaken them in favor of short-term goals (Dissanayake et al., 2025). Stakeholder involvement in decision-making is directly influenced by board size, independent non-executive members, and gender diversity (Arhinful et al., 2024). Boards composed of people from diverse backgrounds may be more effective in representing stakeholder interests. This may result in more equitable decision-making and improved ESG performance (Lin & Zhang, 2025).

The theoretical approach based on Upper Echelons Theory (UET) posits that the characteristics of top executives—such as educational background, career experience, personal values, and cognitive styles—have a significant influence on decision-making processes and the outcomes achieved by an organization (Hambrick, 2007; Hambrick & Mason, 1984; Salehi & Bashirimanesh, 2024). The CEO power theory explains that a CEO's power influences decision-making processes and corporate performance. A high level of CEO power can enhance the ability to pursue personal agendas and shape organizational strategy; however, it may also pose a risk of agency problems if adequate oversight mechanisms are not in place (Lee & Hooy, 2024). This highlights a theoretical gap, suggesting that the presence of well-structured and effective board characteristics is essential to moderate CEO power and, in turn, improve the sustainability performance of the firm.

The research results from Arhinful et al. (2024), indicate that the presence of women on the board has not yet significantly impacted ESG performance, likely because their numbers are still too small to influence strategic decisions. However, according to the research findings of Buchetti et al. (2025) and Menicucci & Paolucci (2024), the presence of female directors positively impacts ESG indicators, as women on the board are believed to promote corporate social accountability and ethics, which align with ESG goals. Prior studies suggest that female CEOs are more effective in driving relational CSR compared to male CEOs (Gala et al., 2024). This research model is still rarely studied, leaving room to further explore the dynamics between CEO power and ESG, moderated by gender diversity.

However, empirical research on this relationship remains scarce in emerging market suvh as Indonesia. Recent findings show that the median ESG score of Indonesian firms remains at a moderate level (around 46–51 during the 2020–2021 period), suggesting that the integration of ESG into business practices is still developing (Kusno et al., 2024). Moreover, female representation on corporate boards in Indonesia remains below 15 percent (Candy et al., 2024; Hesniati et al., 2024), reflecting limited gender diversity in corporate leadership. Therefore, this study investigates how CEO power influences ESG performance and examines whether board gender diversity moderates this relationship.

Therefore, this study extends the existing literature by examining how CEO power influences ESG performance, while also considering the moderating role of gender diversity within the boardroom. By integrating perspectives from the Upper Echelons Theory and CEO power framework, this research contributes to a deeper understanding of how leadership dynamics and board composition jointly shape corporate sustainability outcomes. The findings are expected to provide practical insights for policymakers, investors, and corporate leaders in strengthening governance mechanisms and promoting sustainable business practices in Indonesia.

## LITERATURE REVIEW

### Upper Echelon Theory

The Upper Echelons Theory (UET), originally developed by Hambrick & Mason (1984) and later refined by Hambrick (2007), posits that organizational strategies and outcomes are, to a considerable extent, shaped by the personal attributes of top executives. These attributes—such as educational background, professional experience, personal values, and cognitive orientation—influence how leaders perceive organizational challenges and make strategic choices. In essence, the organization is seen as a reflection of its executives' cognitive frameworks and value systems.

Within the domain of corporate governance, UET offers a robust theoretical foundation to understand how CEO characteristics and power dynamics influence firm-level outcomes such as ESG performance. A powerful CEO wields substantial discretion in directing corporate strategies, resource allocation, and sustainability initiatives. When the CEO's cognitive orientation aligns with long-term sustainability goals, this authority can facilitate effective ESG integration. However, excessive concentration of power may amplify agency conflicts, where personal motives and short-term performance pressures overshadow stakeholder and environmental considerations (Lee & Hooy, 2024).

### ESG – Finkelsteins' Power Perspective

From the perspective of Finkelstein (1992) power framework, the adoption and performance of environmental, social, and governance (ESG) initiatives are closely linked to the distribution of power within the top management team, particularly the CEO. When a CEO possesses substantial structural, ownership, expert, and prestige power, they are better positioned to direct resources and strategic attention toward ESG programs. Hgh CEO power without counterbalancing governance mechanisms risks ESG initiatives becoming symbolic or opportunistic rather than substantive. Board oversight and diversity, therefore, are crucial in channeling CEO influence toward meaningful sustainability outcomes.

