International Conference on Sustainable Economics, Management, and Accounting (ICSEMA 2025) Proceedings
Vol. 01 No.01 Year 2025, Page 2802-2813

# WOMEN ON BOARD: A MODERATOR IN THE RELATIONSHIP BETWEEN FINANCIAL DECISIONS AND FIRM VALUE

Sri Mulyani[1*], Arum Annisa Firdaus[2], Bela Annisa Fitri[3], Eny Istnaini Sulistiowati[4], Mispiyanti[5]

[1-5] Accounting program, Faculty of Economics and Business, Putra Bangsa University, Indonesia
[*]Email corresponding author: srim15050@gmail.com

## Abstract

This study analyzes the impact of profitability, capital structure, investment decisions, and female board representation on the value of companies in the pharmaceutical sector listed on the IDX from 2019 to 2023. This research constitutes a quantitative investigation utilizing secondary data. The research population comprises all pharmaceutical businesses listed on the IDX. The sample selection employs the purposive sampling method. The research findings indicate that profitability positively influences corporate value, however capital structure and investment decisions exert no impact. Conversely, women on boards cannot mitigate the impact of profitability on company value; rather, they can enhance the effect of capital structure on company value and diminish the effect of investment decisions on company value. These findings underscore that the inclusion of women in crucial roles is not only a symbolic gesture of ethics but has a measurable effect on the company's financial performance.
**Keywords: profitability, capital structure, investment decisions, women on board**

## INTRODUCTION

In recent years, the matter of gender diversity in corporate organizational systems has garnered increased attention, especially with corporate governance. A tangible expression of this diversity is the growing focus on the inclusion of women on boards of directors. The inclusion of women in strategic roles is believed to provide a more inclusive and ethical viewpoint, potentially impacting critical corporate decisions, including profitability, capital structure, and investment choices (Cahyadi & Angela, 2025; Wulansari & Aziz, 2021).

In Indonesia, the representation of women on boards of directors remains comparatively low, even with indications of progress. Nevertheless, research explicitly examining the direct influence of women's participation on corporate value remains critically necessary. This signifies that gender diversity has not yet been completely prioritized in the establishment of corporate leadership frameworks in Indonesia, where merely 8.3% of board positions are held by women, much below the Southeast Asian regional average (Bintarto & Harymawan, 2024).

This research examines the impact of profitability, capital structure, and investment decisions on firm value. This research intends to investigate the extent to which the presence of women on the board of directors can enhance or perhaps have no impact on such relationships. The emphasis is on pharmaceutical sector firms listed on the Indonesia Stock Exchange from 2019 to 2023. This study employs a quantitative methodology and moderation regression analysis to address existing gaps in the literature and furnish contemporary empirical evidence concerning the significance of gender diversity in corporate governance procedures (Wijaya et al., 2025; Zahra et al., 2024).

This study theoretically enhances our comprehension of the relationship between financial parameters and corporate value by analyzing it through the perspective of gender diversity. This research integrates stakeholder theory and agency theory, both underscoring the significance of a diverse board composition to represent many interests and improve oversight efficacy (Fionita, 2022; Precia & Setyawan, 2023). From a practical standpoint, the findings of this study are anticipated to assist management and regulators in developing a more strategic board composition to foster long-term wealth generation.

This research is innovative due to its simultaneous examination of the effects of profitability, capital structure, and investment decisions on business value, while integrating gender diversity as a moderating component. This study contrasts with the majority of prior research in Indonesia, which often analyzes these three financial variables in isolation (Briano-Turrent, 2022; Precia & Setyawan, 2023). This methodology enables academics to provide a more thorough and pertinent viewpoint of governance in Indonesia.

The investigation revealed that profitability positively impacts company value, however capital structure and investment decisions exhibit no significant effect. The presence of women on the board of directors does not mitigate the effect of profitability; instead, it amplifies the influence of capital structure and diminishes the effect of investment decisions on the company's value. This underscores that the inclusion of women in strategic roles is not solely an ethical symbol, but significantly influences the company's financial performance (Permatasari et al., 2022; Siagian, 2018).

