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BOD characteristics and firm performances: Evidence from Indonesia

Muhammad Taufik*, Louisky Chua
Department of Accounting, Universitas Internasional Batam, Batam, Indonesia

Abstract

This paper investigates the relationship between gender diversity in BOD, BOD size, BOD independence, BOD meeting, BOD tenure, BOD turnover, and BOD remuneration to financial performances. This research is an empirical analysis using stewardship theory, which underlies BOD represents as stewards and tend to be pro-organization. The research sample is a company listed on the Indonesia Stock Exchange for the 2016-2019 period which consists of 237 companies and 940 observations. It is revealed that BOD size and BOD remuneration positively and significantly affect sales or business volume, ROA, and ROE. In contrast, gender diversity in BOD and BOD independence is considered unable to become stewards because companies and regulators did not accommodate those. BOD meetings, BOD tenure, and BOD turnover do not affect financial performance. We contribute to giving empirical reason to the government to accommodate the existence of female BOD and BOD independence in regulation and give suggestions to companies to evaluate the tenure of directors and the recruitment system. This paper also found an optimal BOD size which might be used as a reference for regulatory changes.

Keywords: Gender Diversity; pro-organization; BOD characteristics; stewardship; financial performances

1. Background

Company performance is a key performance indicator for each type of business that interprets resource maximization (Jenny and Christina, 2018). The board of directors (BOD) carries out its duties as the executioner of targets and strategies and maintains relationships with shareholders (Nowland, 2016). Given the significance of the characteristics of the BOD, the company's performance depends on the effectiveness of the directors themselves. The stewardship theory explains the effectiveness of the board of directors in the study of good corporate governance. Stewardship theory describes an individual motivated to prioritize company goals over individual goals (Chrisman, 2019) who becomes a steward and tends to be pro-organization (Madison et al., 2016).

To find stewards, BOD characteristics are tested. The variables that will be used are gender diversity in BOD, BOD size, BOD independence, BOD meeting, BOD tenure, BOD turnover, and BOD remuneration. The first is gender diversity in BOD. One of the significant things in terms of diversity is the presence of a female in BOD (Ibrahim and Hanefah, 2016). The presence of a female in BOD is one of the factors that can significantly influence the company's performance. However, gender inequality between men and women is still high in Indonesia. The Global Gender Gap Report published by the WEF (World Economic Forum) regarding the gender gap stated that in 2016 Indonesia was

* Corresponding author at Sei Ladi, Jl. Gajah Mada, Baloi Permai, Kec. Sekupang, Kota Batam, Kepulauan Riau 29442. Email: m.taufik@uib.ac.id

ranked 88th out of 144 countries, while the gender gap in 2020 decreased to 101 out of 156 countries. Female BOD is rated as individuals who work more diligently (Dezso and Ross, 2010), serious (Brown and Sarma, 2007), meet stakeholder and shareholder expectations (Brown and Sarma, 2007), and have stronger social capital (Jonsdottir, 2009). This is in line with the fundamental value of stewardship theory, namely, be stewards and be pro-organization (Madison et al., 2016).

Second, the BOD size represents the diversity of BOD capabilities and competencies (Dănescu et al., 2021; Taufik and Fadila, 2021) and is more able to quickly solve problems (Puni and Anlesinya, 2020). Finally, the BOD size represents the collection of many ideas that improve quality in a given decision. Third, we define BOD independence as board members who hold executive positions in their workplace - not the board of commissioners. We refer to the regulation from the IDX, namely Kep-305/BEJ/07-2004, which regulates the existence of BOD independence until 2019 but has been abolished since 2019 through regulation Kep-00183/BEI/12-2018. Considering that BOD independence comes from outsiders, the significance notes are idealistic, and objective (Arikawa et al., 2017) have a great commitment and focus on the value of the company in the long term - not the short term so that BOD independence in Japan is usually hired until they retire (Bauer et al., 2008).