### CEO Power

The CEO plays a key role in driving ESG activities and disclosure, and a powerful CEO has significant control and influence over other managers and directors in overall company management. This role is vital in reducing pressure from external stakeholders. For instance, a CEO with increased capacity and power will make better choices to ensure organizational consistency (Pucheta-Martínez & Gallego-álvarez, 2021). Additionally, more experienced CEOs have a better understanding of company conditions, enabling them to reduce institutional pressure on stakeholders through information disclosure. CEO power framework posits that the scope and type of CEO power—structural, ownership, expert, and prestige—shape strategic decision-making and organizational outcomes (Brahma & Economou, 2024; Finkelstein, 1992; Haider & Fang, 2018).

CEO structural power is frequently associated with CEO duality, where the CEO simultaneously holds the position of board chair. In contexts where regulations mandate the separation of these roles, prior studies often treat duality as a binary construct, overlooking the nuances of influence and the intensity of CEO authority (Krause et al., 2014; Zavertiaeva & Ershova, 2025). Given Indonesia's two-tier governance system, this study conceptualizes CEO power through three dimensions: ownership power, reflected in the proportion of managerial equity held by the CEO; expertise power, representing by tenure; and prestige power, indicated by educational attainment as a proxy for social status and intellectual credibility.

**Woman on Board**

Within the lens of Finkelstein (1992) power framework, gender diversity on corporate boards can influence the distribution and balance of power between the CEO and other governing actors. Female CEOs show their impact through their power (Ting, 2021). This diversity strengthens the board's capacity to challenge managerial decisions, provide alternative perspectives, and ensure that strategic initiatives—including ESG programs—align with long-term stakeholder interests. Consequently, gender diversity should be regarded not only as a demographic characteristic but as a governance resource that moderates the potential risks of concentrated CEO power and promotes more balanced, sustainability-oriented decision-making.

## Hypothesis Development

**The Effect of CEO Power on ESG**

The characteristics of a CEO can shape a firm's ESG agenda, with those holding considerable influence impacting both financial and non-financial outcomes, particularly in organizations operating under a two-tier governance structure (Velte, 2020). Empirical evidence suggests that CEO power is positively associated with higher ESG performance, underscoring the central role of strong leaders in designing and steering sustainability-oriented strategies (Li et al., 2018; Ramadana et al., 2025; Septiany et al., 2025). Firms that achieve robust ESG outcomes are often led by CEOs with substantial authority and strong self-assurance, enabling them to play a decisive role in crafting and executing sustainability initiatives (Alrobai & Albaz, 2025).

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$H_1$: CEO Power has a significant positive effect on ESG.

**Women on board as Moderation**

In the social domain, women are characterized by greater social consideration and a stronger disposition toward sustainability practices, making them associated with higher charitable giving. According to several studies, women are more risk-averse, making financial or ethical violations less likely under their management (Kyaw et al., 2022). Female directors tend to avoid risk and are less aggressive than male directors and contribute to improving a company's financial performance (Hesniati et al., 2024). Moreover, more diverse management teams are valued more positively as they bring varied perspectives to decision-making better represent and motivate stakeholder participation, have inclusive leadership styles, and better communication with subordinates (Odriozola et al., 2024).

An increased representation of female executives tends to lower a firm's ESG decoupling score, implying that female leadership contributes to narrowing the gap between ESG disclosure and actual ESG performance (Yang et al., 2024). Donkor et al. (2023) highlight board diversity is typically associated with stronger ESG outcomes, its effectiveness may be constrained when CEO power is

highly concentrated or when firms are embedded in environmentally sensitive industries, where external pressures and managerial dominance can weaken the governance–sustainability linkage.
$H_2$: Women on board moderate the relationship between CEO Power and ESG.

## RESEARCH METHOD

This study uses 82 companies that published sustainability reports in Indonesia from 2018–2022. Analysis of each company's annual report was used to test the data. A purposive sampling technique was employed to ensure the inclusion of companies that met specific criteria, namely: (1) companies listed on the Indonesia Stock Exchange (IDX) during the observation period, (2) companies that published sustainability reports consistently between 2018 and 2022, (3) firms with fiscal years ending on December 31, and (4) companies with complete financial and governance data available from both annual reports and ESG databases. The data collected were secondary, obtained from the Indonesia Stock Exchange (IDX) and Thomson Reuters Refinitiv. This database is widely regarded as one of the most comprehensive sources for ESG metrics and has been extensively utilized in recent empirical studies on related topics (Ho et al., 2024; Pulino et al., 2022). This data has a total of 2110 board of directors observations.

