

## **Bukti Korespondensi artikel COVID-19 exposure: a risk-averse firms' response**

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# **BUKTI KORESPONDENSI**

# Bukti Korespondensi artikel COVID-19 Exposure: A Risk-Averse Firms' Response

## New Submission

Journal name	Journal of Financial Reporting and Accounting
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## Bukti submit

The screenshot displays the Emerald Publishing Author Dashboard. At the top, the Emerald Publishing logo and the journal title 'Journal of Financial Reporting and Accounting' are visible. Below the logo, there are navigation tabs for 'Home', 'Author', and 'Review'. The main content area is titled 'Submitted Manuscripts' and contains a table with the following data:

STATUS	ID	TITLE	CREATED	SUBMITTED
AZ: Abdul Wahab, Effezal Awadi EC: Hussainey, Khair JA: MOHD ALI MAZURINA JA: Hussainey, Khair QE: Not Assigned	JFRA-12-2021-0430	COVID-19 Exposure: A Risk-Averse Firms' Response <a href="#">View Submission</a>	04-Dec-2021	04-Dec-2021

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Iman Harymawan &lt;harymawan.iman@feb.unair.ac.id&gt;

**Journal of Financial Reporting and Accounting - JFRA-12-2021-0430**

1 message

**Journal of Financial Reporting and Accounting** <onbehalf@manuscriptcentral.com>

4 December 2021 at 18:04

Reply-To: abs001@bangor.ac.uk

To: harymawan.iman@feb.unair.ac.id

04-Dec-2021

Dear Dr. Harymawan:

Your manuscript entitled "COVID-19 Exposure: A Risk-Averse Firms' Response" has been successfully submitted online and is presently being given full consideration for publication in the Journal of Financial Reporting and Accounting.

Your manuscript ID is JFRA-12-2021-0430.

Please mention the above manuscript ID in all future correspondence or when calling the office for questions. If there are any changes in your street address or e-mail address, please log in to ScholarOne Manuscripts at <https://mc.manuscriptcentral.com/jfra> and edit your user information as appropriate.

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Thank you for submitting your manuscript to the Journal of Financial Reporting and Accounting.

Sincerely,

Journal of Financial Reporting and Accounting Editorial Office

## **Decision Round 1**

Rejection	
Revise and resubmit	Major Revision (19 Januari 2022)
Acceptance	
Comments & Responses	

### **Bukti revisi round 1**

ACTION	STATUS	ID	TITLE	SUBMITTED	DECISIONED
<a href="#">create a revision</a>	AE: Abdul Wahab, Effiezal Aswadi EIC: Hussainey, Khaled JA: MOHD ALI, MAZURINA JA: Hussainey, Khaled GE: Not Assigned	JFRA-12-2021-0430	COVID-19 Exposure: A Risk-Averse Firms' Response <a href="#">View Submission</a>	04-Dec-2021	19-Jan-2022
	<ul style="list-style-type: none"><li>• Major Revision (19-Jan-2022)</li><li>• Due on: 21-Apr-2022</li></ul>				
	<a href="#">view decision letter</a> <a href="#">✉ Contact Journal</a>				



Iman Harymawan &lt;harymawan.iman@feb.unair.ac.id&gt;

**Journal of Financial Reporting and Accounting - Decision on Manuscript ID JFRA-12-2021-0430**

1 message

**Journal of Financial Reporting and Accounting** <onbehalf@manuscriptcentral.com>  
Reply-To: khaled.hussainey@port.ac.uk  
To: harymawan.iman@feb.unair.ac.id

19 January 2022 at 17:47

19-Jan-2022

Dear Dr. Harymawan:

Manuscript ID JFRA-12-2021-0430 entitled "COVID-19 Exposure: A Risk-Averse Firms' Response" which you submitted to the Journal of Financial Reporting and Accounting, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended major revisions to the submitted manuscript, before it can be considered for publication. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

To revise your manuscript, log into <https://mc.manuscriptcentral.com/jfra> and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Please also highlight the changes to your manuscript within the document by using the track changes mode in MS Word or by using bold or coloured text.

Once the revised manuscript is prepared, you can upload it and submit it through your Author Centre. The deadline for uploading a revised manuscript is 19-Feb-2022 from receiving this email. If it is not possible for you to resubmit your revision within this timeframe, we may have to consider your paper as a new submission.

When submitting your revised manuscript, you will be able to respond to the comments made by the reviewer(s) in the space provided. You can use this space to document any changes you make to the original manuscript. In order to expedite the processing of the revised manuscript, please be as specific as possible in your response to the reviewer(s).

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Please note that Emerald requires you to clear permission to re-use any material not created by you. If there are permissions outstanding, please send these to Emerald as soon as possible. Emerald is unable to publish your paper with permissions outstanding.

Once again, thank you for submitting your manuscript to the Journal of Financial Reporting and Accounting and I look forward to receiving your revision.

Sincerely,  
Prof. Khaled Hussainey  
Editor, Journal of Financial Reporting and Accounting  
[khaled.hussainey@port.ac.uk](mailto:khaled.hussainey@port.ac.uk)

Reviewer(s)' and Associate Editor Comments to Author:

Reviewer: 1

Recommendation: Major Revision

Comments:

Interesting study. Need to justify why choose 2019 as opposed to 2020.  
Paper must be proofread for English language.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: This paper does contain new and significant information regarding COVID-19 voluntary disclosures and risk strategy.

Nevertheless, data used in this study is from 2019 annual reports. These reports are only published in 2020.

COVID-19 started in November/December 2019 and only became a pandemic in 2020.

Why use 2019 annual reports rather than 2020? It is more relevant if the data are from 2020 rather than 2019 annual reports. Please explain and justify.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: Overall satisfactory. Indonesia practices two-tier governance structure. Why? How?

Need literature to support the effectiveness of a supervisory board. How effective is a supervisory board? Must all policy decisions be endorsed by this supervisory board?

More literature is needed regarding companies and female board members role in risk management. Not only in other developed countries but also in developing countries like Indonesia.

Impact of female board members in voluntary disclosure related to risk strategies and crises (economic and financial) must be discussed.

More studies on women's role during crisis periods must be included - Asian financial & world economic crises.

Does Indonesia has a rule for female representation in the BOD? How many percent of the BOD must be female and when must it be achieved?

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Why choose all companies listed in the Indonesian Stock Exchange? How many companies were listed in 2019 and 2020?

Why exclude companies with missing data? Is it because they did not disclose any information regarding COVID-19?

It is better to compare companies that disclose against that do not disclose such information.

Table 1 panel B show that construction, manufacturing, mining and telecommunication sectors disclosed more COVID-19 information. But since Indonesia did not impose a lockdown in 2019 until early 2020, why did these companies disclose such information in their annual reports?

When did Indonesia imposed a total lockdown? Explain and justify.

Pp 7 - other studies have used only the characteristics of CEOs or CFOs, but this study used all management characteristics. Who are they? If all, then why only age and number of female on the board? Explain and justify.

Why use INDCOM and not Independent directors in BOD? INDCOM are independent commissioners in BOC and not independent directors in BOD.

There are two boards. Are there any independent directors in the BOD? Why include BOC members in BSIZE?

This will affect the results. How many female members were there in BOC and BOD?

Explain and justify.

There seems to be confusion between BOD and BOC. Is there a BOC or just that the members are appointed as independent members in BOD? Explain and justify.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: Subject to the above comments in the methodology section, findings may not reflect the true practice of governance and voluntary disclosures in Indonesia.



Study should only focus on the characteristics of BOD and not BOC.

To add value a comparative analysis between BOD and BOC should be conducted.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: It is an interesting study conducted in Indonesia. But need to address some of the issues raised in the above sections.

Methodology must be checked and refined. Findings may not be reliable since both boards are included in the analysis.

Need to justify why choose 2019 and not 2020?

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: This paper need to be proofread for English language.

Many grammatical and spelling errors.

Some sentences are incomplete.

Reviewer: 2

Recommendation: Major Revision

Comments:

PLEASE REFER TO THE FILE ATTACHED

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: YES

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: YES

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: SOME OF METHODOLOGICAL ISSUES NEED TO BE SOLVED

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: NOT REALLY

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: YES

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: QUITE SLOPPY

Associate Editor

Comments to the Author:

Dear authors,


We have received the comments from the reviewers. I do concur with reviewer 1 that the paper requires an extension to the data for 2020. I would suggest that you increase the sample by including the 2020 report as it would provide you with more sound analyses for Covid-19. Please focus on the exposition of the paper and articulation of the idea. There are numerous papers on Covid-19 and I would strongly suggest you include them in the paper.