This finding compels firms to adopt more rigorous measures to enhance the participation of women on their boards of directors. Gender diversity can be established as a definitive strategy for cultivating lasting company value. Furthermore, regulators and capital market authorities must contemplate proactive actions, like minimum quotas and gender-sensitive governance norms, to enhance a more inclusive board composition.

## LITERATURE REVIEW AND HYPOTHESIS FORMULATION

### Agency Theory

Jensen & Meckling (1976) formulated Agency Theory to elucidate the contractual relationship between the company's owner (principal) and management (agent), which may lead to conflicts of interest arising from divergent aims. This study examines how corporate governance systems, particularly the presence of women on boards of directors, affect the efficacy of oversight over financial decisions, including profitability, capital structure, and investment choices. Female board members are generally more prudent and adhere to sound governance norms, hence enhancing the company's oversight capabilities (Huang & Kisgen, 2013). Furthermore, management that incorporates debt into the capital structure may be incentivized to exhibit greater discipline due to the demands of financial responsibilities (Jensen, 1986). Consequently, Agency Theory offers a robust framework for researchers to elucidate that effective governance practices, such as gender diversity, can mitigate conflicts of interest and augment corporate value.

### Signalling Theory

Spence (1973) formulated signaling theory to elucidate how a company's internal stakeholders, particularly management, communicate signals to external parties, notably investors, to mitigate the information asymmetry prevalent in the market. This study posits that profitability and investment decisions act as affirmative indicators of a company's operational efficiency and growth potential. Substantial profits and prudent investment choices demonstrate that management is operating the company efficiently, warranting a favorable market reaction. Moreover, experts regard the inclusion of women on the board of directors as an indicator of effective and inclusive governance, potentially bolstering investor trust in management's integrity. Consequently, signaling theory provides a suitable framework for comprehending the impact of financial indicators and board structure on market perceptions of a company's value.

### The Correlation Between Profitability and Corporate Valuation

Profitability ratios illustrate the interplay of liquidity, asset management, and liabilities on operational outcomes. These ratios assess the capacity of corporate executives to produce profit levels, encompassing company earnings and economic value derived from sales, net assets, and equity. The study conducted by Yuana & Widodo (2023) revealed that for pharmaceutical firms listed on the Indonesia Stock Exchange from 2015 to 2020, profitability (assessed by ROA) positively and significantly influences company valuation (evaluated by PBV), with an explanatory power of 73%. This conclusion is corroborated by the research conducted by Rachmawati et al. (2022), which also identified a strong beneficial impact of ROA on the valuation of pharmaceutical firms from 2016 to 2020. According to signaling theory, substantial profits provide a robust indication to investors of the company's efficiency and good performance, hence promoting an enhancement in stock valuation. This aligns with Agency Theory, wherein elevated profitability signifies proficient management performance in mitigating agency-principal conflicts by generating tangible value.

### The Correlation Between Capital Structure and Firm Value

The capital structure operates as an independent variable, with Debt to Equity Ratio (DER) employed to assess debt and equity levels. Debt to Equity Ratio (DER) is crucial in assessing the proportion of money supplied by creditors relative to those contributed by the company's owners. Increased debt correlates with heightened financial pressure costs that adversely affect the company's valuation. A recent study by Rachmawati et al. (2022) revealed that capital structure positively and significantly influences the value of pharmaceutical companies listed on the IDX. This finding aligns with Sari et al. (2025), who similarly identified a positive and substantial relationship between capital structure and firm value, suggesting that an increase in the proportion of effectively managed debt might bolster investor confidence and elevate stock prices. These results theoretically endorse the Trade-off Theory, which posits that an optimal capital structure incorporates debt to minimize the overall cost of capital, and the Agency Theory, which suggests that debt functions as an external monitoring mechanism for management, thereby promoting enhanced performance and augmenting the company's value.