The traditional measure of CEO duality—commonly used in one-tier governance systems to assess CEO power as proposed by Finkelstein (1992)—is not applicable in this study, since Indonesia adopts a two-tier board governance structure that clearly separates the roles of the board of directors and the board of commissioners. Therefore, this study adopts an alternative measurement approach by defining CEO power through three dimensions: ownership power (CEOOWN), expert power (CEOTEN), and prestige power (CEOEDU). Each dimension is represented by a binary variable that takes a value of 1 if the CEO's attribute exceeds the industry median, thereby accounting for cross-industry heterogeneity in managerial characteristics (Velte, 2020). The overall CEO power index (CEOPI) is then derived by summing these three indicators, producing a composite score ranging from 0 to 3, where a higher score reflects greater CEO power.

Table 1.Variable Measurement

| Variables | Measurement | Description | Source |
|---|---|---|---|
| CEO Power | Ownership | CEO ownership as the percentage of company stock held by the CEO related to industry median. | (Lee & Hooy, 2024; Velte, 2020) |
| | Tenure | CEO tenure as the number of years the CEO has been in office related to industry median. | |
| | Education | CEO education level relative to the industry median, where 1 = bachelor's degree, 2 = master's degree, 3 = doctoral degree, and 0 = for any lower level of education. | |
| | CEO Power Index | CEO power index as addition of indicator variables (related to the standard deviation from industry median) of CEOP, CEOO and CEOT | |
| Gender Diversity | Gender Diversity | Percentage of women on the board | (Arhinful et al., 2024; Menicucci & Paolucci, 2024) |

| Variables | Measurement | Description | Source |
|---|---|---|---|
| ESG | ESG | Environmental, social and governance by Refinitiv | (Ho et al., 2024) |
| Firm Age | Firm Age | It measured as the number of years since the firm was first listed on the market. | (Almulhim & Aljughaiman, 2023) |
| Board Size | Board Size | Total number of members sitting on the board of directors | (Mirza et al., 2019; Remo-Diez et al., 2025) |
| Board Meet | Board Meet | The total number of board meetings in a year | (Agnese et al., 2024; Mirza et al., 2019) |

Source : Processed by researcher, 2025.

The analytical method used is Ordinary Least Squares (OLS), a widely recognized method in empirical research for its effectiveness in estimating linear relationships among variables. The regression models incorporate industry and year fixed effects to control for unobserved heterogeneity across industries and time periods. This specification ensures that the estimation accounts for systematic differences in ESG practices across sectors, as well as temporal shocks that might otherwise bias the results (Wooldridge, 2013). To examine the effect of CEO power on ESG performance with board gender diversity as a moderating variable, the following multiple regression equations are used:

Model 1 (Direct Effect):

$$ESG_{it} = \alpha + \beta_1 CEOPI_{it} + \beta_2 FA_{it} + \beta_3 BSIZE_{it} + \beta_4 BMEET_{it} + \varepsilon_{it}$$

Model 2 (Moderation Effect):

$$ESG_{it} = \alpha + \beta_1 CEOPI_{it} + \beta_2 GENDER_{it} + \beta_3 CEOPIxGENDER_{it} + \beta_4 FA_{it} + \beta_5 BSIZE_{it} + \beta_6 BMEET_{it} + \varepsilon_{it}$$

# RESULTS

## Descriptive Statistics

Table 2. Descriptive Statistics

| | Mean | Standard Deviation | Minimum | Maximum |
|---|---|---|---|---|
| ESG | 52.846 | 19.922 | 10.050 | 87.600 |
| CEOPI | 1.727 | 0.755 | 0.000 | 3.000 |
| GENDER | 0.151 | 0.166 | 0.000 | 0.750 |
| FA | 46.308 | 22.819 | 0.000 | 125.000 |
| BSIZE | 8.015 | 2.773 | 2.000 | 17.000 |
| BMEET | 16.006 | 14.486 | 2.000 | 62.000 |

Source : Data processed, 2025.

The descriptive statistics table shows that the ESG (Environmental, Social, and Governance) variable has an average score of 52.846 and a standard deviation of 19.922. This indicates that ESG performance among companies varies moderately, with values ranging from 10.050 to 87.600. The

CEO Power Index (CEOPI) shows a varying but relatively low level of CEO power (from 0.000 to 3.000), with an average of 1.727 and a standard deviation of 0.755, with a maximum value of only 0.750. The variable Gender (Gender Diversity), which indicates the proportion of female directors on the board, has a low average of 0.151 and a standard deviation of 0.166, indicating that the representation of women on boards is still limited in most companies.