Fourth is the significance of the BOD meeting. The BOD meeting is an official gathering of all BODs who formulate strategies to solve problems. Therefore, BOD, which represents the diversity of education, expertise, and experience gathered in BOD meetings, allows for better quality strategies (Paul, 2017; Puni and Anlesinya, 2020). Fifth, BOD tenure that tenure and work experience have the same direction, namely stability (Livnat et al., 2020) and reflect the trust of shareholders. Sixth, BOD turnover represents the entry and exit of BOD members. BOD turnover captures BOD through a recruitment system with criteria for better capability and competency standards (Fox and Opong, 1999) such as experience, education, expertise and open-mindedness (Al-Matari et al., 2014). Finally, BOD remuneration was observed to get the potential ability to motivate management in providing capabilities and competencies at the highest level (Teja, 2017).

Based on our work, we contribute to giving noticeable major to regulators in respect to gender and BOD independence. We also give empirical reasons to companies that they can evaluate recruitment systems. In the literature, this paper observed BOD tenure, BOD turnover, BOD remuneration, female director, and BOD independence - not commissioners on performance with enhanced status.

The rest of the paper is revealed as the following. The second part discusses the literature review consisting of theory and hypotheses development. The third part discusses methodology consisting of population, sample, and variables measurement. Results and discussion in the fourth section. The last part is the conclusion, limitations, and suggestions for future research.

2. Theoretical Framework and Research Questions

Stewardship theory

Stewardship theory describes how a manager is motivated to contribute in prioritizing company goals over his own goals (Chrisman, 2019). This depiction has implications for BOD who prefer to behave altruism to provide benefits to the company, in line with shareholders (Bammens et al., 2011; Davis et al., 1997; Kyere and Ausloos, 2021), and shareholders actively participate in directing directors in providing suggestions to improve company performance (Arayssi and Jizi, 2019). Thus, stewardship theory portrays BOD as stewards (Madison et al., 2016). More deeply, because BOD is stewards, BOD is described as spontaneously having intrinsic value (Madison et al., 2016) so that it behaves and thinks that "the company is itself, and the company's goals are its responsibility". The argument refers to the noticeable of (Davis et al., 1997) where the manager is the company's sustainability and the company's sustainability is under the control of the manager. Thus, it is concluded that BOD is a pro-organization (Madison et al., 2016). To represent stewardship theory, this paper captures gender diversity in BOD, BOD size, BOD independence, BOD meeting, BOD tenure, BOD turnover, and BOD remuneration are attributes that represent BOD as "stewards" who prefer the "pro-organization" approach (Madison et al., 2016).

Gender Diversity in BOD and Financial Performances

Throughout this paper, gender diversity refers to the presence of a female in the BOD. Modern corporations capture the uniqueness needed in BOD and this is represented by the presence of a female (Qa`dan and Suwaidan, 2019) where the presence of a female in BOD is a popular research subject (Ibrahim and Hanefah, 2016). Different perspectives in meetings and increased quality decisions were produced by a female (Barako and Brown, 2008) which are more strategic (Bantel, 1993).

According to the previous work of Fėlix & David (2019) and Vieira (2018) in Portugal, female BOD has more potential to improve company performance than men. Female BOD can increase the effectiveness of directors (Tariah, 2019; Terjesen et al., 2016) because a female is effective and represents the right stewards (Arayssi and Jizi, 2019). Although there is a disparity, namely women are considered incompetent than men, this makes female BOD try to work harder (Dezso and Ross, 2010) which has been empirically proven by (Brown & Harris, 2012), namely, female BOD works more seriously to get maximum financial performance. Moreover, female BOD is considered more capable of meeting stakeholder expectations that do not conflict with ownership expectations (Bloom et al., 2011). Because female BOD can meet stakeholder expectations, it is appropriate that female BOD has greater social capital to have a stronger internal and external network (Jonsdottir, 2009).