Thank you.

Kind regards,

Efi

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 **COMMENTS TO THE AUTHORS - JFRA.pdf**  
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**"COVID-19 Exposure: A Risk-Averse Firms' Response**

**COMMENTS TO THE AUTHOR**

Overall this study has good motivation on investigating the effect of board of directors characteristics on risk preferences during health crisis covid 19 with the unique institutional setting of Indonesia which is among the countries that has late response to the crisis. Nevertheless there are few issues need to be solved before this paper is accepted for publication:

**INTRODUCTION**

The use of word management characteristics" are quite confusing as the authors investigate on board of directors. Does it mean that the authors only choose executive directors? I think it is clearer if the author just mention it as board of directors. Please explain

Please explain on the controversial statement as cited in the introduction in the sentence that mention This skepticism was reflected by Indonesia's ex-Health Ministry controversial statement (Ghaliya, 2020).

Please explain on the sentence "this diversity could backfire in form of inequality. This inequality issue mostly aggravated during covid-19 as several limitations that must be implemented (News Desk, 2020)." Highlight on the limitations that lead to inequality.

Need detail explanation on the selection of board age and board gender compared to other governance variables in implementing the effect on risk preference. Why not other variables?Please highlight.

**LITERATURE REVIEW**

Please cite on the countless studies in the sentence "Countless studies have been conducted to explore this theory practices from several perspectives".

**METHODOLOGY**

It is quite confusing on how can the author posit that the covid 19 words disclosure relate to risk preferences. Yes the disclosure about covid 19 shows that the firms concern and put risk preferences on it. But the measurement of risk preferences based on the number of covid 19 keywords found is not sound accurate as some of firms may use many keywords due to disclosure sentence structure, not because of risk preferences Otherwise, the author can use number of disclosure of covid 19 that shows risk preferences rather than simply take the number of keywords. Please explain

The industry breakdown in Table 1 is not well-understood as the author put 2 columns on firm years and percentage. The authors mention that they choose firms that disclose covid 19 as their sample but in the note of table 1 it is explained that the 2 columns are representing firms that disclose and firms that did not disclose. Please explain.

I think this study need to also control on risk practices by the firms i.e number of board sit on risk management committee as the result may be driven by risk practices of risk management department.

## **FINDINGS**

Please explain on the findings of descriptive statistics rather than just stating the figures found.

Pearson correlation – the authors mistakenly mentioned that “We find a significant positive relationship between COVID and **both** management characteristics FEMBOARD, whereas only FEMBOard is significant. Please amend

The author also highlight that “Overall, these univariate test results support our hypothesis that risk-averse management tends to disclose covid-19 exposure on their annual report”. How can the author conclude that whereas only COVID and BIG 4 is significant for this analysis. Please elaborate.

Table 4 –it is confusing as the author present the results based on four models but do not elaborate what is description of each model. For model 1, the author run the regression only for control variables? Usually the multivariate analysis we start with regressing the DV with IVs without control variables then followed with control variables. Please explain.

Non linear analysis of female boards (Table 7)- I do not understand why the author squared value of FEMBOARD to investigate the non linear of female boards. Why don't u just divide the proportion of female into several quartiles and thus using the actual figures to get the result. Please explain.

All the best

# Submission Confirmation

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Thank you for your revision

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<b>Submitted to</b>	Journal of Financial Reporting and Accounting
<b>Manuscript ID</b>	JFRA-12-2021-0430.R1
<b>Title</b>	COVID-19 Exposure: A Risk-Averse Firms' Response
<b>Authors</b>	Nasih, Mohammad Harymawan, Iman Wardani, Damara Putra, Fajar Sarea, Adel
<b>Date Submitted</b>	19-Apr-2022

## Author Response to Reviewer 1

### COVID-19 Exposure: A Risk-Averse Firms' Response

We wanted to say thank you to anonymous reviewer 1 of our article entitled "COVID-19 Exposure: A Risk-Averse Firms' Response" that greatly enhanced our article quality. In general, we have addressed most of your comments and added 2020 as our research sample. Due to this addition, we have made several adjustments to this article. The details of our responses are listed below:

**Reviewer points #1:** Interesting study. Need to justify why choose 2019 as opposed to 2020. Paper must be proofread for English language.

**Author response #1:** Thank you for your compliment and suggestion. We have decided to expand our research sample to 2020 and did not include 2021 due to most of the Indonesian listed firms not publishing their annual report yet on 31 March 2022. We believe this decision will cancel your suggestion to justify choosing 2019 as opposed to 2020. Furthermore, we have added one additional analysis, namely pre- and current-Covid-19 analysis which basically divides the sample into two groups based on its year observations. The analysis is presented on pages 20 to 22.

As mentioned in the previous section, Indonesia has a unique setting as the first case of covid-19 was announced on 2 March 2019, while the global spreading of covid-19 already began at the end of 2019. Based on *de jure*, Indonesia has not experienced any covid-19 cases in 2019 yet. However, it is debatable when exactly the first case of covid-19 (Ghaliya, 2020). Relying on a legal announcement from Indonesia's government, 2019 was the pre-covid-19 period and 2020 was the current-covid-19 period. Uniquely, even though there was no legal announcement of covid-19 cases in 2019, several firms already disclosed several covid-19 keywords in their annual reports as presented in table 8. Some of them disclosed more than 100 covid-19 keywords in their annual reports.

**Table 8: Number of firms disclose covid-19 keywords**

Number of covid-19 keywords	Number of firms in 2019
0	103
1-20	114
21-40	102
41-60	49
61-80	17
81-100	12
>100	3

This table reports the firm's amount based on their covid-19 keywords amount group in 2019. This analysis uses multiples of 20 keywords Covid-19 as differences between groups in observations.

Based on these findings, this study splits the sample based on its year and the regression results are presented in Table 9 below. To examine specifically how female and aged board members respond to the potential global pandemic, even if it is not yet reached in Indonesia,

it is carried out based on a legal government announcement. The 2019 regression results show there are no statistically significant relationships, both for FEMBOARD (coef. = 0.011,  $t = 1.55$ ) and AGEBOARD (coef. = 0.018,  $t = 1.26$ ). On the other hand, when the covid-19 pandemic has spread throughout Indonesia in 2020, it is shown both of FEMBOARD (coef. = 0.019,  $t = 2.86$ ) and AGEBOARD (coef. = 0.066,  $t = 3.78$ ). This finding confirms that although women and aged boards are known for their risk-averse traits, their presence in firms' boards did not influence firms' covid-19 exposure disclosure. One possible explanation for this finding is due to the exaggeration of to react on the covid-19 when it does not have a direct impact on firms' operations, even for boards who are known for their risk-averse traits. Moreover, the government, as the most legitimate information source, argued that Indonesia was not affected yet by covid-19, at least until the end of 2019 (Ghaliya, 2020). The additional argument that supports this finding comes from several experts' opinions were stating covid-19 can be included as a "black swan" phenomenon which cannot be predicted nor prepared before the event happened (Ahmad et al., 2021; Q. Wang & Liu, 2022; Yarovaya et al., 2022), thus, it's normal for firms to failure in provides early response.

**Table 9: Pre- and current-covid-19 analysis**

	2019			2020		
	COVID	COVID	COVID	COVID	COVID	COVID
FEMBOARD	0.011 (1.55)		0.012 (1.65)	0.015** (2.21)		0.019*** (2.86)
AGEBOARD		0.016 (1.10)	0.018 (1.26)		0.059*** (3.38)	0.066*** (3.78)
CONS	-1.256 (-0.71)	-1.038 (-0.62)	-1.654 (-0.95)	-6.448*** (-3.70)	-4.999*** (-3.08)	-7.278*** (-4.23)
Control variables	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
R <sup>2</sup>	0.047	0.051	0.054	0.177	0.167	0.190
Adjusted R <sup>2</sup>	0.007	0.011	0.012	0.147	0.137	0.159
N	400	400	400	461	461	461

This table reports pre- and current-covid-19 analysis. The first three columns focus only on 2019 which amounted to 400 firm-year observations while the last three columns for 2020 which encompassed 461 firm-year observations. This test was done after winsorizing the data for 1 and 99%.  $t$  statistics in parentheses \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$

There is a major different result on the 2019 sample between initial submission version and

this revised version as in initial submission version the relationship between FEMBOARD and COVID is significant (coef. = 0.292, t = 2.45). The difference is due to different measurements of COVID itself. In our initial submission, COVID is measured by the total amount of covid-19 keywords mentioned in the firm's annual report, while in the revised version, we changed the proxy into the natural logarithm value of the total amount of covid-19 keywords. This adjustment strategy was taken because of the large number of covid-19 keywords mentioned in the 2020 sample, some of which reached more than 500 keywords in a single annual report. We provide the detailed number of covid-19 keywords in the table below. Thus, to ensure that the coefficient between our predictor and dependent variables is not excessively large, we decided to transform the COVID value into its natural logarithm value. In addition, for observations that do not disclose any covid-19 keywords, we valued the COVID by zero (0) instead of n.a. (not available)

Number of covid-19 keywords	Number of firms in 2020
0	112
1-200	253
201-400	69
401-600	22
601-800	4
801-1000	0
>1000	1

As for the proofread suggestion, we have proofread this article using East Translation service, a professional translation, and proofreading institution in Indonesia.