### The Correlation Between Investment Choices and Corporate Valuation

Investment decisions, or capital budgeting decisions, extend beyond the procurement of fixed assets to include any choices that entail a substantial allocation of cash at present. Research by Fifi (2024) indicates that investment decisions significantly enhance the value of companies in the pharmaceutical subsector on the IDX from 2016 to 2020, demonstrating that prudent capital expenditure correlates with a rise in company valuation. Rachmawati (2024) research findings indicate that investment decisions propel the enhancement of pharmaceutical businesses' value. Both studies endorse signaling theory, which interprets investment decisions as a favorable indication of the company's readiness for growth, and agency theory, which posits that prudent investments demonstrate responsible management adept at optimizing resource allocation to ensure value sustainability for shareholders.

### The Presence of Women on Boards Moderates the Impact of Profitability on Corporate Value

Numerous studies indicate that the inclusion of women on boards of directors can enhance the influence of profitability on corporate value, while its efficacy is significantly contingent upon their representation and active participation in strategic decision-making. Fahad & Mahmud (2022) discovered in their examination of the pharmaceutical sector in Bangladesh that the presence of women on boards is positively correlated with the association between profitability and corporate value, suggesting that women enhance the signal of a company's financial performance through their governance roles. This aligns with the research conducted by García-López et al. (2024) in Spain, indicating that a higher percentage of women on the boards of IBEX-35 businesses favorably influences profitability and market valuation, with the most significant benefit occurring when representation attains a key threshold of approximately 21%.

### The Influence of Women on Boards Mitigates the Impact of Capital Structure on Corporate Value

The inclusion of women on the board of directors has been demonstrated to significantly influence the relationship between capital structure and corporate value, particularly when debt is managed with significant prudence and responsibility. Research conducted by Karim et al. (2023) in Malaysia indicates that gender diversity on corporate boards amplifies the influence of capital structure on company value by augmenting the quality of financial decision-making and improving the efficacy of oversight over loan utilization. These findings correspond with Agency Theory, which posits that the presence of women on boards fosters a more conservative and transparent managerial style, thereby diminishing agency risk in capital structure management. Furthermore, Signaling Theory corroborates this finding, positing that an inclusive board composition serves as an indicator of sound governance in the market, hence enhancing investor trust in the company's financial framework.

### The Presence of Women on Boards Moderates the Impact of Investment Decisions on Corporate Value

The inclusion of women on the board diminishes the influence of investment decisions on the company's valuation, which may be elucidated through two primary theoretical frameworks. Signaling Theory posits that substantial investments often signify growth; but, when a gender-diverse board chooses a conservative strategy, such investments may be interpreted as over-investment, leading to ambiguity for investors. Within the context of Agency Theory, female board members frequently exercise stringent monitoring and eschew risk, so potentially deferring or dismissing ambitious investment strategies to preserve stability and safeguard the interests of long-term shareholders. The study by Daidai & Alami (2024) in Morocco corroborates these findings, indicating that gender diversity on the board improves investment efficacy and moderates the board's impact on investment policies, especially within emerging markets.

Consequently, the hypothesis of this study is articulated as follows:

*$H_1$: Profitability positively influences the value of pharmaceutical companies listed on the Indonesia Stock Exchange from 2019 to 2023.*

*$H_2$: The capital structure positively influences the value of pharmaceutical businesses listed on the Indonesia Stock Exchange from 2019 to 2023.*

*$H_3$: Investment decisions positively influence the value of pharmaceutical businesses listed on the Indonesia Stock Exchange from 2019 to 2023.*

*$H_4$ : The inclusion of women on boards moderates the impact of profitability on company value in pharmaceutical firms listed on the Indonesia Stock Exchange from 2019 to 2023.*

*$H_5$ : The inclusion of women on boards moderates the impact of capital structure on firm value in pharmaceutical businesses listed on the Indonesia Stock Exchange from 2019 to 2023.*

*$H_6$ : The inclusion of women on boards moderates the effect of investment decisions on business value in pharmaceutical firms listed on the Indonesia Stock Exchange from 2019 to 2023.*

## RESEARCH METHODS

This study employs a quantitative methodology and statistical analysis to investigate the impact of profitability, capital structure, and investment decisions on firm value. The evaluation is performed by multiple linear regression analysis, descriptive statistical tests, and classical assumption testing. The analysis focuses on firm financial statement data and stock prices. The sample was chosen by purposive sampling methods based on particular criteria, yielding 5 companies that fulfilled the requirements. The subject of the research comprises pharmaceutical industry firms listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. Additionally, the data utilized pertains to the variables under investigation, sourced from the company's financial statements obtained from the official IDX website (www.idx.co.id).