In contrast, Manita et al. (2020) revealed that companies in France that have female directors tend not to provide innovation in decision making so that they do not significantly improve the company's performance. Moreover, Jonty & Mokoteli (2016) and (Taufik and Fadila, 2021) found a lower proportion of female BOD than male BOD, thus making women still unable to make significant decisions. Finally, men are popularly identified as risk-takers, independent and aggressive and vice versa that women are identified with more avoiding and not daring to take risks (Tahir et al., 2021; Taufik and Fadila, 2021). Unfortunately, unlike developed countries that require a minimum quota for the presence of women in the BOD (Smith, 2018), regulators in Indonesia have not required the presence of women in BOD to firms listed on the Indonesia Stock Exchange. Since there is no clear evidence on this aspect, this research proposes the following hypotheses:

H_1: Gender diversity in BOD has a significant relationship with financial performances

BOD Size and Financial Performances

The BOD size shows the total number of directors who can impact the governance policies of the business and the company's financial performance (Pucheta-Martínez and Gallego-Álvarez, 2020; Yermack, 1996). The major component in corporate governance is BOD size (Bukair and Rahman, 2015; Hillman et al., 2009) and become an essential variable of the board characteristics that can be considered as a proxy to measure the board efficiency (Jia and Zhang, 2013). Telah lama kajian literature mengangkat isu BOD size yang dinilai optimal (Boone et al., 2007; Coles et al., 2008). The capital market regulator sets an upper and lower limit of 13 to 5 for the number of BOD in Jordan, while FSA Regulation No. 33 of 2014 in Indonesia only stipulates two members of BOD as the minimum requirement. In contrast, some studies reached a conclusion that the optimal number of BoD members is between seven and eight (Dănescu et al., 2021), while Epstein & Manzoni (2006) and Goshi (2002) suggested that the number of BOD is 16 members for large companies. Since there is no clear evidence on this aspect, this research proposes the following hypotheses:

H_2: BOD size has a significant relationship with financial performances

BOD independence and Financial Performances

Throughout this paper, independent directors will refer to board members who hold executive positions in their workplace. Saidat et al. (2019) stated that in Jordan, the more independent directors in the company could reduce the company's performance because the independent directors do not control the company's operations, making the company's performance decline. Supported by research, Arayssi & Jizi (2019) found that the board of directors' independence has a significant negative result on the company's performance because what affects profitability is the concentration of ownership and the presence of women not women the independence of the directors.

In contrast, stewardship theory is suitable for applying BOD independence because it is loyal to the company and shareholders or is also known as a pro-organization (Madison et al., 2016). This refers to Bauer et al. (2008), where shareholders and stakeholders prefer BOD independence in Japan because it has a great commitment and focuses on the value of the company in the long term - not the short term so that BOD independence is usually hired until they retire. Moreover, independent BOD from outside the company is considered more idealistic and more objective, so risk-taking is more likely to be carried out by Arikawa et al. (2017). If it is concluded from a performance comparison, insider BOD was only able to record an increase in ROA of 0.6%, while BOD independence was able to change significantly, namely 29%.

Referring to regulations in Indonesia, the Indonesia Stock Exchange initially stipulated that every company must have at least one independent director through regulation Kep-305/BEJ/07-2004, but since 2019 IDX has abolished this obligation through regulation Kep-00183/BEI/12- 2018. Since there is no clear evidence on this aspect, this research proposes the following hypotheses:

H_3: BOD independence has a significant relationship with financial performances

BOD Meeting and Financial Performances

Until 2020, the number of studies that tested the number of BOD meetings with financial performances was still limited (Koji et al., 2020). The board of directors meeting is one of the important indicators in determining the productivity of the board of directors because the more frequent meetings held by the board of directors are believed to be able to determine good decisions to improve company performance (Paul, 2017; Puni and Anlesinya, 2020). The BOD represents the diversity of expertise, education, and experience. The more meetings, the more discussions and decisions.

The board of directors meeting is considered to positively affect the company's performance if the meeting is held independently or the desire to hold a meeting, while held officially will hurt the company's performance (Chou et al., 2013). However, the results of Rashid's research (2018) show that the board of directors' meeting is just a waste of the director's time, so it is considered ineffective. Furthermore, the results of research by Malik & Makhdoom (2016) explain that too many board meetings do not mean that it aims to reduce company performance, but poor company performance causes directors to hold meetings frequently. If referring to regulations, then FSA Regulation No. 33 of 2014 in Indonesia only regulates that BOD carries out 1 meeting per month or 12 times per year.

