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**GENDER DIVERSITY BOARD OF DIRECTORS AND FUNDING DECISIONS
AND COMPANY PERFORMANCE ON THE INDONESIA STOCK EXCHANGE**

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ABSTRACT

This study aims to examine and analyze the gender diversity of the Board of Directors on the company's resource decisions and control variables of age, company size. The research sample used was 99 manufacturing companies in 2018 - 2019 listed on the Indonesia Stock Exchange, using the two-stage multiple linear regression analysis methods. This study is included in the type of explanatory research, using secondary data. An important role in this research is to solve the nation's problems for stock investors and strength than the economy. The findings obtained from this study are gender diversity and decisions have no effect. The test results include the age and size of the company, the size of the company affects investment decisions. While gender diversity and company performance in the first test has no effect.

Keywords: Gender Diversity of the Board of Directors, Funding Decisions, Company Performance, Company Age, Company Size

1. INTRODUCTION

Business competition in today's era requires the board of directors to work optimally besides that the board of directors has a crucial role in decision making. The holder of strategic decisions is held by the board of directors, including dealing with company problems such as funding decision-making issues and related to the development of company performance.

The company's financial performance is an indicator of the company's success in achieving its goals. Information about financial performance is information obtained from financial statements that have been analyzed. The board of directors must be able to read opportunities and be brave in making decisions in many ways that support or hinder the decision-making side.

To explain the anomalies in the capital market phenomenon, financial researchers began to relate the existing phenomena to behavioral aspects (behavioral finance) this is to overcome the inability of traditional finance in solving problems that exist in the capital market. Along with the development of the era of female leaders, its existence deserves to be considered. Concerning gender and decision-making within the company, Hurley (2020), said that the gender diversity of the board of directors influences risk-taking behavior. Responses from experts about the effect of gender diversity on the board of directors on company performance are also different (Garba (2014); Dwiharti (2015)) stating that there is a relationship between

gender diversity of the board of directors and company performance.

As control variables in this study, the age of the company and the size of the company. The age of the company is defined as the length of time the company was established since the year of establishment and reflects the company's ability to continue to run its business. Firm age affects funding decisions and firm performance (Senchack 1980; Pashley 1990). Company size is the size of the company that assesses the company and the risks contained in the size of the company, Miller (2000).

With the background as described above, a research was conducted with the title "Gender Diversity of the Board of Directors and Funding Decisions and Company Performance on the Indonesia Stock Exchange". The formulation of the problem in this study is 1). Is there an effect of gender diversity on the board of directors with funding decisions on the Indonesia Stock Exchange with the control variables being company age and company size?. 2) Is there an effect of gender diversity of the board of directors on company performance on the Indonesia Stock Exchange with the control variables being company age and company size?

2. METHOD

2.1 Research design

The research approach used in this study is quantitative. The statement above is following that stated by Indiantoro and Supomo (2002: 12), quantitative research aims to test hypotheses based on theories by analyzing data through statistical procedures.

2.2 Population and Sample

The research sample was selected based on certain criteria with the purposive sampling method. Sample criteria a). Manufacturing companies listed on the Indonesia Stock Exchange 2018 – 2019, b). Publish its financial statements in the rupiah currency.

2.3 Types and Sources of Data

The data needed by researchers to test the hypothesis is data that comes from documents, namely the financial statements of the sample companies. The data was obtained by documenting several items contained in the financial statements. The type of data used in this research is documentary data.

2.4 Data Collection Techniques

Data collection is done by conducting a document study. The documents in question are the financial statements of the sample companies listed on the Indonesia Stock Exchange. The data is then processed further until it is ready to be tested. This technique is called the documentation technique.

2.5 Operational Definitions and Measurement of Variables

2.5.1 Independent Variable

The independent variable in the study, namely the Gender Diversity of the Board of Directors in the presence of men and women in executive management and are responsible for

the entire company. Gender is an inherent trait of men and women is shaped by social and cultural factors so that it becomes an inherent trait or character of the board of directors, whether male or female. The measurement of the Gender Diversity of the Board of Directors variable by using the proportion of the number of female members of the Board of Directors compared to the total number of the Board of Directors in one company.