Additionally, the Firm Age (FA) variable indicates that the sample's companies range in age from newly created businesses (0 years) to 125-year-old businesses, with an average age of 46.308 years and a standard deviation of 22.819. Significant variance in board structure is reflected in the Board Size (BSIZE) variable, which shows that the average number of board members is 8.015 with a standard deviation of 2.773. The range of members is 2 to 17. Last but not least, the Board Meeting Frequency (BMEET) variable indicates varying degrees of board activity among organizations, with an average of 16.006 meetings annually and a standard deviation of 14.486, ranging from 2 to 62 meetings. All things considered, the data shows a wide range of governance traits and ESG performance across Indonesian businesses.

**Correlation Test**

Table 3. Correlation Test

| | ESG | CEOPI | GENDER | FA | BSIZE | BMEET |
|---|---|---|---|---|---|---|
| ESG | 1.000 | | | | | |
| CEOPI | 0.008 | 1.000 | | | | |
| | (0.706) | | | | | |
| GENDER | -0.002 | 0.003 | 1.000 | | | |
| | (0.925) | (0.896) | | | | |
| FA | 0.368*** | -0.058*** | 0.115*** | 1.000 | | |
| | (0.000) | (0.008) | (0.000) | | | |
| BSIZE | 0.505*** | 0.085*** | -0.075*** | 0.182*** | 1.000 | |
| | (0.000) | (0.000) | (0.001) | (0.000) | | |
| BMEET | 0.332*** | 0.172*** | -0.086*** | 0.366*** | 0.439*** | 1.000 |
| | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | |

Source : Data processed, 2025.

Based on the correlation test results in the table above, it is known that the ESG variable has a positive and significant relationship with Fim Age (FA) ($r = 0.368$, $p < 0.01$), Board Size (BSIZE) ($r = 0.505$, $p < 0.01$), and Board Meeting Frequency (BMEET) ($r = 0.332$, $p < 0.01$). This indicates that older companies, those with a larger number of board members, and those with more frequent board meetings tend to have better ESG performance. Meanwhile, the CEO Power Index (CEOPI) variable does not show a significant correlation with ESG ($r = 0.008$, $p = 0.706$), nor does the Women on Board variable (previously GENDER) which is also not significant ($r = -0.002$, $p = 0.925$), indicating that simply put, CEO power and the presence of women on the board do not yet have a strong direct relationship with ESG performance.

Additionally, there are other significant relationships, such as CEOPI which negatively correlates with FA ($r = -0.058$, $p < 0.01$), Women on Board which positively correlates with FA ($r = 0.115$, $p < 0.01$) but negatively with BSIZE and BMEET, and a strong positive correlation between BSIZE and BMEET ($r = 0.439$, $p < 0.01$). In general, these results illustrate that board characteristics and company age play a more significant role in supporting ESG compared to CEO power or gender diversity on the board in the context of companies in Indonesia.

**Regression Test**

The regression results indicate that CEO power has a significant negative effect on ESG performance. In Model (1), the coefficient of CEO power (CEOPI) is -0.923 ($t = -2.01$, $p < 0.05$), suggesting that greater CEO power is associated with weaker ESG outcomes. When gender is included as a moderating variable in Model (2), the main effect of CEO power becomes stronger (CEOPI = -2.464, $t = -3.90$, $p < 0.01$), while the coefficient of gender (GENDER = -11.200, $t = -2.42$, $p < 0.05$) indicates that firms led by female CEOs tend to have lower ESG scores when CEO power is high. However, the positive and significant interaction term (CEOPIxGENDER = 8.797, $t = 3.47$, $p < 0.01$) demonstrates that gender moderates the relationship between CEO power and ESG performance—female leadership mitigates the negative influence of CEO power on sustainability outcomes.

Board size (BSIZE), firm size (FSIZE), and board meeting frequency (BMEET) are consistently positively correlated with ESG scores. This suggests that companies with larger and more actively managed governance structures tend to have a greater capacity to address sustainability issues. More frequent board meetings can enhance ESG oversight and reporting, provided they are conducted in a structured manner and focus on strategic agendas. Additionally, larger firms and boards are better positioned to allocate the necessary resources for implementing ESG policies and preparing comprehensive sustainability reports.

Table 4. Regression Test

| | (1)<br>ESG | (2)<br>ESG |
|---|---|---|
| CEOPI | -0.923** | -2.464*** |
| | (-2.01) | (-3.90) |
| GENDER | | -11.200** |
| | | (-2.42) |
| CEOPIxGENDER | | 8.797*** |
| | | (3.47) |
| FA | 0.231*** | 0.230*** |
| | (14.03) | (13.82) |
| BSIZE | 2.957*** | 2.951*** |
| | (20.54) | (20.55) |
| BMEET | -0.069** | -0.064* |
| | (-2.05) | (-1.90) |
| _cons | 15.757*** | 17.970*** |
| | (8.84) | (9.34) |
| Industry FE | Yes | Yes |
| Year FE | Yes | Yes |
| r2 | 0.413 | 0.417 |
| r2_a | 0.409 | 0.412 |
| *N* | 2110 | 2110 |

Source : Data processed, 2025.