H_4: BOD meeting has a significant and positive effect on company performance.

BOD Tenure and Financial Performance

Tenure and work experience have the same direction where the performance of BOD leadership can be assessed from the tenure. The longer a person serves as a director, the more it signals that the company is at a stable point to improve performance (Livnat et al., 2020). Concerning stewardship theory, it means that BOD tenure represents pro-organization so that they have long served and are a form of expression of satisfaction from shareholders. Moreover, the longer the BOD is in office, the more positive it is that BOD understands how to communicate internally and externally to the company and can better understand its operations (Korir and Tenai, 2020; Pérez-Calero et al., 2016). In contrast,

the BOD serving for too long allows the BOD to be less open-minded, which has implications for changes in BOD members who have better qualifications (Muhammad et al., 2021). Moreover, with regulations in Indonesia, FSA Regulation No. 33 of 2014 stipulates that the BOD period serves a maximum of 5 years, and they can be re-elected. Since there is no clear evidence and limitations from the previous study, this study proposes the following hypotheses:
H_5: BOD tenure has a significant relationship with financial performances

BOD Turnover and Financial Performances

Throughout this paper, BOD turnover refers to the change of BOD members annually. Following up on BOD tenure, shareholders expect BOD to be pro-organizational and loyal to the company. This means that every change in BOD indicates that the company is considering and opening a candidate for BOD. This is considered a good news signal because BOD turnover is expected to be able to filter and get BOD with better capabilities and competencies such as experience, education, expertise and open-mindedness (Al-Matari et al., 2014). Finally, BOD turnover is carried out because the company needs to improve the value of the company, which could not be achieved by the released BOD members (Muhammad et al., 2021). Since there is no clear evidence and limitations from the previous study, this study proposes the following hypotheses:
H_6: BOD turnover has a significant relationship with financial performances

BOD Remuneration and Financial Performances

Remuneration is compensation given to someone for what he did for the company (Teja, 2017). The function of remuneration is to activate the motivation of BOD which is expected to have a positive influence on BOD to provide higher results (Harymawan et al., 2020). Scholtz & Smit (2012) found that remuneration closely relates to company performance. Supported research by Ghosh (2015) reveals that higher remuneration for the BOD can improve company performance. In contrast, Roudaki (2018) remuneration of directors in New Zealand has no significant effect on company performance because the remuneration package provided is not balanced with the size of the board of directors which is too large. Moreover, (Ibrahim et al., 2019) showed that directors' remuneration in Malaysia has a significant negative effect on company performance because the higher remuneration of directors can make the directors less motivated to improve company performance. Since there is no clear evidence and limitations from the previous study, this study proposes the following hypotheses:
H_7: BOD remuneration has a significant relationship with financial performances

3. Methodology

The population used in this study was obtained from the financial statements of all companies listed on the Indonesia Stock Exchange. This study uses purposive sampling with the criteria of issuing financial statements that have been completely audited from 2016 to 2019 and have all the data needed in the study. We collected 237 companies or 940 observational data. This study uses panel data techniques were multiple regression that uses Stata 17. The dependent variable is financial performance consists of business volume over total assets (BVOA), ROA, and ROE. Moreover, independent variables consist of gender diversity in BOD (GDBOD), BOD size (BODSI), BOD independence (BODIN), BOD meeting (BODME), BOD tenure (BODTE), BOD turnover (BODTO), and BOD remuneration (BODRE). Finally, control variables consist of firm age (FAGE) and firm size (FSIZE). Moreover, the three research models to test and prove the hypotheses and portrayed in the following equations. The list of the variable and its measurements is provided in Table 1.