Reviewer points #2: This paper does contain new and significant information regarding COVID-19 voluntary disclosures and risk strategy.

Nevertheless, data used in this study is from 2019 annual reports. These reports are only published in 2020.

COVID-19 started in November/December 2019 and only became a pandemic in 2020.

Why use 2019 annual reports rather than 2020? It is more relevant if the data are from 2020 rather than 2019 annual reports. Please explain and justify.

Author response #2: Thank you for your valuable concern. As you may see, we already added 2020 into our sample, and the details are already described in author response #1.

Reviewer points #3: Overall satisfactory. Indonesia practices two-tier governance structure. Why? How?

Need literature to support the effectiveness of a supervisory board. How effective is a supervisory board? Must all policy decisions be endorsed by this supervisory board?



More literature is needed regarding companies and female board members' role in risk management. Not only in other developed countries but also in developing countries like Indonesia.

Impact of female board members in voluntary disclosure related to risk strategies and crises (economic and financial) must be discussed.

More studies on women's role during crisis periods must be included - Asian financial & world economic crises.

Does Indonesia have a rule for female representation in the BOD? How many percent of the BOD must be female and when must it be achieved?

Author response #3: Thank you for your compliment and advice. We will provide our detailed responses for each sub-issue you raise.

For the two-tier governance system, we have added a specific subsection to explain how the two-tier governance system runs in Indonesia on pages 4-5. Hopefully, by this specific sub-section, we can address all your questions related to Indonesia's two-tier governance system.

#### *The governance system in Indonesia*

In contrast to other countries, Indonesia adheres to a two-tier board system, which mandates every listed firm to have the board of directors (BOD) responsible for daily business operations, and the board of commissioners (BOC) focuses on supervisory function (IFC, 2018). Thus, it is illegal in Indonesia if a person serves as BOD and BOC simultaneously and firmly. In fact, according to Indonesia's firm governance code, BOC is prohibited from participating in operational decision-making (National Committee on Governance, 2006). Although this board system seems to provide a different authority for a specific task in business operations, generally most strategic firms' actions that are planned and implemented by BOD must be reviewed and evaluated by BOC, for instance, firms' work plan and annual budget, investment plans, risk management process, and annual report content (IFC, 2018). Furthermore, based on IFC (2018), BOC's activities may go entirely unnoticed when the business environment is friendly, such as a promising economy, share prices are rising, there is no serious negative news impacting firms' image, and many more. However, in times of crisis, including Covid-19, the significance of the BOC becomes clear. This phenomenon arises from the nature of the BOC function itself which is primarily to supervise and provide advice to the BOD so that when everything goes as planned, the BOD will act normally and the supervisory function benefits will be minimized. On the other hand, BOD will not follow normal procedures when the firms are in an emergency state and tend to improvise based on the current conditions. These improvements will be BOC's main task to ensure these improvements lead to favorable outcomes for firms' shareholders. Nevertheless, both the BOC and BOD are responsible for maintaining the firms' long-term sustainability (IFC, 2018), especially in times of crisis.

The importance of BOC is also highlighted by several prior studies. For instance, Fauzi et al. (2021) showed that BOC is one of the essential bodies within a firm as they represent shareholders and stakeholders in general, and ensure agency issues are minimized. Some studies even mentioned that the presence of supervision mechanisms and quality from BOC

effectively enhances firms' disclosure, including voluntary (Cahaya & Yoga, 2020), internal control (Weli et al., 2020), and human rights issues (Cahaya & Hervina, 2019).

Based on mentioned arguments, although BOD has a direct intervention function in determining firms' action, based on a firm's risk appetite, this study posits that both BOD and BOC have a substantial impact on determining how a firm's risk preferences are. Therefore, exploring BOD and BOC's characteristics is an important step in analyzing firms' risk preferences.

Regarding your request on adding female directors' contributions to risk management literature, we have added several studies, including

Adams, R. B., Licht, A. N., & Sagiv, L. (2011). Shareholders and stakeholders: How do directors decide? *Strategic Management Journal*, 32(12), 1331–1355. <https://doi.org/https://doi.org/10.1002/smj.940>

El-Khatib, R., & Joy, N. (2021). Do Women Directors Improve Firm Performance and Risk in India? *Quarterly Journal of Finance*, 11(2). <https://doi.org/10.1142/S2010139221500063>

Johnson, J. E. V., & Powell, P. L. (1994). Decision Making, Risk and Gender: Are Managers Different? *British Journal of Management*, 5(2), 123–138. <https://doi.org/10.1111/j.1467-8551.1994.tb00073.x>

Levin, I. P., Snyder, M. A., & Chapman, D. P. (1988). The Interaction of Experiential and Situational Factors and Gender in a Simulated Risky Decision-Making Task. *The Journal of Psychology*, 122(2), 173–181. <https://doi.org/10.1080/00223980.1988.9712703>

Powell, M., & Ansic, D. (1997). Gender differences in risk behaviour in financial decision-making: An experimental analysis. *Journal of Economic Psychology*, 18(6), 605–628. [https://doi.org/https://doi.org/10.1016/S0167-4870\(97\)00026-3](https://doi.org/https://doi.org/10.1016/S0167-4870(97)00026-3)

Saggar, R., Arora, N., & Singh, B. (2021). Gender diversity in corporate boardrooms and risk disclosure: Indian evidence. *Gender in Management*. <https://doi.org/10.1108/GM-06-2020-0174>

Shropshire, C., Peterson, S., Bartels, A. L., Amanatullah, E. T., & Lee, P. M. (2021). Are Female CEOs Really More Risk Averse? Examining Economic Downturn and Other-Orientation. *Journal of Leadership and Organizational Studies*, 28(2), 185–206. <https://doi.org/10.1177/1548051821997404>

We also add specific explanations on how women in firms' management practices in developing countries are requested on page 7.

... Several studies focusing on developing countries also document similar results where the presence of women on firms' boards is able to induce risk-averse strategies, including higher cash holding (Musvriyanti et al., 2021) and less internal control weakness (Oradi & E-Vahdati, 2021). Despite their lives remaining culturally constrained in developing countries, women's contributions in boardrooms increase from time to time (Shad et al., 2011).

In addition, we also add a particular paragraph to explain how female directors who are known as risk-averse individuals, are able to redirect corporate disclosure. The paragraph is placed on page 7.

Given the underlying nature of women who tend to be more averse to taking risks than men, the disclosure strategy adopted also changes when they occupy board positions in the firms. For instance, aside from they tend to avoid potential risk from stakeholders, women appear to have a positive and more empathetic view toward shareholders' expectations and sustainability (Birindelli et al., 2018; Samara et al., 2019), which it translated into higher quality of firms' ESG disclosure (Gurol & Lagasio, 2022). In the auditing context, female audit partners also tend to disclose more key audit matters compared to male ones, which confirms that they avoid risks of material misstatements (Abdelfattah et al., 2021). In particular, Seebeck and Vetter (2021) found that a higher proportion of women in boardrooms leads to higher levels of firms' risk disclosure. These studies confirm that risk-averse behaviors of female boards are mostly represented by providing high-quality of firms' disclosure.

Moreover, we add additional explanations on how women react to financial crises and are able to outperform their competitors that are led by male directors. The details are explained on pages 7-8.

Nevertheless, those rationales may only apply under normal circumstances and may be different in times of crisis, such as the covid-19 pandemic. Although it may be true that women are more vulnerable to crises compared to men (Collins et al., 2021; McLaren et al., 2020), other studies indicate that women's presence in business may be favorable during a crisis or prevent a crisis in future. For instance, Ofori-Sasu et al. (2022) found that women's proportion in a bank's board is effective in reducing the possibility of a banking crisis, and at the same time, it is able to strengthen the negative relationship between bank disclosure and the banking crisis in Africa. It is believed that several characteristics and skills attributable to female managers such as attitude to change and ability to promote new initiatives foster organizational resilience in coping Covid-19 crisis (Cosentino & Paoloni, 2021). Moreover, despite having a severe impact on Covid-19, female entrepreneurship shows promising performance in adapting in business environment changes and tries to avoid the application of risky measures during crises (Popović-Pantić et al., 2020). These actions confirm that risk-averse traits of women in business are consistent, and tend to be more profound during crises compared to normal circumstances. In times of pandemic, every business experiencing negative impacts has the potential to even bankrupt them. However, for firms with risk-averse boards, this risk of loss will be analyzed in-depth and the results of the analysis will be disclosed to the public through their annual reports.