2.5.2 Dependent Variable

In this study, the dependent variables studied were:

1. Funding Decision is a decision related to determining the source of funds to be used in the management of the company. Funding decisions are measured by the level of leverage which is calculated by:

Total Debt i,t

$$LEVi, t = \frac{\text{Total Debt } i,t}{\text{Total Asset } i,t}$$

Total Asset i,t

2. Company performance is the result of all decisions that are made continuously. And the company's performance as a reflection describes the state of the company and the results of the actions of the board of directors in generating profits to achieve goals.

Earning After Tax i,t

$$ROAi,t = \frac{\text{Earning After Tax } i,t}{\text{Total Assets } i,t}$$

Total Assets i,t

2.5.3. Control variables:

1). Company Age is the length of time the company has been in existence. Which is calculated by the year the company was founded up to the year of research.

2). Company size is the size of the company as measured by using Ln total assets as the size of the company, namely all assets owned by the company consisting of current assets and fixed assets.

2.6 Data Analysis Techniques

The data used in this research will be analyzed by a series of statistical procedures. The tool used to analyze the data in SPSS software. The next section describes in more detail the testing of the data in this study.

2.6.1 Descriptive Statistical Test

According to Ghazali (2013: 19), descriptive statistics provide a description or description of data seen from the average value (mean), standard deviation, variance, maximum and minimum.

2.6.2 Classical Assumption Test

This study uses multiple regression to test the hypothesis. Therefore, it is necessary to test the classical assumption. The classical assumption test consists of normality test, autocorrelation test, and heteroscedasticity test which was carried out with the help of SPSS software.

2.6.3 Hypothesis Test

2.6.3.1 Linear Regression Test

Hypothesis testing is done by statistical analysis of two-stage linear regression1). Regressing one dependent variable Gender diversity of the Board of Directors with the independent variable to 1 funding decision (model 1). 2). Regression, gender diversity, firm age, firm size, and funding decisions (model2). The same steps are carried out for the company's performance variable. The regression equation for the funding decision is as follows:

$$\text{LEV} = + \text{DGDD} + e \dots\dots\dots \text{..(model 1)}$$

$$\text{LEV} = + \text{DGDD} + \beta \text{Um} + \text{Uk} + e \dots\dots\dots \text{(model 2)}$$

The regression equation for the company's performance is as follows:

$$\text{ROA} = + \text{DGDD} + e \dots\dots\dots \text{..(model 1)}$$

$$\text{ROA} = + \text{DGDD} + \beta \text{Um} + \text{Uk} + e \dots\dots\dots \text{(model 2)}$$

Where :

- LEV = Decision Funding
- ROA = Company performance
- = *Alpha*
- 1-β3 = Regression coefficient
- DGDD = Gender Diversity Board of Directors
- Um = Company Age
- UK = Company Size
- e = *Error*

2.7.3.2 Partial Hypothesis Test (t-Test)

This test is conducted to test whether each independent variable has a significant effect on the dependent variable. Test form:

1. Formulating Hypothesis (Ha)
 - H0A: b1 = b2 = 0, meaning that there is no significant effect of Gender Diversity on the Board of Directors (DGDD) on Funding Decisions, Company Performance.
 - H1A: b1 b2 0, there is a significant effect of Gender Diversity on the Board of Directors(DGDD) on Funding Decisions, Company Performance
- The decision-making criteria in this t-test are that the value of count will be compared with t- a table at a significant level (α) = 5%.
- a) H0 is accepted if: tcount ttable or significance value (0.05)
 - b) H1 is accepted if: tcount > ttable or significance value < (0.05)

3. RESULTS AND DISCUSSION

3.1. Overview of Research Objects

The source of data in this study is the company's financial statements published on the Indonesia Stock Exchange from 2018-2019. The results of the analysis and identification of samples carried out on the Indonesia Stock Exchange are as follows:

Table 1, Research Sample Recapitulation

Description	Amount
1. Manufacturing companies listed on the IDX 2018-2019	154
2. Do not publish complete financial statements	(16)
3. Those who do not report LK in the rupiah currency	(39)
Number of sample companies	99
The research year 2018, 2019	
Number of observations	198

Source: www.sahamok.com processed

When statistical tests were carried out, there were some data indicated as outliers. Outlier data must be removed so that when the regression test is carried out it will meet the requirements for its use. Therefore, the researcher took steps to exclude data indicated as outliers. It is noted that for model 2 funding decisions, there are 3 data identified as outliers. So, the number of samples that can be processed is 195 data. While in model 2 for the company's performance, the outlier data is 3 data, while the processed data is 195.

