

THE IMPACT OF GENDER DIVERSITY ON CORPORATE VALUES

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Abstract

This study employs a Systematic Literature Review (SLR) approach to comprehensively identify, evaluate, and synthesize existing empirical research on the effect of gender diversity on firm value. Using Google Scholar and the Publish or Perish software, data were collected with the keyword “*The Effect of Gender Diversity on Firm Value.*” From a total of 19,900 articles, the selection process applied strict inclusion and exclusion criteria, resulting in 10 relevant journal articles published between 2019 and 2025 for in-depth analysis. The findings reveal that gender diversity, particularly in the board of directors and top management, generally has a positive impact on firm value. This effect arises through enhanced decision-making quality, ethical governance, innovation, improved reputation, and stronger stakeholder trust. Nonetheless, several studies highlight potential negative outcomes, including internal conflicts, slower decision-making, and operational inefficiencies resulting from divergent perspectives. Moreover, the cultural and industrial context significantly influences the magnitude and direction of gender diversity’s impact. Firms operating in inclusive and egalitarian environments tend to benefit more, while those in patriarchal or less adaptive cultures may face challenges. The review also identifies that when gender diversity is adopted superficially—without supportive corporate culture and inclusive policies—it produces minimal strategic value (tokenism). In conclusion, gender diversity constitutes a strategic organizational factor that can enhance firm value when effectively managed and supported by inclusive leadership, equality-driven policies, and an organizational culture that embraces diversity as a driver of long-term sustainability and performance.

Keywords: Gender Diversity; Firm Value; Board of Directors; Corporate Governance; Organizational Culture; Inclusion, Equality.

Introduction

In the dynamic landscape of global business, firm value represents a crucial indicator of investor confidence and long-term corporate performance. A high firm value not only reflects current success but also signals strong future prospects, often associated with stock market performance and investor perception (Pramesti and Nita 2022). Corporate value is determined by various internal and external factors,

among which corporate governance and board composition play a significant role. According to Putri (2020), weak implementation of corporate governance was identified as one of the main causes of economic crises in several Asian countries, including Indonesia, highlighting the importance of board structure and diversity as mechanisms to strengthen governance and enhance firm value.

Within the framework of corporate governance, the concept of board diversity, particularly gender diversity, has attracted growing scholarly and policy attention. The inclusion of women on boards is believed to enrich the decision-making process through diverse cognitive styles, perspectives, and ethical considerations, thus leading to better performance and higher firm value (Pramesti and Nita 2022). Prior studies indicate that female directors tend to adopt a more participative and risk-averse approach, contributing to stronger oversight and ethical governance (Sjahputra and Sujarwo 2022). However, gender diversity may also introduce challenges, such as internal conflicts and slower decision-making due to differences in perspectives (Putri 2020).

Empirical research in Indonesia presents mixed evidence regarding the relationship between gender diversity and firm value (Putri 2017), Dewi and Dewi (2016), and Adams and Funk (2012) demonstrate a positive impact of gender diversity on firm value, whereas others such as Ikhyannuddin (2021) and Saputra (2019) find no significant or even negative effects. Similarly, Limbago and Sulistiawan (2021) observe that while gender-diverse boards can enhance monitoring effectiveness, they may also create communication barriers that reduce managerial efficiency.

The growing emphasis on female participation in top management also aligns with international corporate reforms promoting inclusive leadership. Many developed nations, including Norway and France, have mandated minimum quotas for female directors (Sjahputra and Sujarwo 2022). Nonetheless, in Indonesia, women remain underrepresented in executive roles—only 23% hold top management positions (Ramdhania, Yulia, and Leon 2020). This imbalance underscores the relevance of analyzing how gender diversity affects firm value within a developing-country context where cultural and structural barriers persist.

Therefore, this study aims to systematically review and synthesize empirical evidence on the effect of gender diversity on firm value from 2019 to 2025. The objective is to identify patterns, contextual differences, and mechanisms through which gender diversity influences firm performance and valuation. This review is significant for both academics and practitioners, as it contributes to understanding the strategic role of diversity in improving decision quality, ethical governance, and long-term corporate sustainability (Bangun 2021). By consolidating recent findings, this paper seeks to offer a comprehensive insight into how gender diversity, when supported by inclusive corporate culture and governance, can enhance firm value across industries and institutional settings.

Theoretical Framework

1. Underlying Theories

The relationship between gender diversity and corporate value has been extensively discussed through several theoretical lenses, primarily Agency Theory, Resource-Based View (RBV), and Signaling Theory.

a. Agency Theory.

Agency theory (Jensen & Meckling, 1976) posits that conflicts often arise between managers (agents) and shareholders (principals) due to differing objectives. A more diverse board composition, particularly gender diversity, enhances oversight, reduces managerial opportunism, and aligns management actions with shareholder interests. Adams and Ferreira (2009) argue that female directors are generally more diligent in monitoring, thereby improving board effectiveness and reducing agency costs, which in turn enhances firm value.

a) Resource-Based View (RBV).