Your last concern related to minimum female boards in Indonesia also has been addressed and the explanation is placed on 13, in the section descriptive statistics.

... In addition, Indonesia has not yet imposed a minimum quota on the proportion of women on the firm's boards, which supports this finding.

Reviewer points #4: Why choose all companies listed in the Indonesian Stock Exchange?

Author response points #4: Thank you for your question. We provide a slight correction to your question as we only use Indonesian non-financial listed firms. Financial-listed firms are excluded due to their financial nature and structure being quite different from other

industries. Other studies in accounting and management also commonly do not combine financial and non-financial firms into one sample pool.

Related to why selected Indonesia, we have provided a clear explanation of how unique Indonesia's setting is related to how firms should be responding to covid-19. The explanation is located in the first paragraph of our article.

In November 2019, the covid-19 outbreak began in Wuhan, China, and rapidly escalated into a global pandemic that resulted in health condition issues, as well as a global recession. Indonesia is an appropriate setting for covid-19 awareness study due to several rationales. First, Indonesia is one of the governments that has skepticism on the covid-19 seriousness, which is more or less taken as an example from business management. This skepticism was reflected by Indonesia's ex-Health Ministry's controversial statement (Ghaliya, 2020), including disrespect toward one of Harvard University's study reports that mentioned that the Southeast Asian countries must already have unreported coronavirus cases in February 2020. Secondly, there is a significant gap between the first case of covid-19 in Wuhan and the first case of Indonesia (WHO, 2020). Approximately six months during that time become a sufficient time frame for Indonesian businesses to be aware of this global risk and integrate it within their annual reports. Last but not least, diversity is one of the major concerns for Indonesia (Sakai & Isbah, 2014; Tarahita & Rakhmat, 2018), although Indonesia is one of the most diverse cultural countries (Suherdjoko, 2017), this diversity could backfire in the form of inequality. For instance, simple issues of diversity are often structured in such a way as to form large inequality issues. Especially when it comes to ethnicity and religion by cyber media in Indonesia. If it is not well managed, the diversity becomes inequality that could disrupt organization performance, at any level of organization (Van Knippenberg et al., 2013). This inequality issue is mostly aggravated during covid-19 as several limitations must be implemented (News Desk, 2020). Thus, this paper wants to examine whether the firm risk preference, represented as board characteristics, is associated with the firm's alternative selection regarding the covid-19 issue in 2019.

Reviewer points #5: How many companies were listed in 2019 and 2020?

Author response points #5: Thank you for your reminder to disclose this information. Related to this question, our sampling criteria process table is believed suitable to answer your question. The table itself is placed on page 10, table 1 panel A which is 489 unique firms.

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**Panel A. Sample selection for firm-year observations**

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<b>Description</b>	<b>Observations</b>	<b>Firms</b>
Initial sample	1,414	751
Less: financial industry (SIC 6)	(325)	(170)
Missing data	(228)	(92)
Final sample	861	489

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Reviewer points #6: Why exclude companies with missing data? Is it because they did not disclose any information regarding COVID-19?

Author response points #6: Thank you for your concern. What we mean by the “missing data” term is we are unable to find the firms’ data, meanwhile, they are listed on the Indonesia Stock Exchange (IDX). For example, we cannot find several firms’ annual reports, either from the firm’s website, IDX website, etc. Thus, the “missing data” is not correlated with firms that do not disclose any information regarding Covid-19.

Reviewer points #7: It is better to compare companies that disclose against that do not disclose such information.

Author response points #7: Thank you for your advice. We agree with your advice and provide the analysis on page 14, specifically in table 3 panel B.

Panel B. Two independent sample t-test based on Covid-19 keyword occurrence

	Mean value		Coef	t-value
	Zero keyword	At least one keyword		
FEMBOARD	52.789	54.881	2.092***	4.720
AGEBOARD	9.824	10.919	1.095	1.060
FINBOARD	0.591	0.583	-0.008	-0.481
BIG4	0.233	0.317	0.085**	2.363
INDCOM	1.316	1.435	0.119*	1.784
BFSIZE	7.312	8.212	0.900***	3.619
RMC	0.130	0.207	0.077**	2.515
FBSIZE	24.286	24.851	0.565*	1.820
MTB	1.257	1.150	-0.107	-0.500
LEV	0.475	0.537	0.062*	1.898

This table reports the two independent sample t-test analysis results on 861 firm-year observations. Panel A using year as treatment variable while panel B using occurrence of covid-19 keywords. This test was done after winsorizing the data for 1 and 99%. t statistics in parentheses \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01

In addition, this study also successfully documented a significant difference in women proportion in boardrooms between firms that do not disclose any covid-19 keyword with firms at least disclose one keyword (coef. = 2.092, t = 4.720) but this study failed in terms of AGEBOARD. This finding confirms that decision to disclose or not the covid-19 keywords is closely related to the female board proportion.

Reviewer points #8: Table 1 panel B shows that construction, manufacturing, mining and telecommunication sectors disclosed more COVID-19 information. But since Indonesia did not impose a lockdown in 2019 until early 2020, why did these companies disclose such information in their annual reports?

Author response points #8: Thank you for your question. As we added 2020 in our research sample, the result is changed and the explanation is placed on page 10.

... In average, one-fourth of the observations did not disclose any covid-19 keywords in their annual report. The manufacturing industry has the lowest proportion of firms that did not disclose any covid-19 keywords. On the other hand, the services industry has the highest

proportion. This finding concludes that business operations can easily adopt remote meetings, such as services, and have less concern about covid-19 than the manufacturing industry which mostly relies on the physical presence of their labor.

Reviewer points #9: When did Indonesia imposed a total lockdown? Explain and justify.

Author response points #9: Thank you for your question. Since the beginning, Indonesia has never adopted a total lockdown policy due to several things. But we do implement several series of partial lockdowns starting mid of March 2020 and continuing to today. The level of partial lockdown itself is dependent on the covid-19 situation in Indonesia. Not only the abbreviation of partial lockdown that continuously changes but also the specific regulation. This condition made us unable to precisely determine the period that holds the most severe lockdown condition. Based on this limitation, we also decided not to provide this information in our article as it does not provide relevancies to our study.

Reviewer points #10: Pp 7 - other studies have used only the characteristics of CEOs or CFOs, but this study used all management characteristics. Who are they? If all, then why only age and number of female on the board? Explain and justify.

Author response points #10: Thank you for your concern. We have changed the “management” term as it is often confused with directors. The new term we used is “board” and the new sentence became “Previous research mainly used CEO or CFO characteristics (Abernethy et al., 2019; Benmelech & Frydman, 2015; Francis et al., 2015; Yeoh & Hooy, 2020), meanwhile this study focuses on all individuals in the board.”

Related to why only age and number of females, we already put some rationale that these two biological traits are somehow able to influence other boards’ traits, such as experience-based traits. The detailed explanation in page 6.

Among all board characteristics that may influence the firms’ risk preferences, one that is interesting to keep discussed is the biological traits that lead to different risk preferences. Unlike characteristics that developed during their lifetimes, such as career selection, economic crisis experience, and education level and degree selection, biological traits have a more underlying effect on determining individual action. In addition, prior studies find biological traits are affecting their experience-based characteristics, especially for experiences that they have the right to choose to take or not. For instance, a woman is commonly less interested in science, technology, engineering, and mathematics education and profession (Dökme et al., 2022; Luo et al., 2022), and it can be concluded that individual risk perception is affected by those subjects’ experiences’ occurrence is merely affected by the individual’s gender. Another example is highlighted by Räsänen et al. (2012) both gender and age are powerful determinants for risk perception, and the difference would be more clearly visible during a crisis, such as the covid-19 pandemic (Lu et al., 2021).

Reviewer points #11: Why use INDCOM and not Independent directors in BOD? INDCOM are independent commissioners in BOC and not independent directors in BOD. Here are two boards. Are there any independent directors in the BOD?