$$BVOA = \beta_0 + \beta_1 GDBOD_1 + \beta_2 BODSI_2 + \beta_3 BODIN_3 + \beta_4 BODME_4 + \beta_5 BODTE_5 + \beta_6 BODTO_6 + \beta_7 BODRE_7 + \beta_8 FAGE_8 + \beta_9 FSIZE_9 + \varepsilon \ldots\ldots (1)$$

$$ROA = \beta_0 + \beta_1 GDBOD_1 + \beta_2 BODSI_2 + \beta_3 BODIN_3 + \beta_4 BODME_4 + \beta_5 BODTE_5 + \beta_6 BODTO_6 + \beta_7 BODRE_7 + \beta_8 FAGE_8 + \beta_9 FSIZE_9 + \varepsilon \ldots\ldots (2)$$

$$ROE = \beta_0 + \beta_1 GDBOD_1 + \beta_2 BODSI_2 + \beta_3 BODIN_3 + \beta_4 BODME_4 + \beta_5 BODTE_5 + \beta_6 BODTO_6 + \beta_7 BODRE_7 + \beta_8 FAGE_8 + \beta_9 FSIZE_9 + \varepsilon \ldots\ldots (3)$$

Table 1. Variable measurement

Variable	Abbreviation	Measurement
Business Volume Over Total Asset	BVOA	Net sales / total asset
Return On Asset	ROA	Net comprehensive income / total asset
Return On Equity	ROE	Net comprehensive income / total equity
Gender Diversity in BOD	GDBOD	Percentage of female BOD
BOD size	BODSI	Number of BOD members
BOD independence	BODIN	Percentage of BOD members from outsider
BOD meeting	BODME	Frequency of BOD meetings in one period
BOD tenure	BODTE	Average number of years that board members have served
BOD turnover	BODTO	Dummy variable valued 1 if there is a change of BOD members, otherwise it is 0
BOD remuneration	BODRE	Natural log of SSB remuneration amount
Firm Age	FAGE	Number of years the company has operated
Firm Size	FSIZE	Natural log of total assets

4. Results and discussion

Descriptive analysis

The neo-classic economy literature focuses on the market's role and tends to emphasize the free contracts among economic actors (*laissez-faire*) than the regulation because regulation is generally expensive and tends to be inefficient. However, in its development, various financial crises that occurred show that market failure could happen, and various neo-classical economic assumptions are not applicable in the situation. This phenomenon is the result of agency conflict in the form of poor financial suggestions for customers, the bankruptcy of service providers before fulfilling their commitment, a mismatch between customer's expectations on the provided products or services, fraud on the name of a financial institution, inability to provide services under the expected standard, misunderstanding on the types of products or its risks by the customers, and the tendency of behavior that reduce rational decision making by customers.

Table 2 is the result of descriptive statistical testing. The first discussion, an explanation of the company's performance which will be described with the average values of BVOA, ROA, and ROE, namely 57.55%, 2.62%, and 3.75% consecutively. The average value of BVOA is 57.55%, which indicates that companies in Indonesia can generate sales 57 times the value of assets. It can be concluded that companies have the power to sell and create profits. The average value of ROA is 2.62% which indicates companies generate 2.62 times net income from assets. The average value of ROE is 3.75% which indicates companies generate 3.75 times net profit from equity. The achievements of BVOA, ROA, and ROE confirm that the company is able to grow positively. This ability becomes a female point of concentration in BOD, and other BOD characteristics that affect these financial performances will be investigated.

Table 2. Descriptive statistics

Variables	Min	Max	Mean	Median	Std. Dev	N
BVOA (x 100%)	-0,21261	9,150585	0,575495	0,352463	0,685856	940
ROA (x 100%)	-1,749	1,100319	0,026172	0,022387	0,126847	940
ROE (x 100%)	-3,44956	2,254461	0,037594	0,065137	0,285294	940
GDBOD (x 100%)	0	1	0,166722	0,142857	0,194907	940
BODSI (n)	2	15	5,110638	5	2,142052	940
BODIN (x 100%)	0	1	0,166105	0,166667	0,152235	940
BODME (n)	3	282	20,56383	12	17,35003	940
BODTE (n)	0,5	27	6,090202	5	3,993734	940
BODTO (n)	0	1	0,340426	0	0,474105	940
BODRE (log n)	8,559188	11,65954	10,07032	10,06136	0,561019	940
FAGE (n)	4	161	39,00638	37	19,499	940
FSIZE (log n)	9,332479	15,1513	12,7168	12,65246	0,821236	940