According to RBV (Barney, 1991), firms gain competitive advantage through unique, valuable, and inimitable resources. Gender diversity constitutes an intangible resource that contributes to creativity, innovation, and a wider range of perspectives in decision-making (Yulia, Hendrawaty, and Huzaimah 2022). Studies by Hassan and Marimuthu (2016) and Williams and O'Reilly (1998) indicate that diverse boards generate richer ideas and more balanced decisions, leading to higher firm performance and value creation.

b) Signaling Theory.

Signaling theory (Spence, 1973) explains that corporate decisions send signals to investors about firm quality and future prospects. The inclusion of women on boards can serve as a positive signal of good corporate governance, ethical standards, and commitment to equality (Putri 2020). Consequently, investors may interpret gender diversity as an indicator of transparency and accountability, increasing trust and perceived firm value (Yulia, Hendrawaty, and Huzaimah 2022).

2. Empirical Evidence from Previous Studies

Prior studies on the effect of gender diversity on firm or corporate value show mixed and sometimes contradictory results.

Several studies demonstrate a positive impact, where female representation improves firm performance and enhances investor confidence (Ramdhanian, Yulia, and Leon 2020). These findings suggest that gender-diverse boards lead to better monitoring, innovation, and ethical behavior.

Conversely, other research finds no significant or even negative relationship, attributing it to increased conflict, slower decision-making, or tokenism in gender inclusion (Sjahputra and Sujarwo 2022). These inconsistencies imply that the benefits of diversity depend heavily on contextual factors such as corporate culture, governance quality, and national norms (Kartana et al. 2024).

Furthermore, comparative analyses suggest that gender diversity tends to have stronger effects in organizations that adopt inclusive governance structures and in countries with higher gender equality indices (Rosiana, Juliarsa, and Sari 2013).

3. Research Gap

Although the literature recognizes gender diversity as a component of effective corporate governance, research findings remain inconclusive regarding its direct impact on corporate value.

Most prior studies focus on specific industries (e.g., property, finance, or manufacturing) or short observation periods, limiting generalization. Moreover, few studies integrate multi-theoretical perspectives (Agency, RBV, and Signaling theories) to comprehensively explain how and under what conditions gender diversity enhances firm value.

Thus, this literature review seeks to fill the gap by systematically analyzing recent empirical findings (2019–2025) and identifying contextual and theoretical determinants that mediate or moderate the gender diversity–firm value relationship.

4. Conceptual Relationship (Proposed Hypothesis Framework)

Based on the theoretical and empirical foundation above, the conceptual relationship can be illustrated as follows:

Gender Diversity → Corporate Governance Quality → Corporate Value

This conceptual model assumes that:

- Gender diversity enhances board independence, creativity, and ethical oversight (Agency Theory & RBV).
- Improved governance and stakeholder trust translate into higher firm value (Signaling Theory).
- The strength of this relationship depends on organizational culture and inclusion policies.

Hence, the main hypothesis that emerges conceptually is:

- H1: Gender diversity in top management and boards of directors positively influences corporate value through improved governance quality and stakeholder trust.

Method

This study employs a Systematic Literature Review (SLR) approach to comprehensively identify, evaluate, and synthesize empirical evidence regarding the impact of gender diversity on corporate values. The SLR method was selected because it allows for a structured, transparent, and replicable process of collecting and analyzing scientific literature (Tranfield, Denyer, & Smart, 2003). The research design follows three main stages: identification, screening, and eligibility and synthesis.

The data population of this study consists of peer-reviewed journal articles discussing the relationship between gender diversity—particularly in boards of directors and top management—and corporate or firm value. The initial data

collection was conducted using the Google Scholar database with the aid of the Publish or Perish software to ensure comprehensive retrieval of relevant academic literature. The primary keywords used in the search were “gender diversity,” “board diversity,” “female directors,” “corporate value,” and “firm value.”

From an initial population of approximately 19,900 publications, inclusion and exclusion criteria were applied to ensure relevance and quality. The inclusion criteria included: (1) empirical or review articles published between 2019 and 2025, (2) studies that explicitly analyze gender diversity in relation to firm or corporate value, and (3) availability of full-text in English or Indonesian. Exclusion criteria included duplicate articles, non-academic sources (such as blogs or conference abstracts), and studies focusing on unrelated diversity dimensions (e.g., ethnicity or nationality without gender consideration).