Author response points #11: Thank you for your curiosity. Indeed, INDCOM is independent commissioners in BOC and not independent directors in BOD. The only reason that we do not use independent directors as there is no regulation that mandates listed firms to have independent directors. Therefore, we can say about 99% of Indonesian listed firms do not have any independent directors as it is not required by the government.

Reviewer points #12: Why include BOC members in BSIZE? This will affect the results.

Author response points #12: Thank you for your concern. We include BOC members in BSIZE as BOC is part of the board, therefore, it can be justified that BOC is included in BSIZE. As for your concern, it will affect the results, indeed, we agree with your opinion. Therefore, one of our extended analyses focuses on female and aged individuals in each board position to test whether positive relationships between FEMBOARD and AGEBOARD with COVID are relevant in both board positions. The analysis itself is presented on pages 23-24.

As mentioned previously, there are two types of Indonesian firms' boards: board of commissioners (BOC) and board of directors (BOD). As BOC and BOD have different roles and responsibilities, it is expected to be interesting if this study specifically examines the relationship between female and age proportion with covid-19 exposure in each board type. In order to orchestrate this test, this study calculates the female and age proportions for each specific board first. Secondly, this study regresses these proportions for each board type and combines them into one model. The board position analysis result is presented in table 10.

Based on the finding, only biological traits of BOD have positive relationship with covid-19 exposure disclosure, both female (coef. = 0.014, t = 3.59) and age proportion (coef. = 0.031, t = 2.85). This result confirms although BOC needs to finalize the content of the annual report drafted by BOD, their biological traits do not correlate with covid-19 exposure disclosure. One plausible rationale behind this result is based on the fact that every individual, including firms' boards, is exposed to information overload (Jackson & Farzaneh, 2012) and prone to cognitive constraint while making decisions under uncertainty (Lebiere & Anderson, 2011). During the early years of covid-19, the information quantities are substantially increased and its reliability drops at the same time. It is believed that BOC's focus is redirected to priority areas, such as how to keep running the business or maintain a budget in order to prevent mass layoffs. In other term, BOC only puts a small portion of their focus on firms' annual reports which their risk-averse trait does not reflect in it.

**Table 10: Board position analysis**

	(1) COVID	(2) COVID	(3) COVID
FEMBOC	0.001		0.000

	(0.25)		(0.00)
AGEBOC	0.018**		0.011
	(2.02)		(1.15)
FEMBOD		0.014***	0.014***
		(3.65)	(3.59)
AGEBOD		0.035***	0.031***
		(3.38)	(2.85)
CONS	-4.839***	-6.282***	-6.281***
	(-3.46)	(-4.44)	(-4.38)
Control variables	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
R <sup>2</sup>	0.189	0.205	0.207
Adjusted R <sup>2</sup>	0.171	0.188	0.187
N	861	861	861

This table reports the result of regression between female and aged individuals in each board position with covid-19 exposure disclosure on 861 firm-year observations. The first column focuses only on the board of commissioners (BOC) while the second column only focuses on the board of directors (BOD). The last column combines both BOC and BOD analysis. This test was done after winsorizing the data for 1 and 99%. t statistics in parentheses \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01

#### Reviewer points #13: How many female members were there in BOC and BOD?

Author response points #13: Thank you for your question. We have provided statistics descriptive for both female members and aged individuals in respective BOC and BOD in table 2 on page 13.

	Mean	Median	Minimum	Maximum
COVID	3.029	3.497	0.000	7.093
FEMBOARD	10.747	6.250	0.000	75.000
FEMBOD	11.136	0.000	0.000	100.000
FEMBOC	10.080	0.000	0.000	100.000
AGEBOARD	54.313	54.600	21.667	70.875
AGEBOD	51.448	51.667	13.500	73.000
AGEBOC	57.620	58.000	23.333	83.000
FINBOARD	0.585	0.600	0.000	1.000
BIG4	0.296	0.000	0.000	1.000
INDCOM	1.410	1.000	0.000	5.000
BSIZE	8.016	7.000	3.000	24.000
RMC	0.188	0.000	0.000	1.000
FSIZE	24.704	24.197	14.999	33.495
MTB	1.261	0.196	-27.190	56.792
LEV	5.908	0.469	0.001	3461.978

This table reports descriptive statistics for this study observations. It provides mean, median, minimum, and maximum value of 861 firm-year observations. This test was done



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after winsorizing the data for 1 and 99%.

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Reviewer points #14: There seems to be confusion between BOD and BOC. Is there a BOC or just that the members are appointed as independent members in BOD? Explain and justify.

Author response points #14: Thank you for your opinion. We have added an explicit explanation that it is prohibited for one person to be appointed as BOC and BOD at the same time and same firm. The two board positions in the two-tier are different from the one-tier system where there are executive directors that are responsible for management function and independent (non-executive) directors who are accountable for supervisory function, but both of them are included in the board of directors. In Indonesia, The sentence is located in page 4, sub-section governance system in Indonesia.

... Thus, it is illegal in Indonesia if a person serves as BOD and BOC simultaneously and firmly....

Reviewer points #15: Subject to the above comments in the methodology section, findings may not reflect the true practice of governance and voluntary disclosures in Indonesia. Study should only focus on the characteristics of BOD and not BOC.

Author response points #15: Thank you for your concern. We do agree that BOD has direct intervention in most corporate action, including narratives in annual reports. But, according to the legal framework of Indonesia's two-tier governance system (IFC, 2018), BOC is required to supervise, review, and evaluate the annual report content. Moreover, Indonesia Financial Services Authority (2016) mandated all listed firms to include a "Statement Letter of Members of the Board of Directors and Members of the Board of Commissioners regarding Responsibility for the Annual Report" in their annual report. In addition, the role of BOC is more highlighted during crisis times, including the covid-19 pandemic, compared to normal circumstances. Thus, based on this anecdotal evidence, we presumed that it would be misleading if we are only considering BOD traits, instead of both BOD and BOC traits. The details of the argument are already presented in the author's response #3.

Reviewer points #16: To add value a comparative analysis between BOD and BOC should be conducted.

Author response points #16: Thank you for your suggestion. Undeniably, we agree with your suggestion. We have provided the comparative analysis between BOD and BOC in page 24-25, sub-section board position analysis.

As mentioned previously, there are two types of Indonesian firms' boards: board of commissioners (BOC) and board of directors (BOD). As BOC and BOD have different roles and responsibilities, it is expected to be interesting if this study specifically examines the relationship between female and age proportion with covid-19 exposure in each board type. In order to orchestrate this test, this study calculates the female and age proportions for each specific board first. Secondly, this study regresses these proportions for each board type and combines them into one model. The board position analysis result is presented in table 10.

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CONS	-4.839*** (-3.46)	-6.282*** (-4.44)	-6.281*** (-4.38)
Control variables	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
R <sup>2</sup>	0.189	0.205	0.207
Adjusted R <sup>2</sup>	0.171	0.188	0.187
N	861	861	861

This table reports the result of regression between female and aged individuals in each board position with covid-19 exposure disclosure on 861 firm-year observations. The first column focuses only on the board of commissioners (BOC) while the second column only focuses on the board of directors (BOD). The last column combines both BOC and BOD analysis. This test was done after winsorizing the data for 1 and 99%.  $t$  statistics in parentheses \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$

Reviewer points #17: It is an interesting study conducted in Indonesia. But I need to address some of the issues raised in the above sections.

Author response points #17: Thank you for your compliment. We believe issues that were raised in prior comments have already been addressed.

Reviewer points #18: Methodology must be checked and refined. Findings may not be reliable since both boards are included in the analysis.

Author response points #18: Thank you for your suggestion. We have majorly reworked our article which included 2020 as our research sample and added several justifications for the inclusion of both boards in the analysis. Please refer to the previous author's response points for details.

Reviewer points #19: Need to justify why choose 2019 and not 2020?

Author response points #19: Thank you for your question. After extensive discussion between all the authors, we have decided to add 2020 to enhance the study's relevancies and contributions.

Reviewer points #20: This paper needs to be proofread for the English language. Many grammatical and spelling errors. Some sentences are incomplete.

Author response points #20: Thank you for your suggestion. As mentioned in the first author response, we have proofread this article using the EAST Translation service. Hopefully, it can meet your expectations.

## Author Response to Reviewer 2

### COVID-19 Exposure: A Risk-Averse Firms' Response

We wanted to thank you, the anonymous reviewer 2 of our article entitled "COVID-19 Exposure: A Risk-Averse Firms' Response, that greatly enhanced our article quality. We have addressed most of your comments and added 2020 as our research sample. Due to this addition, we have made several adjustments to this article. The details of our responses are listed below:

Reviewer point #1: Overall, this study has good motivation for investigating the effect of the board of directors' characteristics on risk preferences during health crisis covid 19 with the unique institutional setting of Indonesia, which is among the countries that have a late response to the crisis. Nevertheless, there are a few issues that need to be solved before this paper is accepted for publication.