Notes: Please see Table 1 for the list of variable and its measurements

Second, the average value of gender diversity in BOD is 16.67% which indicates that only one female per 5-6 BOD is found. This number is very small and contrasts with developed countries that have set a minimum number of female BOD. Therefore, it is necessary to examine whether this discrimination has an impact on financial performance. Third, the average value of BOD size is 5,11 which generally indicates the number of BOD is five people per company. This number is interesting to be tested to get the predicate of the "optimal" BOD amount for financial performances (Dănescu et al., 2021) in the Indonesian context. Fourth, the average value of BOD independence is 16.61% which indicates that only 1 BOD independence is found per 5-6 BOD. BOD independence which is in charge of the executive - not non-executive (or commissioner) area, is no longer popular, especially since 2019 IDX has revoked the regulation that every company must have 1 BOD independence. Thus, this paper seeks to find a period that becomes the meeting point and separation from both regulations. Fifth, the average value of BOD meetings is 20.56 times, indicating that companies in Indonesia have complied with regulations where regulations only require one time a month or 12 times a year. We tested whether the number of meetings - 20.56 times - is effective on the company's performance. Sixth, the average value of BOD tenure is 6.09, which indicates the tenure as BOD is six years, after which they are rotated or transferred. This finding is different from the findings of Bauer et al. (2008), who noted that there were BODs hired until retirement. This means that BOD in Indonesia is quite doubtful of having a close relationship with shareholders or may not prefer the "pro-organizational" philosophy (Madison et al., 2016). Seventh, the average value of BOD turnover is 0.34 or there is a change or entry of BOD members every three years. This strengthens BOD tenure where it is suspected that BOD in Indonesia is not inclined to be "pro-organizational", including not inclined to be "stewards" (Madison et al., 2016). Finally, the eighth, the average value of BOD remuneration is 10.07, which indicates the natural log of remuneration for BOD.

Regression result

In this study, we use three research models to describe the company's performance, namely BVOA, ROA, and ROE. We present the regression result in Table 3 and the following sentences provides the explanation of the regression results. First, gender diversity in BOD does not affect all types of financial performance, namely -0.0111 for VBOA, 0.000481 for ROA, and 0.00509 for ROE. Overall, gender diversity from the point of view of stewardship theory is considered unable to provide implications for increasing sales (BVOA) and increasing net income (ROA and ROE) so that gender diversity is concluded not to represent "stewards" who prefer the "pro-organization" perspective. This conclusion occurs with the alleged very small portion of the presence of female BOD which refers to the descriptive analysis found only 16.67% or 1 female per 5-6 BOD where 5-6 BOD is confirmed empirically in Table 2. The results of this study are consistent with previous work of Jonty & Mokoteli (2016) and Taufik & Fadila (2021) which states that the presence of women as directors of the company is still small compared to the size of the directors so that women do not have a significant effect on company performance. Because the number of female BOD is very limited, female BOD also has difficulty in providing innovation (Manita et al., 2020). Thus, it is concluded that the inability of women as pro-organizational stewards is thought to be due to the lack of accommodation. Therefore, we propose regulations to the authorities to regulate the presence of women in BOD. This refers to developed countries that regulate women's minimum quotas, namely 30% in Germany, 33% in Belgium, 33% in Italy, 33% in Iceland, 1 person in Finland, 40% in France, 40% in Norway and 40 % in Spain (Smith, 2018).

