

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter concludes with a research summary. This chapter answers the hypothesis that the researcher made in the previous chapter. This chapter provides a summary of research findings, the contribution of the study, limitations, and recommendations for future research.

5.2 Summary of Research Findings

Based on the findings based on the first research question, there is an effect of board size on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange (IDX) and the results of the study found that the size of the board of directors has a significant effect on the company's financial performance.

This shows that the more the number of members of the board of directors will enable an increase in the company's financial performance. The role of the board of directors is to formulate policies regarding the company's operations. With a relatively larger number, the decisions taken by the board of directors are not focused on one party only.

The large number of directors is generally manifested in the placement of each director in a particular field controlled by each manager so that each director has more focused duties and authorities so that the company's performance can increase.

Based the second research question, does the board's gender affect company performance and from the results of the analysis conducted on gender diversity found a positive and significant effect on ROA. The findings of the current study imply men are openly favoured for positions of power, especially in Asia. Rarely do women become successors to family-owned businesses.

Women on the board of directors in Indonesian public companies are still rare. In addition, there is still a visible presence of tough mindsets and attitudes, not only within the company, but among women themselves, which are impediments to their advancement and these old-fashioned prejudices appear to hinder women's transition from middle to upper management levels.

5.3 Contribution of Study

The results obtained in this study have shown that there are several indications, namely as follows:

1. Theoretically, the results of this study can add to or expand knowledge and provide new evidence regarding the effect of board size and gender diversity on financial performance.
2. Practically, the findings from this research are expected to be able to provide input or benefits for the parties involved in this research.

5.4 Limitation

In completing this research, one of the limitations was in terms of data collection. Because all the data in this study is secondary data collected from the company's annual report, this is a challenge because there is only one source of information. If the annual report is not published for a particular year, such as 2021, then we are forced to use the next most recent year i.e. 2020. Furthermore, this study only explores the top 30 listed manufacturing companies in Indonesia. Thus, the results cannot be applied in general to all companies listed on the Main Market of the Indonesian eke Stock Exchange. Another limitation is in terms of the variables used. There are many measures that can be used to determine board diversity, but the current study examines only two aspects of board diversity.

5.5 Future Research

There are several recommendations for future researchers. For the current study, the number of companies analyzed is limited to the top 28 companies on the Indonesian Stock Exchange. Future research could broaden the scope of the sample frame and involve more companies in the study to produce more extensive and accurate results.

This study only analyzes companies for three years, namely 2019 to 2021. The final recommendation is to use other forms of measurement to determine company performance. This study uses measures such as ROA.

Future studies may use other accounting-based measures such as return on investment (ROI) and return on equity (ROE).

5.6 Chapter Summary

This chapter provides a summary of findings for the current study. The limitations of this study and recommendations for future are also discussed in this final chapter. The size of the board of directors has no effect on the financial performance of manufacturing companies listed on the Indonesian Stock Exchange in 2019 – 2021. The gender of the board of directors has no effect on the financial performance of manufacturing companies listed on the Indonesian Stock Exchange in 2019 – 2021.