The analysis focuses on firm financial statement data and stock prices. The sample was chosen by purposive sampling methods based on particular criteria, yielding 5 companies that satisfied the requirements. The subject of the research is pharmaceutical businesses listed on the Indonesia Stock Exchange (BEI) from 2019 to 2023. Data analysis was performed utilizing SPSS software version 25. The analytical methods encompass descriptive statistics for characterizing the study data, along with classical assumption tests, which consist of normality, heteroscedasticity, multicollinearity, and autocorrelation tests. A multiple linear regression analysis is performed to examine the partial effect between the independent and dependent variables. Subsequently, moderation testing was performed with PROCESS v4.2 developed by Andrew F. Hayes.

## RESULTS AND DISCUSSION

This research examines pharmaceutical businesses listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The research population comprises all pharmaceutical companies listed on the IDX, employing purposive sampling methods that yielded five sample companies: PT Darya-Varia Laboratoria Tbk (DVLA), PT Kalbe Farma Tbk (KLBF), PT Merck Tbk (MERK), PT Phapros Tbk (PEHA), and PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO). The sample selection was predicated on the criteria of comprehensive data availability throughout the research period and the constancy of the companies in disseminating annual and financial reports.

Table 1. Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| profitability | 30 | .34 | 30.99 | 11.6387 | 7.82514 |
| capital structure | 30 | .15 | 1.59 | .5233 | .44355 |
| investment decisions | 30 | 6.24 | 83.84 | 20.7903 | 16.96657 |
| WoB | 30 | .07 | .43 | .2693 | .12315 |
| Firm Value | 30 | .06 | 722.00 | 74.1427 | 188.54890 |
| Valid N (listwise) | 30 | | | | |

Source: data has been processed

The researchers performed traditional assumption tests during the initial phases of the analysis utilizing SPSS software. The findings indicated that the data satisfied the normality assumption, exhibited no multicollinearity, and was devoid of heteroscedasticity and autocorrelation symptoms. The results validate the employed regression model and affirm its interpretability in accordance with statistical norms.

Table 2. ANOVA[a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 283640.580 | 3 | 94546.860 | 3.289 | .036[b] |
| | Residual | 747329.394 | 26 | 28743.438 | | |
| | Total | 1030969.975 | 29 | | | |

a. Dependent Variable: Firm Value
b. Predictors: (Constant), profitability, capital structure, investment decision
Source: data has been processed

Table 3. Model Summary[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .525[a] | .275 | .191 | 169.53890 |

a. Predictors: (Constant), profitability, capital structure, investment decision
b. Dependent Variable: Firm Value
Source: data has been processed

Table 4. Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -133.728 | 114.818 | | -1.165 | .255 |
| | ROA | 14.200 | 5.723 | .589 | 2.481 | .020 |
| | DER | 33.541 | 109.729 | .079 | .306 | .762 |

| | | | | | |
|---|---|---|---|---|---|
| PER | 1.205 | 2.097 | .108 | .575 | .570 |

a. Dependent Variable: Firm Value

Source: data has been processed

According to Table 4, the Adjusted R Square of 0.191 signifies that the regression model accounts for roughly 19.1% of the variance in firm value attributable to the independent variables examined, specifically profitability, capital structure, and investment decisions. While this figure demonstrates an influence, the comparatively low adjusted R-squared value suggests that a significant portion of the variation in company value is attributable to factors not included in the model, hence presenting potential for further research by incorporating more pertinent variables. This is the analysis of the research findings derived from the t-test conducted in SPSS.