3.2 Description of Research Variables

In this research, there are 5 variables, namely Gender Diversity of the Board of Directors as an independent variable, Funding Decisions and Company performance as the dependent variable, and company age and company size as control variables. The following table presents the distribution and characteristics of research variables using descriptive statistics for all research data. The results of descriptive statistical calculations showing the maximum, minimum, standard deviation, average (mean) values for each research variable are shown in Table 2

Table 2. Descriptive Statistics

	N	Minimum	Maximum	mean	Std Deviation
LEV	198	0.07	1.82	0.4503	0.26467
ROA	198	-0.40	0.45	0.0488	0.09799
GENDER	198	0.00	0.67	0.1147	0.15678
AGE	198	4.00	106.00	41.8232	17.27544
SIZE	198	25.31	33.49	28,4066	1.58634
Valid N (listwise)	198				

Source: SPSS Output Results

The following is a description of each research variable:

3.2.1 Leverage

Funding decisions in this study are measured by leverage. By comparing debt with assets. The average value of Lev is 0.4503 or 45.03% and the minimum value of Lev is 7% at PT. Multi Prima Sejahtera, Tbk (LPIN), and the maximum value of Lev at PT. Primarindo Asia Infrastruktur, Tbk (BIMA), with a value of 1.82 or 182%.

3.2.2 ROA

Company performance is measured by using return on assets (ROA). The average ROA value is 0.0488 and the minimum value is - 0.40 or -40% at PT. Keramika Indonesia Association, Tbk (KIAS), and the maximum value at PT. Unilever Indonesia, Tbk, (UNVR), with a value of 0.45 or 45%.

3.2.3 Gender

Gender diversity in this manufacturing company, there are 116 observed companies (58.58%) that do not have a female board of directors and a maximum value of 0.67 or 67% at PT Mustika Ratu, Tbk. This means that the company with the MRAT issuer code has a 67%

female board of directors. This company is engaged in cosmetics.

3.2.4 Company Age

The average company age is 41,8232 years, the minimum company age is 4 years at PT Prima Cakrawala Abadi, Tbk (PCAR), while the maximum company age is 106 years at PT Hanjaya Mandala Sampurna Tbk (HMSP).

3.2.5 Company Size Size

Company size is an illustration for assessing a company, which is measured by the total company assets in a year, measured by Ln company assets.

The average value of the company size is 28.40 and the minimum value of company size at PT Primatindo Asia Infrastruktur Tbk (BIMA) is 25.31 with company assets of IDR 98,190,640,839.00 and the maximum value of company size at PT Astra Internasional, Tbk (ASII) with a value of 33.49 with company assets amounting to Rp. 351,958,000,000,000.00

3.3 Regression Analysis with Dependent Variables of Funding Decisions

The results obtained from the regression with the dependent variable Lev can be seen in table 4.3. In this section, the results of the regression of the Gender Div variable with Lev the 1st model and the 2nd model of the Gender Div, company age, and company size with Funding Decisions are shown. The following table 3

Table 3. Regression results with var. dependent LEV

Model 1	Beta Coefficient	
	Lev	GIS.
Constant	0.467	0.000
GENDER DIV	-0.147	0.224
R2	0.08	
Adj R2	0.002	
Model 2		
Constant	-0.168	0.563
GENDER DIV	-0.128	0.190
PERUSH AGE	-0.001	0.319
COMPANY SIZE	-0.023	0.031**
R2	0.036	
Adj R2	0.021	

Source: spss output

- a. Dependent Variable: LEV
- b. Predictors: Div Gender, Age P, Uk Perush
- c. ** Sign with 0.05% level

