Does Institutional Ownership Matter? Evidence on the Moderating Role in the Link Between Board Gender Diversity and Dividend Policy During the COVID-19 Crisis

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Abstract

This study aims to identify differences in Dividend Policy between companies with high and low levels of Gender Diversity on the Board of Directors, and to analyze how Institutional ownership moderates the relationship between Gender Diversity on the Board of Directors and dividend policy. Researchers used unbalanced panel data with the Fixed Effect method. Researchers used data from non-financial companies listed on the LQ45 index and registered on the Indonesia Stock Exchange covering the years 2017–2023. The sample for this study consisted of 239 data points, which were observations from 34 companies. This study examines the effect of Gender Diversity in the Board of Directors on Dividend Policy and the moderating role of Institutional Ownership, with Board Size and Firm Size as control variables. The results show that gender diversity positively and significantly influences dividend policy, and this effect is strengthened by institutional ownership. Board Size has a significant negative effect, while Firm Size is not significant. These findings highlight the importance of female representation and active institutional ownership in promoting effective and shareholder-oriented dividend policies. These findings have implications for companies and investors to evaluate the effectiveness of board structures and strengthen the strategic role of women in financial decision-making. In addition, these results reinforce the importance of the active role of institutional shareholders in promoting more inclusive and transparent governance.

Keywords: Gender Diversity in the Board of Directors, Dividend Policy, Institutional Ownership