**The Effect of CEO Power on ESG**

The analysis shows that CEO power exerts a negative and significant influence on firms' ESG performance. This pattern indicates that when the CEO holds a dominant position, the company's commitment to sustainability tends to decline. A powerful CEO generally has broad discretion over strategic and resource-related decisions, which may lead to prioritizing short-term financial objectives rather than long-term environmental and social goals. Similar evidence was found by Chu et al. (2023), who argue that CEOs with excessive authority often act in ways that serve their own interests at the expense of broader stakeholder welfare. Within Indonesia's governance environment—characterized by concentrated ownership and a hierarchical decision structure—this tendency can weaken the board's ability to provide effective oversight, thus slowing the adoption of sustainability-oriented policies. From the perspective of the Upper Echelons Theory (Hambrick & Mason, 1984), the result reinforces the view that the personal values and cognitive frames of top executives are reflected in organizational behavior and outcomes, including ESG engagement.

The moderating test further demonstrates that gender diversity on the board can counterbalance the negative impact of CEO power. Firms with a higher proportion of female directors tend to display stronger ESG outcomes, even when the CEO holds substantial decision-making authority. In the Indonesian context, where boardrooms have traditionally been male-dominated and female representation remains below 15 percent (Candy et al., 2024; Hesniati et al., 2024), the inclusion of women introduces alternative perspectives that foster more balanced and transparent discussions. The presence of women tends to enrich boardroom deliberations, strengthen monitoring intensity, and encourage decisions that are more ethical and socially responsible. This finding supports prior arguments that female directors often emphasize stakeholder interests and sustainability considerations in strategic discussions. In essence, gender diversity serves as an internal governance mechanism that curbs excessive managerial power and promotes more balanced, long-term corporate decisions.

Taken together, these results provide important insights into how behavioral and structural elements of governance interact in shaping sustainability outcomes. While CEO power may undermine ESG performance when left unchecked, the presence of gender-diverse boards appears to restore balance and enhance the firm's capacity to act responsibly toward its stakeholders.

## CONCLUSION

This study investigates the influence of CEO power on ESG performance in Indonesian companies from 2018 to 2022, with board gender diversity as a moderating factor. Contrary to the initial hypothesis, the findings reveal that CEO power has a significant negative impact on ESG performance, suggesting that higher CEO dominance may prioritize short-term goals over sustainable practices. Though its direct influence is still limited because of the low presence of women, board gender diversity positively moderates this link, reducing the detrimental impact of CEO power on ESG outcomes. Control variables such as firm age, board meet, and board size positively correlate with ESG performance, while frequent board meetings show a negative association. Despite difficulties in reaching critical mass for female directors in Indonesia, these findings emphasize the value of balanced governance structures and the potential for gender-diverse boards to improve sustainable practices. However, this study has several limitations. First, the five-year observation period (2018–2022) may not fully capture long-term trends or the evolving impact of governance reforms on ESG practices in Indonesia. Second, while the analysis relies on secondary data sources such as annual reports and the Thomson Reuters database, potential inconsistencies or variations in ESG disclosure quality across firms may affect the measurement accuracy.

# SUGGESTION

## Practical advice

These findings offer actionable guidance for both corporate governance reform and sustainability management. Strengthening governance controls is essential, particularly in contexts where decision-making authority is concentrated in the CEO. Establishing independent sustainability committees, implementing structured oversight mechanisms, and mandating regular ESG performance reviews can prevent powerful CEOs from prioritizing short-term financial objectives over long-term stakeholder value. The moderating role of gender diversity suggests that enhancing female representation on boards is not merely a matter of equity, but a strategic governance tool. Setting measurable diversity targets, integrating diversity into nomination processes, and ensuring sustained female participation can broaden perspectives, improve monitoring quality, and facilitate more balanced decision-making.

## Theoretical Suggestions

This study may not accurately represent other industries or nations because it only includes Indonesian-listed businesses that released sustainability reports between 2018 and 2022. In order to examine long-term consequences, future research should think about broadening the scope to include longitudinal studies or cross-country comparisons Researchers are also encouraged to incorporate alternative ESG measurement frameworks—such as the Bloomberg ESG Score or the GRI-based disclosure index—to validate the robustness and consistency of results across different databases and reporting standards.

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