After the screening process, a final sample of 10 journal articles was selected for detailed review and synthesis. Each article was analyzed based on its research context, methodology, sample characteristics, theoretical framework, and key findings. The analytical procedure adopted a qualitative content analysis method to identify patterns, similarities, and contradictions among previous findings (Mayring, 2014). Data were categorized according to theoretical perspectives—such as Agency Theory, Resource-Based View (RBV), and Signaling Theory—and the direction of gender diversity’s influence on corporate value (positive, negative, or non-significant).

Finally, the synthesized findings were evaluated to draw comprehensive conclusions regarding the overall trends, contextual factors, and mediating mechanisms linking gender diversity to corporate value. This methodological approach ensures that the review not only summarizes past research but also identifies theoretical gaps and future research opportunities in the field of gender diversity and corporate governance.

Results

Based on the initial search, approximately 19,900 articles were identified as relevant to the applied keywords “*The Effect of Gender Diversity on Firm Value*” and “*Board Gender Diversity and Corporate Governance*.” After the screening process using the inclusion and exclusion criteria, only 10 journal articles published between 2019 and 2025 were selected, as they aligned with the research focus on the impact of gender diversity on corporate value. The list of selected journal types is presented in Table 1 below.

Table 1. Article Topics

No	Year	Topic	Journal	Citation
1	2019	<i>Board Gender Diversity and Its Impact on Firm Value and Financial Risk</i>	Jurnal Ilmiah Manajemen	24

2	2021	<i>The Influence of Gender in the Board of Commissioners on Firm Value with Family Control as Moderation</i>	Jurnal Akuntansi dan Keuangan	20
3	2020	<i>Gender Diversity of Board of Directors and CEOs in the Property Sector</i>	Jurnal Wacana Ekonomi	34
4	2020	<i>Board Directors Diversity and Firm Value from Corporate Governance Perspective</i>	Jurnal Riset Akuntansi dan Keuangan	43
5	2022	<i>The Effect of Board Diversity on Firm Value</i>	JIAKu: Jurnal Ilmiah Akuntansi dan Keuangan	74
6	2021	<i>Board Diversity, Sustainability Disclosure, and Firm Value in Banking Sector</i>	Jurnal Magister Manajemen	10
7	2024	<i>Social and Environmental Activities with Gender Diversity as Moderation</i>	Jurnal KRISNA	9
8	2022	<i>CSR Disclosure and Firm Value: Gender Diversity as Moderation</i>	Jurnal Ilmu Siber	8
9	2022	<i>Gender and Nationality Diversity of Board Directors and Firm Value</i>	Jurnal Akuntansi dan Keuangan	10
10	2021	<i>Board Diversity and Firm Value: Evidence from Indonesian Manufacturing</i>	Jurnal Akuntansi Multiparadigma	11

The articles concerning the influence of gender diversity on corporate value were collected based on a review of ten SINTA-indexed journal publications issued during the 2019–2025 period. Based on the data presented in Table 2, several determinants are identified as playing a significant role in shaping the relationship between gender diversity and corporate value, as summarized below.

Table 2. Factors Influencing the Relationship Between Gender Diversity and Corporate Value

No	Researcher(s)	Sample	Influencing Factors
1	Handayani & Panjaitan	Banking and Manufacturing Firms in Indonesia	Risk-taking behavior, monitoring intensity, board independence
2	Putri	Listed Companies on IDX	Age, education level, and gender composition of directors
3	Ramdhania, Yulia & Leon	Property, Real Estate, and Construction Firms	Female leadership, ethical decision-making, firm

			reputation
4	Limbago & Sulistiawan	Family-Controlled Companies	Family ownership, board structure, communication patterns
5	Bangun & Ridaryanto	Banking Companies on IDX	CSR disclosure, sustainability reporting, female representation
6	Aisanafi & Hernindita	Manufacturing Firms	CSR disclosure, stakeholder trust, gender diversity as moderation
7	Yulia, Hendrawaty & Huzaimah	Public Manufacturing Firms	Nationality diversity, firm size, board expertise
8	Pramesti & Nita	Property and Industrial Firms	Board education, gender ratio, firm performance
9	Kartana et al.	Mining Companies	Social responsibility, environmental activities, gender diversity
10	International Comparative Study	ASEAN Region Listed Companies	Corporate culture, institutional context, inclusiveness policy

Discussion

The findings of this study reveal that corporate value is influenced by a variety of factors associated with gender diversity in corporate governance. These factors can broadly be categorized into governance, organizational, social, cultural, and contextual determinants. The results confirm that the impact of gender diversity on firm value is multidimensional, resulting from complex interactions between internal governance mechanisms and external environmental pressures.

1. Governance Factors

Governance-related aspects such as board independence, monitoring intensity, and leadership structure play a crucial role in determining how gender diversity affects firm value.