### The Impact of Profitability on Corporate Valuation

The analysis results indicate that ROA positively influences PBV, with a significance value of less than 0.02, hence confirming the acceptance of H1. This study's results corroborate the viewpoint in Signaling Theory given by Spence (1973), wherein a company's prosperity serves as a favorable signal to the market. High profits recorded by a corporation signal to investors that the organization possesses favorable prospects, operates efficiently, and has the potential to generate long-term value. This signal subsequently amplifies investors' assessment of the company's worth, as evidenced by the stock price and market capitalization. Within the framework of agency theory, profitability serves as an indicator of management's efficacy in fulfilling its responsibilities as an agent, thereby mitigating conflicts of interest between owners and managers through tangible financial outcomes.

This conclusion is corroborated by the study conducted by Iman et al. (2021), which demonstrates that profitability exerts a considerable beneficial influence on the value of companies listed on the IDX, especially within the food and beverage industry. Comparable findings were also reported by Hakim & Hindasah (2025); Masfiah & Sulistyowati (2025), indicating that profitability ratios serve as primary markers for investor evaluation. Conversely, research by Dwipa et al. (2023) indicates that profitability does not substantially influence the value of enterprises in the energy sector, possibly due to external variables such as market conditions and industry rules. This suggests that the significance of profitability as a favorable indicator may differ based on the industry sector and the prevailing macroeconomic conditions.

### The Impact of Capital Structure on Corporate Valuation

The research findings indicate that PER has a favorable and substantial impact on PBV, with a significance value of 0.762, which is greater than 0.05, hence leading to the rejection of H2. The research findings indicate that capital structure does not substantially influence corporate value, aligning with the Pecking Order Theory, which posits that firms favor internal finance (retained earnings) over debt or external equity. Within the pharmaceutical sector on the IDX, companies appear to depend on internal financing and do not consider leverage as a significant element affecting market perception of their value. Furthermore, Agency Theory elucidates that excessive debt may incite conflicts between managers and creditors, prompting pharmaceutical companies to deliberately adopt a more conservative capital structure to preserve their reputation and long-term performance; consequently, the capital structure does not directly influence the company's value. Investors may reject pharmaceutical companies with a high debt-to-equity ratio due to the associated increased risks. In the pharmaceuticals sector, which demands stability through ongoing innovation, investors typically favor companies with a more conservative capital structure.

This outcome aligns with the research conducted by Ayem & Tamu Ina (2023), which indicated that capital structure did not significantly influence the valuation of companies in the food and beverage sector listed on the IDX from 2018 to 2020. Conversely, the research conducted by Sari et al. (2025) presents contrasting findings, indicating that capital structure has a beneficial impact on the value of firms within the agriculture sector listed on the Indonesia Sharia Stock Index from 2020 to 2023. This disparity may arise from industry features and market sensitivity to loan utilization, which in the pharmaceutical business is generally more conservative than in other industries.

### The Impact of Investment Choices on Corporate Valuation

The research findings indicate that PER has a favorable and substantial impact on PBV, with a significance value of 0.570, which is greater than 0.05, hence leading to the rejection of H3. Within the framework of Signaling Theory, investment decisions serve as a significant indicator to the market that the company have favorable growth potential. Nevertheless, the research findings suggest that the investment choice variable does not substantially influence the company's value inside the IDX pharmaceutical sector sample. This indicates that investors may not regard the magnitude or intensity of investment as a compelling signal, potentially due to the pharmaceutical industry's inherent high costs and extended payback periods. According to Agency Theory, this scenario elucidates the likelihood of underinvestment, as management may refrain from making investment expenditures due to apprehensions that the advantages would predominantly benefit creditors rather than equity shareholders, consistent with Myers (1977) notion of debt overhang.

Evidence for these conclusions is provided by the study conducted Akhyar et al. (2023), which determined that investment decisions do not substantially influence the value of companies within the pharmaceutical sector of the IDX from 2018 to 2021. Additionally, research by Komala et al. (2023) yielded analogous findings in manufacturing firms listed on the IDX. In contrast, Komala et al. (2023) indicated that investment decisions exert a substantial positive influence on the valuation of firms within the IDX's food and beverage sector, hence corroborating the Signaling Theory. This suggests that the influence of investment choices on corporate value is significantly contingent upon sector traits and investor interpretations of growth indicators.