Table 3. Regression result

Variables	VBOA	ROA	ROE
GDBOD	-0.0111	0.000481	0.00509
	(0.0454)	(0.0103)	(0.0234)
BODSI	0.0467***	0.00338	0.0144*
	(0.0149)	(0.00332)	(0.00756)
BODIN	0.0605	0.00397	-0.0477
	(0.130)	(0.0335)	(0.0746)
BODME	0.000389	-0.000140	-0.000137
	(0.00124)	(0.000305)	(0.000686)
BODTE	0.00734	0.000951	0.00363
	(0.00651)	(0.00141)	(0.00321)
BODTO	-0.0346	-0.00664	-0.00407
	(0.0299)	(0.00937)	(0.0200)
BODRE	0.353***	0.0408***	0.0704**
	(0.0748)	(0.0156)	(0.0359)
FAGE	0.00498**	0.000359	0.000916
	(0.00205)	(0.000311)	(0.000736)
FSIZE	-0.601***	-0.00704	-0.00970
	(0.0574)	(0.0110)	(0.0254)
Constant	4.183***	-0.328***	-0.670**
	(0.693)	(0.126)	(0.292)
Observations	940	940	940
Number of firms	235	235	235

Notes: Numbers in parentheses represent standard errors. *, **, *** indicate significance at the 10%, 5%, and 1% levels

Second, BOD size has a positive and significant effect on BVOA, namely 0.0467 with an error rate of 1% and is consistently able to positively and significantly affect ROE, namely 0.0144 with an error rate of 10%. In contrast, BOD size does not affect ROA, with a value of 0.00338. Overall, the BOD size from the point of view of stewardship theory is considered capable of providing implications for increasing sales (BVOA) and net income (ROE) so that the BOD size is concluded to represent "stewards" who prefer a "pro-organizational" perspective. This study found the same results as Ilaboya & Ohiokha (2016) where the greater the number of BOD, the better the BOD can capture all internal information. In addition, the previous work of Puni & Anlesinya (2020) considers that the greater the number of BOD, the company has adequate human resources to invest in the future. What is invested by the company is the linearity of the amount of BOD with ideas that can improve quality in decision making (Koji et al., 2020). Because BOD can reach the level of stewards, this paper can conclude that the standardization of the correct number of BOD in Indonesia is five members, where this number refers to descriptive statistics. Thus, regulators in Indonesia need to consider revising the current regulation, namely FSA Regulation No. 33 of 2014 only set the minimum number of BOD to be two members.

Third, BOD independence does not affect BVOA or sales with a value of 0.0605, ROA with a value of 0.00397, and ROE with a value of -0.0477. We assert in the research hypothesis that BOD independence is a member of the BOD who comes from outsiders who hold executive responsibility, not independent commissioners. This paper also highlights two different regulations from the Indonesia Stock Exchange, namely the existence of at least one member of BOD independence before 2019 concerning Kep-305/BEJ/07-2004 and abolished since 2019 by referring to Kep-00183/BEI/12-2018. Furthermore, the descriptive statistical results show that the average number of BOD independence is 16.61%, which indicates that only 1 BOD independence is found per 5-6 BOD. The descriptive statistical findings are almost the same as the findings of gender diversity in BOD. Therefore, the lack of BOD independence on financial performance is thought to be due to the lack of BOD independence so that the contribution of ideas and implications for benefits from education, expertise and social capital is minimal. Thus, it is concluded that the inability of BOD independence as pro-organizational stewards is thought to be due to its lack of existence. Therefore, because it focuses on the company's performance in the future, we propose to companies to continue to consider the existence of BOD independence considering its ideals and purity in understanding the company goals and targets so that they should be loyal and pro to the organization (Bauer et al., 2008).

Fourth, the BOD meeting does not affect sales or BVOA with a value of 0.000389, ROA with a value of -0.000140, and ROE with a value of -0.000137. If referring to the descriptive statistical results in table 2, the average number of BOD meetings is 20 times where this value has exceeded the regulation, namely 1 meeting per month or 12 times per year (FSA Regulation No. 33 of 2014). Referring to the combination of statistical descriptive results and regression, it can be concluded two things. First, it is possible that a larger number of meetings are ineffective and considered a waste of time (Rashid, 2018). Second, and it should be leaning more towards this, because the results of the regress test are not yet significant, the most appropriate number of BOD meetings has not been found, both in terms of efficiency and effectiveness, so we cannot give further notes. However, it is quite clear that the number of BOD meetings in this paper, which is 20 times, is considered not to reflect BOD events that lead to stewards and pro-organization.