Author response #1: Thank you for such generous comments. We have tried our best to address all the issues you mentioned. Hopefully, it can meet your expectations.

Reviewer point #2: The use of the word "management characteristics" are quite confusing as the authors investigate on board of directors. Does it mean that the authors only choose executive directors? I think it is clearer if the author just mention it as board of directors. Please explain

Author response #2: Thank you for your concern. We agree that, to some extent, "management" is confusing, especially in the context of Indonesia adopting a two-tier governance system, not a unitary system. Thus, management terms here will mostly refer to the board of directors instead of the board of directors (BOD) and the board of commissioners (BOC). We have replaced the term "board" regarding this issue, as it will represent what we mean, which is both BOD and BOC.

Reviewer point #3: Please explain on the controversial statement as cited in the introduction in the sentence that mention This skepticism was reflected by Indonesia's ex-Health Ministry controversial statement (Ghaliya, 2020).

Author response #3: Thank you for your advice. We have added additional explanations on that issue to provide a clearer perspective on Indonesia's setting. The additional explanation has been provided as a footnote on page 2.

Indonesia's ex-health minister Dr. Terawan Agus Putranto several times was involved in controversial cases related to the preparation of covid-19 in early 2020. He communicated to the public that covid-19 was not a threat and asked the public to only pray without making any preparations. In addition, he also mentioned that the study conducted by Marc Lipsitch, a professor of epidemiology from Harvard University, which stated that many cases of Covid-19 were not detected in Indonesia, was a form of insult to Indonesia.

Reviewer point #4: Please explain the sentence “this diversity could backfire in the form of inequality. This inequality issue mostly aggravated during covid-19 as several limitations must be implemented (News Desk, 2020).” Highlight the limitations that lead to inequality.

Author response #4: Thank you for your suggestion. We have added an example of how diversity could lead to inequality that is mostly related to ethnicity and religion. The details are provided on page 2 in our revised manuscript.

For instance, simple issues of diversity are often structured in such a way as to form large inequality issues. Especially when it comes to ethnicity and religion by cyber media in Indonesia. If it is not well managed, the diversity becomes inequality that could disrupt organization performance (Van Knippenberg et al., 2013).

Reviewer point #5: Need detail explanation on the selection of board age and board gender compared to other governance variables in implementing the effect on risk preference. Why not other variables? Please highlight.

Author response #5: Thank you for raising this issue. We agree with your suggestion and add a paragraph to explain why both gender and age characteristics of firms’ boards are selected instead of other characteristics. The details are provided on page 6, in the sub-section biological traits and risk perception.

Among all board characteristics that may influence the firms’ risk preferences, one that is interesting to keep discussed is the biological traits that lead to different risk preferences. Unlike characteristics that developed during their lifetimes, such as career selection, economic crisis experience, and education level and degree selection, biological traits have a more underlying effect on determining individual action. In addition, prior studies find biological traits are affecting their experience-based characteristics, especially for experiences that they have the right to choose to take or not. For instance, a woman is commonly less interested in science, technology, engineering, and mathematics education and profession (Dökme et al., 2022; Luo et al., 2022), and it can be concluded that individual risk perception is affected by those subjects experiences’ occurrence is merely affected by the individual’s gender. Another example is highlighted by Räsänen et al. (2012). Both gender and age are powerful determinants for risk perception, and the difference would be more clearly visible during a crisis, such as the covid-19 pandemic (Lu et al., 2021).

Reviewer point #6: Please cite on the countless studies in the sentence “Countless studies have been conducted to explore this theory practices from several perspectives”.

Author response #6: Thank you for your suggestion. We have added four articles that project the upper echelon practices in firms. The four articles are listed below:

Derda, D. (2017). International experience in upper echelon theory: Literature review. *Business Systems Research*, 8(2), 126–142. <https://doi.org/10.1515/bsrj-2017-0021>

Hambrick, D. C. (2007). Upper echelons theory: An update. *Academy of Management Review*, 32(2), 334–343. <https://doi.org/10.5465/AMR.2007.24345254>

Waldman, D. A., Javidan, M., & Varella, P. (2004). Charismatic leadership at the strategic level: A new application of upper echelons theory. *Leadership Quarterly*, 15(3), 355–380. <https://doi.org/10.1016/j.leaqua.2004.02.013>

White, J. V., & Borgholthaus, C. J. (2022). Who's in charge here? A bibliometric analysis of upper echelons research. *Journal of Business Research*, 139, 1012–1025. <https://doi.org/10.1016/j.jbusres.2021.10.028>

Reviewer point #7: It is quite confusing how the author can posit that the covid 19 words disclosure relates to risk preferences. Yes, the disclosure about covid 19 shows that the firms are concerned and put risk preferences on it. But the measurement of risk preferences based on the number of covid 19 keywords found is not accurate. Some firms may use many keywords due to disclosure sentence structure, not risk preferences. Otherwise, the author can use several disclosures of covid 19 that show risk preferences rather than simply take the number of keywords. Please explain

Author response #7: Thank you for your concern. To some extent, we agree with you, especially for a few general words that serve as complementary for complete sentences. Nevertheless, the covid-19 keywords selected (Covid, Covid-19, coronavirus, 2019-nCoV, and Sars-Cov-2) are precise terms that are most unlikely used in common sentences, except those describing the covid-19 pandemic.

Furthermore, several keywords are a common approach used in content analysis methodology. It is believed to reflect the subject matter's importance from the perspective of the one who disclosed it (Abdolmohammadi, 2005; Guthrie et al., 2004; Krippendorff, 2004). Several studies also used a similar approach (Gamerschlag, 2013; Loughran et al., 2009; Motokawa, 2015) and even used it to depict crises (Hassan et al., 2019, 2020). The details of this argument are on page 11, sub-section independent and dependent variables.

In estimating covid-19 exposure in the annual report, we develop several keywords following Hassan et al. (2020). These keywords are Covid, Covid-19, CoronaVirus, 2019-nCoV, and Sars-Cov-2. To measure the covid-19 exposure, this study uses the natural logarithm of covid-19 keywords and the value 0 if the firm does not disclose the covid-19 keyword. Although it may sound doubtful that such a measurement can represent the firms' risk preferences for the Covid-19 pandemic, several studies have empirically proven the same measurement approach to show how much companies pay attention to certain issues. For instance, Gamerschlag (2013) and Motokawa (2015) used the frequency of keywords related to human capital in annual reports to measure the firms' concern in human capital development and issue. Loughran et al. (2009) used a number of keywords related to ethics in a 10-K report to ensure consistency between ethics-based business operations and reporting. The approach known as content analysis is commonly used because frequency indicates the subject matter's importance (Abdolmohammadi, 2005; Guthrie et al., 2004; Krippendorff, 2004). Specifically for the crisis, this approach has been validated in recent work by Hassan et al. (2019, 2021) to measure a firm's exposure to political risk, Brexit, and shocks such as the Fukushima nuclear disaster. Based on these studies, it can be concluded. The frequency of Covid-19 related keywords is appropriate to reflect how boards perceive Covid-19 risk to their business.

Reviewer point #8: The industry breakdown in Table 1 is not well-understood as the author put two columns on firm years and percentages. The authors mention that they choose firms that disclose covid 19 as their sample, but in the note of table 1, it is explained that the two columns represent firms that disclose and firms that did not disclose. Please explain.

Author response #8: Thank you for your concern. Since the initial submission version, we have used all the observations, regardless if they disclose or not the covid-19 keywords. But in the revised version, we changed the COVID proxy into its natural logarithm form and used the value 0 if the firm does not disclose any covid-19 keywords. Thus, it would be normal to provide the industry breakdown analysis based on the occurrence of covid-19 keywords or not.

Related to the proxy changes into the natural logarithm form, as we mentioned at the beginning of this document, we added 2020 as our research sample. Some of the firms in 2020 even have more than 500 keywords (the details are provided below). Thus, we decided to use the natural logarithm form based on this issue to ensure that our coefficient between our predictor and dependent variables is not excessively large.

The number of covid-19 keywords	Number of firms in 2020
0	112
1-200	253
201-400	69
401-600	22
601-800	4
801-1000	0
>1000	1

Reviewer point #9: I think this study needs to also control risk practices by the firms i.e number of boards that sit on risk management committee as a result may be driven by risk practices of the risk management department.