### The Impact of Profitability on Company Value with Female Board of Directors as a Moderating Variable

Table 5. Female Representation on the Board of Directors Mitigate the Influence of Profitability on Corporate Valuation

| Model Summary | | | | | | |
|---|---|---|---|---|---|---|
| R | R-sq | MSE | F | df1 | df2 | p |
| .5915 | .3498 | 25780.5024 | 4.6634 | 3.0000 | 26.0000 | .0098 |
| | | | | | | |
| Model | | | | | | |
| | coeff | se | t | p | LLCI | ULCI |
| constant | -165.9788 | 156.1109 | -1.0632 | .2975 | -486.8797 | 154.9221 |
| X1 | 25.5389 | 10.1296 | 2.5212 | .0182 | 4.7165 | 46.3613 |
| Z | 552.7182 | 582.3372 | .9491 | .3513 | -644.3320 | 1749.7684 |
| Int_1 | -72.9464 | 45.7248 | -1.5953 | .1227 | -166.9381 | 21.0453 |

Source: data has been processed

The findings of the Hayes moderation model indicate that the interaction between profitability and the percentage of women on the board does not significantly affect firm value, illustrating the dynamics elucidated by Agency Theory and Signaling Theory. Agency Theory posits that the inclusion of women on the board enhances oversight and transparency, hence reinforcing the effective use of profits to generate value. These findings suggest that, despite substantial profitability, boards with improved gender representation do not significantly improve the transformation of profits into added value—possibly due to women's oversight role being more pronounced in areas such as risk and ethics rather than solely in financial performance. According to Signaling Theory, a company's success serves as a robust signal for the market and investors; in this context, the inclusion of women on the board does not substantially enhance the perception of that signal, aligning with Spence's original assertion.

These findings align with Mufarichah (2022), which indicates that female board members do not attenuate the impact of profitability on firm value in food and beverage subsector companies listed on the Indonesia Stock Exchange. Nashar et al. (2022) similarly discovered that female board members do not mitigate the impact of profitability on company value within the consumer goods sector listed on the IDX. This suggests that gender moderation within the corporate environment is significantly influenced by industry traits and the organizational culture, hence it is not universally applicable. The findings underscore that a company's internal attributes significantly influence the efficacy of gender roles as moderators in the correlation between profitability and company value, particularly in industries with varying decision-making frameworks and market dynamics.

## The Impact of Capital Structure on Firm Value with Female Board of Directors as a Moderating Variable

Table 6. Female Board of Directors Mitigate the Impact of Capital Structure on Firm Value

| | | | | | | |
|---|---|---|---|---|---|---|
| Model Summary | | | | | | |
| R | R-sq | MSE | F | df1 | df2 | p |
| .6304 | .3974 | 23895.0581 | 5.7152 | 3.0000 | 26.0000 | .0038 |
| | | | | | | |
| Model | | | | | | |
| | coeff | se | t | p | LLCI | ULCI |
| constant | 853.3446 | 204.8673 | 4.1654 | .0003 | 432.2201 | 1274.4690 |
| X2 | -1798.2057 | 540.0419 | -3.3298 | .0026 | -2908.3138 | -688.0976 |
| Z | -2793.2397 | 778.5262 | -3.5879 | .0014 | -4393.5754 | -1192.9041 |
| Int_1 | 6087.8486 | 1922.7482 | 3.1662 | .0039 | 2135.4543 | 10040.2429 |

Source: data has been processed

The moderating results indicate that the inclusion of women on the board enhances the influence of capital structure on firm value. According to Agency Theory, the inclusion of women correlates with enhanced monitoring and a more conservative approach to risk management, leading to a more judicious and effective utilization of debt. This aligns with the findings of Huang & Kisgen (2013) demonstrates that female leaders are generally more prudent in assuming financial risks, leading to an optimal capital structure that enhances the company's value. Consequently, gender diversity on the board enhances debt decision-making and reinforces the correlation between leverage and firm value.

Karim et al. (2023) demonstrate that the inclusion of women on the board of directors can positively influence the relationship between capital structure and corporate value. Women on the board typically promote more prudent and strategic debt utilization, hence enhancing capital structure efficiency and bolstering firm value development. These findings align with Agency Theory, which posits that women exhibit a greater propensity for supervision and risk management, consequently mitigating conflicts of interest and fostering more prudent financial decisions.