The results were obtained from table 3. Variables that have a significant influence are, in model 2 for the Gender Div Variable, company age, with funding decisions not having an effect, company size variable having a significant effect. The following are the results of the regression with the dependent variable of company performance, in table 4

Table 4 Regression Results with Dependent Variable ROA

Model 1	Beta Coefficient	
	ROA	GIS.
Constant	0.041	0.000
GENDER DIV	0.065	0.143
R2	0.011	
Adj R2	0.006	
Model 2		
Constant	-0.375	0.000
GENDER DIV	-0.073	0.041**
PERUSH AGE	0.001	0.000**
COMPANY SIZE	0.031	0.001**
R2	0.183	
Adj R2	0.170	

Source: spss output

- a. Dependent Variable: ROA
- b. Predictors: Div Gender, Age P, Uk Perush
- c. ** Sign with 0.05% level

The results are obtained from table 4. Variables that have a significant influence are, in model 2 for the Div Gender Variable, company age, company size with company performance has a significant effect.

3.4 Testing with funding decisions, company performance

Testing the hypothesis that says the variable Gender diversity affects funding decisions and company performance with the control variables being company age and company size. Both for model 1 have no effect. When the control variables are added to firm size and firm age for funding decisions, the control variable that has an effect is firm size. For company performance, gender diversity, company size, and company size have a significant effect. The conclusion obtained is the hypothesis that gender diversity has an effect on funding decisions with the control variable being firm age, firm size is not accepted. While the hypothesis which says that gender diversity affects the company's performance with the control variable of company age, company size is accepted.

3.5 Discussion

The results obtained in this study on gender diversity and decision-making within the company obtained different results from Hurley (2020) who said that the gender diversity of the board of directors influenced risk-taking behavior. This is because 58.58% of manufacturing companies (116 observed companies) do not have a female board of directors. Negative regression coefficient on funding decisions indicates that female board of directors make funding decisions with less debt and higher leverage indicates higher risk. There is a strong enough reason why women tend to avoid this risk due to differences in perception of risk between men and women, (Croson and Gneezy, 2009).

In the subject of risk in terms of emotions were when faced with a state of uncertainty,

women react to fear (fear) while men react to anger (anger) (Goosman and Wood, 1993). Fear and anger have different effects on perceptions of risk. Fear has an impact on reducing risk-taking decisions, anger patterns tend to increase risk-taking decisions, (Lerner and Keltner, 2001).

There is an effect of firm size in this study on funding decisions. The size of the company has a positive influence, large companies mean that large companies have more bargaining power in borrowing funds so that it will have an impact on the funding structure. Besides that, large companies also get convenience in terms of borrowing. This is under the results of studies by Ben Mohammed et al (2015), and Maury (2006).

The results of the research model 2, when the company size variables have been included, and company size all variables affect the company's performance. Responses from experts about the effect of gender diversity on the board of directors on company performance are also different (Garba (2014); Dwiharti (2015)) stating that there is a relationship between gender diversity of the board of directors and company performance. Ramadhani (2015) said that there is no relationship between the gender diversity of the board of directors and company performance.

The diversity of the results of the research on the gender diversity of the board of directors and the company's performance was found to be inconsistent. Some found that there was a positive relationship between the gender diversity of the board of directors and performance (Krishnan and Park, 2005; Carter et al, 2003), while other studies stated that there was no relationship or there was a negative relationship between the gender diversity of the board of directors and company performance (Rose, 2003). 2007; Judge, 2003).

Even so, women are more likely to give a performance-enhancing effect based on several research results, (Catalist, 2007; Mckinsey, 2007; Huang, 2013; Khan and Vieto, 2013).

4. CONCLUSION

The conclusion from this research is that Gender Diversity and funding decisions for the first test have no effect. The test results by including the age of the company, the size of the company that has a significant effect are the size of the company. Gender diversity and company performance in the first test had no effect. The test results by including the age of the company and the size of the company each variable has a significant effect. Industry classification, company size, the influence of gender differences on funding decision making and company performance need to be investigated. You are divided into large companies and small companies and how they affect funding decisions and company performance.

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