Fifth, BOD tenure has no effect on sales or BVOA with a value of 0.00734, ROA with a value of 0.000951, and ROE with a value of 0.00363. Based on descriptive statistics, the average BOD tenure is six years. Referring to FSA Regulation No. 33 of 2014 in Indonesia which stipulates that the term of office of the director is a maximum of 5 years and can be re-elected then it can be concluded that shareholders are satisfied and trust the previous director keep on re-electing them as the new directors for another term. However, the shareholder's perspective can also be judged as a mistake. This happens because BOD turnover does not provide a significant and positive value to financial performance so that it can be assessed as an attribute that does not represent stewards and tends to be pro-organization. Therefore, shareholders need to evaluate the service period of the board to provide pressure to go to a pro-organizational board.

Sixth, BOD turnover does not affect sales or BVOA with a value of -0.0346, ROA with a value of -0.00664, and ROE with a value of -0.00407. BOD turnover means the change in members of the BOD for one year where the descriptive statistical value in table 2 shows the number of 0.34 or there is a change of 1 member of the BOD every three years. The problem is not in the number of changes in 1 BOD member every three years, but the problem is not significant. This means an inappropriate system in the BOD recruitment system fails to bring in BOD with better capabilities and competencies than before (Al-Matari et al., 2014; Taufik and Fadila, 2021).

Seventh, BOD remuneration can positively and significantly affect all types of financial performance, namely sales or BVOA, which is 0.353 with an error rate of 1%. BOD remuneration affects ROA positively and significantly, namely 0.0408 with an error rate of 1%. Affect sales or BVOA with a value of -0.0346, ROA with a value of -0.00664, and ROE is -0.00407. Moreover, BOD remuneration has a positive and significant effect on ROE, namely 0.0704 with an error rate of 5%. BOD remuneration can improve company performance because it can motivate the directors to give the best to the company (Ghosh, 2015). Thus, remuneration directs managers to be loyal and be pro-organization.

5. Conclusion

This study uses three research models to examine gender diversity in BOD, BOD size, BOD independence, BOD meeting, BOD tenure, BOD turnover, and BOD remuneration on sales or BVOA, ROA, and ROE. Only BOD size and BOD remuneration positively and significantly affect financial performances. Both provide the capability and competence to be loyal and stewards and have a pro-organizational view. In contrast, gender diversity in BOD does not have any implications for financial performance because its existence is not accommodated, including BOD independence. Moreover, BOD turnover, tenure, and meetings do not yet represent the emphasis on stewards from BOD.

This study provides several significant implications for companies and regulators. Companies need to consider evaluating the tenure of the board of directors and put pressure on them to be more focused and loyal to the company (BOD tenure). Companies also need to improve the recruitment system to get BOD with the capability and competence that are more inclined to become stewards. Without waiting for regulations, companies should pay attention to gender equality and provide accommodation for female directors where this is the same as the existence of BOD independence. Both of them relate to the company's social responsibility, which refers to sustainable development goals. On the other side, the government needs to pay attention to how developed countries have set a minimum quota for the presence of female BOD. The government also needs to review the urgency of the existence of BOD independence, considering its idealistic and loyal role to shareholders. Finally, regulations regarding the number of BOD need to be updated taking into account the result of this study.

Recently, the reputation, education and expertise of the BOD are some of the popular BOD characteristics that we observed but did not test. This refers to the theory used, namely stewardship theory, while BOD reputation, education and expertise are more inclined to study resource dependence theory (Muhammad et al., 2021). This paper focuses on capturing the uniqueness of stewardship theory, namely being stewards and tending to pro-organization.

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