## The Impact of Investment Decisions on Company Value with Female Board of Directors as a Moderating Variable

Table 7. Female Board Members Mitigate the Effect of Investment Choices on Corporate Value

| Model Summary | | | | | | |
|---|---|---|---|---|---|---|
| R | R-sq | MSE | F | df1 | df2 | p |
| .5773 | .3333 26438 | .2376 | 4.3318 | 3.0000 | 26.0000 | .0133 |
| | | | | | | |
| Model | | | | | | |
| | coeff | se | t | p | LLCI | ULCI |
| constant | -495.4361 | 261.4599 | -1.8949 | .0693 | -1032.8922 | 42.0199 |
| X3 | 45.1060 | 15.7120 | 2.8708 | .0080 | 12.8084 | 77.4035 |
| Z | 1681.1541 | 791.7016 | 2.1235 | .0434 | 53.7351 | 3308.5731 |
| Int_1 | -154.9844 | 52.9131 | -2.9290 | .0070 | -263.7523 | -46.2165 |

Source: data has been processed

The moderation results indicate that the inclusion of women on the board diminishes the effect of investment decisions on firm value, aligning with the principles of Signaling Theory and Agency Theory. Signaling Theory posits that substantial investment decisions are frequently viewed as indicators of growth; yet, when a gender-diverse board adopts conservative strategies, the signal may be read as a sign of over-investment rather than expansion. According to Agency Theory, female board members typically enforce stringent scrutiny and eschew excessively high risks, leading them to dismiss or restrict ambitious investment initiatives in order to preserve stability and save stakeholders from potential long-term losses.

The research conducted by Ali et al. (2022) in China corroborates these findings, indicating that firms with female board members prioritize alleviating financial restrictions and adopting a cautious approach to investment decisions, while this strategy may occasionally impede more assertive expansion efforts. The moderating influence of women's participation in investment strategies is significantly shaped by industrial context and organizational culture, leading to patterns that are not consistently uniform across organizations or countries. This suggests that women's presence on the board can influence the company's strategic inclinations towards prioritizing long-term financial stability rather than seeking high-risk short-term development.

## CONCLUSION

### Conclusion

This study determined that profitability positively and significantly influences the value of pharmaceutical businesses listed on the Indonesia Stock Exchange from 2019 to 2023, however capital structure and investment decisions do not exhibit a significant impact. Moderation analysis indicates that the inclusion of women on the board of directors does not influence the relationship between profitability and business value. Nonetheless, female gender representation markedly enhances the effect of capital structure while diminishing the influence of investment decisions on business value. These findings highlight the significance of incorporating gender considerations in corporate governance frameworks, especially in strategic financial decision-making.

### Practical Implications

This study's findings offer concrete consequences for management and capital market authorities. Companies are urged to not merely promote the inclusion of women on the board of directors as a symbolic gesture, but to integrate it into a sustainable risk management and governance strategy. The participation of women on the board has demonstrated the ability to enhance capital structure management and act as a counterbalance to high-risk investment decisions. Regulators may also contemplate the adoption of affirmative policies, such as gender quotas or inclusion-oriented GCG guidelines, to improve the efficacy of corporate oversight.

### Research Limitations

This study is confined to pharmaceutical sector firms, characterized by a very small sample size and a restricted observation duration of five years. The independent variables considered are limited to profitability, capital structure, and investment decisions, hence failing to encompass all elements that affect the company's worth. The adjusted R-squared value of 0.191 suggests that additional variables may greatly enhance the model's explanatory power.

### Suggestions for Future Research

Future studies should broaden their reach by incorporating additional industrial sectors, lengthening the observation time, and including variables such as company size, business risk, CSR activities, or audit quality. Panel data methodologies and sophisticated quantitative techniques, such as Structural Equation Modeling (SEM) or nonlinear regression, can be employed to illustrate intricate causal linkages among variables. Moreover, qualitative analysis can enhance the examination of women's responsibilities on the board via the lens of organizational behavior and culture.

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