Abstract:

Although male directors dominate manufacturing companies in Indonesia, gender equality is needed to improve firm performance. This study examines board gender diversity, surname ties, and capital structure, as well as agency cost and firm performance and test agency cost as a mediating variable. This research uses a quantitative approach, tested with path analysis through LISREL, with a total research sample of 68 companies per year. The results of this study explain that board gender diversity, surname ties, and capital structure significantly negatively affect agency cost. Board gender diversity does not affect firm performance, surname ties have a significant positive effect on firm performance, and capital structure and agency cost significantly negatively affect firm performance. In addition, agency cost can mediate board gender diversity, surname ties, and capital structure on firm performance. Recommendations for manufacturing companies are to increase the number of female directors to improve firm performance and analyze the identification of surname ties not only through a person's last name.