Author response #9: Thank you for your opinion. We agree with your suggestion, but in Indonesia's context, the risk management committee is not yet mandatory (it is mandatory only in financial firms, which we do not include in this study). Thus, we propose that the number of risk management committees would be inappropriate, and we suggest replacing it with the occurrence of a risk management committee (RMC). The RMC itself is a dummy variable with a value of 1 if there is a risk management committee within the firm and 0 if stated otherwise. The details of these additional control variables have been placed on page 12 in the control variables sub-section.

... In addition, this study also uses the presence of a risk management committee (RMC) to control risk management function within a firm, as their presence is a crucial indicator of how Firms respond to and manage their risk (Harymawan, Prabhawa, et al., 2021), including from covid-19 outbreak.

Reviewer point #10: Please explain the findings of descriptive statistics rather than just stating the figures found.

Author response #10: Thank you for your suggestion. We have added several explanations to our latest statistical descriptive table. The details are provided on pages 12-13.

The summary of data characteristics is provided in Table 2. From the study's observations, it can be identified that the average women's representation on firms' boards is only 10%. This number lags far behind several other countries that have even mandated a minimum quota on the proportion of women on firms boards, such as Norway, Denmark, Belgium, Finland, France, and Iceland (Terjesen et al., 2015). In comparison, Poland is known to have an average proportion of women on firms' boards of 22.9% and is the highest of all countries in 2021 (Deloitte, 2022). In addition, Indonesia has not yet imposed a minimum quota on the proportion of women on the firm's boards, which supports this finding.

Indonesian firms' boards are also dominated by individuals less than 55 years old. Compared to its neighboring country, Malaysia has an average board age in 56 years (Tahir et al., 2020) and 61 years old based on worldwide data from the BoardEx database from 2004-2019 (Chidambaran et al., 2022), it can be said that Indonesian listed firms' board are younger. Other variables that are interesting to note are MTB and LEV. The maximum value of the two variables is believed to be due to the highly uncertain business climate of the COVID-19 pandemic, especially during the early years of the pandemic.

Reviewer point #11: Pearson correlation – the authors mistakenly mentioned that “We find a significant positive relationship between COVID and both management characteristics FEMBOARD, whereas only FEMBOard is significant. Please amend

Author response #11: Thank you for your detailed review, and we regret that there is a part of our article that is misleading. We have revised the related content and carefully examined it to ensure this issue does not happen again in other parts of the manuscript.

Reviewer point #12: The author also highlight that “Overall, these univariate test results support our hypothesis that risk-averse management tends to disclose covid-19 exposure on their annual report”. How can the author conclude that whereas only COVID and BIG 4 is significant for this analysis. Please elaborate.

Author response #12: Again, we thank you for your detailed review, and we are making such a mistake. We have revised the related content so it would reflect the correct ones.

Reviewer point #13: Table 4 –it is confusing as the author present the results based on four models but do not elaborate what is description of each model. For model 1, the author run the regression only for control variables? Usually the multivariate analysis we start with regressing the DV with IVs without control variables then follows with control variables. Please explain.



Author response #13: Thank you for your opinion. Yes, we do run only for control variables in model 1. This approach was taken in order to inform our article reader that our IVs can increase the explanatory powers, both for  $R^2$  and adjusted  $R^2$ . The increase in explanatory power indicates that our IVs are crucial for the covid-19 exposure disclosure model. We also add this argument in our article on page 17.

... In addition, this study also found that the explanatory powers in this study's model are increasing once FEMBOARD and AGEBOARD are added for  $R^2$  and adjusted  $R^2$  by 1.7% and 1.5%, respectively.

Reviewer point #14: Non linear analysis of female boards (Table 7)- I do not understand why the author squared value of FEMBOARD to investigate the non linear of female boards. Why don't u just divide the proportion of female into several quartiles, thus using the actual figures to get the result. Please explain.

Author response #14: Thank you for your suggestion. Unfortunately, due to the addition of sample range, we have failed to document non-linear analysis, both for FEMBOARD and AGEBOARD with COVID. We have already incorporated your suggestion and still have not found any promising results in non-linear relationships. Thus, we have decided not to include a non-linear analysis in this latest version of the manuscript. Nevertheless, we have exchanged the additional non-linear analysis with other additional analyses, namely pre- and current covid-19 and incremental analysis, aside from board position analysis.

## **Decision Round 2**

Rejection	
Revise and resubmit	Minor Revision (20 Juni 2022)
Acceptance	
Comments & Responses	

### **Bukti revisi round 2**

ACTION	STATUS	ID	TITLE	SUBMITTED	DECISIONED
<a href="#">create a revision</a>	AE: Abdul Wahab, Effiezai Aswadi EIC: Hussainey, Khaled JA: MOHD ALI, MAZURINA JA: Hussainey, Khaled GE: Not Assigned	JFRA-12-2021-0430.R1	COVID-19 Exposure: A Risk-Averse Firms' Response <a href="#">View Submission</a>	19-Apr-2022	20-Jun-2022
	<ul style="list-style-type: none"><li>• Minor Revision (20-Jun-2022)</li><li>• Due on: 21-Jul-2022</li></ul>				
	<a href="#">view decision letter</a> <a href="#">✉ Contact Journal</a>				



Iman Harymawan &lt;harymawan.iman@feb.unair.ac.id&gt;

**Journal of Financial Reporting and Accounting - Decision on Manuscript ID JFRA-12-2021-0430.R1**

1 message

**Journal of Financial Reporting and Accounting** <onbehalf@manuscriptcentral.com>

20 June 2022 at 12:47

Reply-To: khaled.hussainey@port.ac.uk

To: harymawan.iman@feb.unair.ac.id

20-Jun-2022

Dear Dr. Harymawan:

Manuscript ID JFRA-12-2021-0430.R1 entitled "COVID-19 Exposure: A Risk-Averse Firms' Response" which you submitted to the Journal of Financial Reporting and Accounting, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended revisions to the submitted manuscript, before it can be considered for publication. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

To revise your manuscript, log into <https://mc.manuscriptcentral.com/jfra> and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Please also highlight the changes to your manuscript within the document by using the track changes mode in MS Word or by using bold or coloured text.

Once the revised manuscript is prepared, you can upload it and submit it through your Author Centre. The deadline for uploading a revised manuscript is 21-Jul-2022 from receiving this email. If it is not possible for you to resubmit your revision within this timeframe, we may have to consider your paper as a new submission.

When submitting your revised manuscript, you will be able to respond to the comments made by the reviewer(s) in the space provided. You can use this space to document any changes you make to the original manuscript. In order to expedite the processing of the revised manuscript, please be as specific as possible in your response to the reviewer(s).

**IMPORTANT:** Your original files are available to you when you upload your revised manuscript. Please delete any redundant files before completing the submission.

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Once again, thank you for submitting your manuscript to the Journal of Financial Reporting and Accounting and I look forward to receiving your revision.

Sincerely,  
Prof. Khaled Hussainey  
Editor, Journal of Financial Reporting and Accounting  
[khaled.hussainey@port.ac.uk](mailto:khaled.hussainey@port.ac.uk)

Reviewer(s)' and Associate Editor Comments to Author:

Reviewer: 1

Recommendation: Accept

Comments:

All comments and recommendations have been considered in the latest version.

Overall satisfactory.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: Yes. This paper does contain new and significant information to other authors and researchers.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: More literature has been added by the authors as recommended.

Literature review is comprehensive.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: A new section has been included for additional analyses - pages 13, 24 & 25.

Methods employed are very appropriate for this kind of study.

Findings are now more meaningful due to additional analyses.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: Additional tables have been included based on the recommendations.

Overall satisfactory.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: Findings are relevant for regulators, investors, researchers and others.

Overall satisfactory.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Paper has been proof-read for English language.

Reviewer: 2

Recommendation: Minor Revision

Comments:

Please see the attached comments

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: yes

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: yes

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: yes

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: not really

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: yes

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: ok

Associate Editor

Comments to the Author:

(There are no comments.)



**COMMENTS TO THE AUTHORS JFRA R1.pdf**

101K

**"COVID-19 Exposure: A Risk-Averse Firms' Response****COMMENTS TO THE AUTHOR**

I have reviewed all the amendment made by the authors and basically satisfy with the amendment and agree that the authors have made extensive revision on this paper especially on the data analysis.

Nevertheless, there are still some few issues need to be solved before this paper can be proceeded to next publication stage which are:

**Introduction**

**The sentence on** "this diversity could backfire in form of inequality". The authors have explained on how diversity could backfire in the form of ethnicity and religion. But the statement is too general and does not explain how diversity of ethnicity and religion can form in equality in Indonesia. Please explain it related to Indonesia's institutional setting.