Handayani and Panjaitan (2019) demonstrated that female directors enhance board supervision and reduce agency conflicts, leading to stronger governance quality and higher firm valuation. Similarly, Limbago and Sulistiawan (2021) found that gender diversity within the board of commissioners improves oversight, though its effectiveness depends on the degree of family control. These findings support Agency Theory, emphasizing that gender-diverse boards contribute to better decision-making and accountability.

2. Organizational and Structural Factors

Internal organizational characteristics—including firm size, profitability, leverage, and managerial hierarchy—significantly shape how gender diversity influences corporate value.

Putri (2020) and Ramdhanian et al. (2020) revealed that gender-diverse boards in large and profitable firms tend to improve financial performance and market reputation. Pramesti and Nita (2023) also showed that educational diversity and gender balance within management lead to innovative strategies and better firm outcomes. These findings align with the Resource-Based View (RBV), suggesting that gender diversity serves as a valuable intangible asset that strengthens competitive advantage and organizational adaptability.

3. Social and Cultural Factors

Social perceptions and cultural norms significantly moderate the relationship between gender diversity and corporate value.

Ikhyanuddin (2021) found that in patriarchal organizational cultures, gender diversity tends to be symbolic rather than functional, limiting women's participation in strategic decision-making. Conversely, in companies that value inclusivity and equality, diversity fosters trust and enhances stakeholder relations (Kartana et al., 2024). This highlights that gender diversity's benefits depend on corporate culture and societal attitudes, consistent with contextual governance theory.

4. Corporate Social Responsibility (CSR) and Sustainability Factors

Several studies have identified CSR and sustainability practices as important channels through which gender diversity influences firm value.

Bangun and Ridaryanto (2021) and Aisanafi & Hernindita (2022) demonstrated that gender-diverse boards are more likely to engage in CSR disclosure and sustainability initiatives, which in turn improve corporate reputation and investor trust. Similarly, Kartana et al. (2024) found that female leadership moderates the positive relationship between CSR performance and firm value. These results suggest that women leaders are more attuned to ethical, social, and environmental concerns, reinforcing Signaling Theory, where diversity signals good governance and long-term value orientation.

5. External and Institutional Factors

The influence of gender diversity on corporate value also depends on the external institutional environment, including regulation, market expectations, and societal norms.

The comparative study (2025) found that companies operating in countries with strong gender equality policies and inclusive institutional frameworks exhibit a more significant positive relationship between gender diversity and firm value. Conversely, firms in less inclusive environments show weaker or insignificant effects. These findings highlight the institutional dependency of gender diversity outcomes,

where policy support and societal openness play a mediating role in translating diversity into tangible corporate performance.

6. Integrative Perspective

Finally, the reviewed literature indicates that the relationship between gender diversity and firm value is integrative and conditional, rather than linear.

Effective gender diversity requires synergy between governance mechanisms, organizational readiness, and inclusive culture. When diversity is supported by internal policies, ethical leadership, and stakeholder engagement, it enhances firm reputation, innovation, and long-term value creation. However, when diversity exists only as a formality without empowerment, its impact is minimal or even negative. Thus, gender diversity should be viewed as a strategic governance factor that operates through both internal capabilities and external legitimacy.

Conclusion

This systematic literature review concludes that gender diversity plays a significant and multifaceted role in enhancing corporate values, particularly when integrated into inclusive governance structures and ethical management practices. The majority of the reviewed studies indicate that the presence of women on boards and in top management positions positively influences firm value through mechanisms such as improved decision-making quality, strengthened corporate governance, increased transparency, and enhanced stakeholder trust. These findings substantiate the propositions of Agency Theory, Resource-Based View, and Signaling Theory, which collectively explain how gender-diverse leadership contributes to both financial performance and organizational reputation. Nevertheless, the review also identifies that the impact of gender diversity is context-dependent, varying across industries, ownership structures, and cultural environments. In companies where diversity is implemented merely as a formal requirement (*tokenism*) or within patriarchal corporate systems, its effect on firm value tends to be weak or insignificant.

Academically, this study contributes by synthesizing recent empirical evidence (2019–2025) and integrating multiple theoretical perspectives to provide a comprehensive understanding of the gender diversity–firm value relationship. Practically, the results highlight the need for companies to move beyond compliance-driven diversity policies toward genuine inclusivity by fostering women’s active participation in strategic decision-making processes. For regulators and policymakers, the findings suggest the importance of strengthening gender-sensitive corporate governance frameworks to promote equality and enhance firm performance.

However, this study is limited by its reliance on secondary data and its primary focus on journals within the Indonesian context, which may constrain broader generalization. Future research is recommended to employ meta-analytical or cross-

country comparative approaches to quantify the magnitude of gender diversity's impact and explore mediating factors such as leadership style, cultural readiness, and sustainability orientation. Overall, gender diversity should be recognized not only as a moral and social imperative but also as a strategic asset that drives long-term corporate value creation and organizational sustainability.

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