**Analysis and Discussion**

Under univariate analysis, the authors state that "In addition, this study also successfully documented a significant difference in women proportion in boardrooms between firms that do not disclose any covid-19 keyword with firms at least disclose one keyword (coef. = 2.092, t = 4.720) but this study failed in terms of AGEBOARD".

However, the result of two independent sample t-test in Table 3 disclose that the differences of FEMBOARD is not significant and the variable that is significant at coef = 2.092 is AGEBOARD. Please refer to table 3.

Panel B. Two independent samples t-test based on Covid-19 keyword occurrence				
	Mean value		Coef	t-value
	Zero keyword	At least one keyword		
				4.720
FINBOARD	0.591	0.583	-0.008	-0.481
BIG4	0.233	0.317	0.085**	2.363
INDCOM	1.316	1.435	0.119*	1.784
BSIZE	7.312	8.212	0.900***	3.619
RMC	0.130	0.207	0.077**	2.515
FSIZE	24.286	24.851	0.565*	1.820
MTB	1.257	1.150	-0.107	-0.500

Please check all the results before submitting it.

Thank you

# Submission Confirmation

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Thank you for your revision

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**Submitted to** Journal of Financial Reporting and Accounting

**Manuscript ID** JFRA-12-2021-0430.R2

**Title** COVID-19 Exposure: A Risk-Averse Firms' Response

**Authors** Nasih, Mohammad  
Harymawan, Iman  
Wardani, Damara  
Putra, Fajar  
Sarea, Adel

**Date Submitted** 23-Jun-2022

## Author Response to Reviewer 2

### COVID-19 Exposure: A Risk-Averse Firms' Response

We wanted to say thank you to the anonymous reviewer 2 of our article entitled "COVID-19 Exposure: A Risk-Averse Firms' Response" that greatly enhance our article quality. In general, we have addressed both of your comments. Due to this addition, we have made several adjustments on this article. The details of our responses are listed below:

#### Reviewer points #1: Introduction

The sentence on "this diversity could backfire in form of inequality". The authors have explained on how diversity could backfire in the form of ethnicity and religion. But the statement is too general and does not explain how diversity of ethnicity and religion can form in equality in Indonesia. Please explain it related to Indonesia's institutional setting.

Author response #1: Thank you for your valuable concern. We have agreed that although diversity in religion and ethnicity is very relevant with Indonesia context, however, in our perspective, after an extensive reading, it may out from research context which focus on relationship between board characteristics with covid-19 exposure disclosure. Thus, we decided to delete the related sub-section and replaced it with diversity issue that particularly for gender inequality. We believe gender inequality is relevant for both of Indonesia context and this study aims. The detail of gender issue is provided in the first paragraph of introduction section:

... Lastly, Indonesia is known as a patriarchal society where the glass ceiling phenomenon is commonly encountered, and the progress to closing the gap is sluggish (Bintari, 2022; Dwitami, 2021). Gender inequality is primarily aggravated during covid-19 as several limitations must be implemented (The Jakarta Post, 2020). If it is not well managed, the diversity becomes inequality that could disrupt performance at any level of organisation (Van Knippenberg et al., 2013) ....

#### Reviewer points #2: Analysis and Discussion

Under univariate analysis, the authors state that "In addition, this study also successfully documented a significant difference in women proportion in boardrooms between firms that do not disclose any covid-19 keyword with firms at least disclose one keyword (coef. = 2.092, t = 4.720) but this study failed in terms of AGEBOARD".

However, the result of two independent sample t-test in Table 3 disclose that the differences of FEMBOARD is not significant and the variable that is significant at coef = 2.092 is AGEBOARD. Please refer to table 3.

Author response #2: Thank you for your accuracy, we already check all the results and make sure everything is correct.



## Acceptance

Rejection	
Revise and resubmit	
Acceptance	Accepted (6 Juli 2022)
Comments & Responses	

### Bukti artikel diterima

## Manuscripts with Decisions

ACTION	STATUS	ID	TITLE	SUBMITTED	DECISIONED
Forms Completion submitted (11-Jul-2022) - <a href="#">view</a>	AE: Abdul Wahab, Efflezal Aswadi EIC: Hussainey, Khaled JA: MOHD ALI, MAZURINA JA: Hussainey, Khaled GE: Not Assigned	JFRA-12-2021-0430.R2	COVID-19 Exposure: A Risk-Averse Firms' Response	23-Jun-2022	06-Jul-2022
	<ul style="list-style-type: none"><li>Accept (06-Jul-2022)</li><li>Awaiting Assignment to Batch</li></ul>				
	<a href="#">view decision letter</a> <a href="#">✉ Contact Journal</a>				

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**Journal of Financial Reporting and Accounting - Decision on Manuscript ID JFRA-12-2021-0430.R2**

4 messages

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**Journal of Financial Reporting and Accounting** <onbehalf@manuscriptcentral.com>

6 July 2022 at 13:35

Reply-To: khaled.hussainey@port.ac.uk

To: mohnasih@feb.unair.ac.id, harymawan.iman@feb.unair.ac.id, damara.ardelia.kusuma-2016@feb.unair.ac.id, fajar.kristanto@akuntanindonesia.or.id, Adelsarea@yahoo.com, Asarea@ahlia.edu.bh

06-Jul-2022

Dear Nasih, Mohammad; Harymawan, Iman; Wardani, Damara; Putra, Fajar; Sarea, Adel

It is a pleasure to accept your manuscript JFRA-12-2021-0430.R2, entitled "COVID-19 Exposure: A Risk-Averse Firms' Response" in its current form for publication in Journal of Financial Reporting and Accounting. Please note, no further changes can be made to your manuscript.

Please go to your Author Centre at <https://mc.manuscriptcentral.com/jfra> (Manuscripts with Decisions for the submitting author or Manuscripts I have co-authored for all listed co-authors) to complete the Copyright Transfer Agreement form (CTA). We cannot publish your paper without this.

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Thank you for your contribution. On behalf of the Editors of Journal of Financial Reporting and Accounting, we look forward to your continued contributions to the Journal.

Sincerely,  
Prof. Khaled Hussainey  
Editor, Journal of Financial Reporting and Accounting  
[khaled.hussainey@port.ac.uk](mailto:khaled.hussainey@port.ac.uk)

---

**Iman Harymawan** <harymawan.iman@feb.unair.ac.id>

6 July 2022 at 17:22

To: khaled.hussainey@port.ac.uk

Dear Editor,

I'm glad to hear that our article is accepted in JFRA.  
After I checked again regarding the author list and the email  
Is it possible if I want to re-arrange the author order and change their email address?

Looking forward to hearing from you  
Thank you,

[Quoted text hidden]

—  
**Iman Harymawan, Ph.D. (CityU of HK)**  
Director of Airlangga Global Engagement  
Assistant Professor, Department of Accountancy  
Faculty of Economics and Business, Universitas Airlangga  
<http://orcid.org/0000-0001-7621-6252>

---

**Khaled Hussainey** <khaled.hussainey@port.ac.uk>  
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

6 July 2022 at 17:25

Dear Iman,  
Please contact the publisher (Emerald) so they can help you with this issue.  
Best wishes,  
Khaled

**Khaled Hussainey**  
Research Lead, Accounting and Financial Management  
Professor of Accounting and Financial Management  
Faculty of Business and Law  
University of Portsmouth  
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W: [www.port.ac.uk](http://www.port.ac.uk)



[Quoted text hidden]

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**Iman Harymawan** <harymawan.iman@feb.unair.ac.id>  
To: Khaled Hussainey <khaled.hussainey@port.ac.uk>

7 July 2022 at 06:35

Dear Prof. Khaled  
Thank you so much for your support.

Regards,

[Quoted text hidden]

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**Publish**

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Rejection	
Revise and resubmit	
Acceptance	Published (9 Agustus 2022)
Comments & Responses	

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**Bukti artikel diterbitkan**



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

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**JFRA - COVID-19 exposure: a risk-averse firms' response, is now published online.**

1 message

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**adminTrackit@emeraldpublishing.com** <adminTrackit@emeraldpublishing.com>  
To: harymawan.iman@feb.unair.ac.id

9 August 2022 at 15:17

09-Aug-2022

JFRA - Journal of Financial Reporting and Accounting

Emerald Insight Date: 09-Aug-2022

I am pleased to inform you that COVID-19 exposure: a risk-averse firms' response of *Journal of Financial Reporting and Accounting* has been published on Emerald Insight.

Should you have any queries please do not hesitate to contact the Production Department.

Best Wishes,

U.Bhan

Emerald Production Department

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