

THE EFFECT OF GENDER DIVERSITY ON FINANCIAL PERFORMANCE AND INVESTORS DECISIONS TO INVEST IN COMPANIES LISTED ON THE IDX

Felicia Iona Yovita¹, Dheni Indra Kusuma²

STIE YKPN Yogyakarta
dheni@stieykpn.ac.id

ABSTRACT

The research was aimed to know the effect of gender diversity on financial performance and investor's decision to invest on companies that listed on the IDX. Gender diversity is measured by the number of female employees divided by the total number of employees from the sustainability report. Whereas, financial performance is measured by the current ratio (CR), and investor's decision to invest are measured by trading volume activity (TVA). This study used data from companies that listed on the IDX with an observation period during 2017-2019. This research used a simple regression method at SPSS as a data testing application. The results of this study indicate that gender diversity is proven to have an effect on financial performance and investor's decision to invest, but the direction of the effect is negative.

Keywords : Gender diversity, financial performance, investor's decision to invest.

INTRODUCTION

Gender diversity is something that most organizations want to achieve. Gender can be interpreted as the view of society regarding social roles based on gender (Muhtar, 2002 in Riadi). Problems related to gender diversity that can be seen in the AICE Company case that occurred in 2019 (Yasmin, et al. 2020).

The AICE case occurred when one of the female employees suffered from endometriosis (uterine abnormalities) and the employee requested a transfer of duties, but it was not noticed by the company. In another case, there were 15 women who worked in AICE companies experiencing miscarriage. Finally, to respond to the case, AICE stated the regulations contained in the company that women who are pregnant are not allowed to work at night.

In 2018, International Labour Organization (ILO) data showed that Indonesian women in employment did not exceed half of Indonesia's female population. In contrast, men who have jobs make up almost 80% of the population. According to Zulaikha (2006), companies

are reluctant to provide jobs to women because of the dual roles that are carried out as housewives as well as career women which will affect their performance.

In Thoomaszen and Hidayat's research (2020), it is said that the role of women in companies has a huge impact on companies, namely improving company performance. Based on some research results previously, there were inconsistencies in the results so that researchers wanted to re-examine the effect of gender diversity on financial performance.

In addition to financial performance, gender also influences an investor's decision to invest in a company. This is supported by Putri and Rahyuda's Research (2017) which states that there are other factors that can influence investor decisions, one of which is gender diversity. However, according to Putri and Isbanah (2020) and Kusuma and Kairupan (2021) research, gender has no influence on investor decisions. Thus, researchers want to re-examine the effect of gender diversity, then this study was titled "The effect of Gender diversity on financial performance

and Investor decisions to invest in companies listed on the Indonesia Stock Exchange (IDX)”.

THEORETICAL BASIS

Theory review is an explanation of a problem in research used theory. The relationship of theory with the problem will be explained below.

In Dowling and Pfeffer's research (1975) in Putri, legitimacy is a condition of a company that has a congruent system, and indicates that the social system as the most important part of the value system itself.

This theory of legitimacy is used to convince that the public can accept the activities carried out by the company. Companies can convince the public through annual reports as an overview of corporate responsibility. According to Putri and Isbanah (2020), women tend to be in the safe zone and lack the courage to make a decision. Thus, women have an impact on decreasing investor decisions to invest.

Emerson (1962) states that the relationship of A to B is based on the dependence of resources. According to Anwar (2016), human resources are the most important element in a company.

However, according to Zulaikha (2006), companies are reluctant to provide jobs to women because of the dual roles that are carried out as housewives as well as career women which will affect their performance.

According to Rokhmansyah (2016) in Benita, patriarchal culture means an arrangement that shows men as rulers which results in differences between men and women. The family is the smallest part of the patriarchal culture, but it has a major contribution in shaping the stigma of family members. The result of this culture is that

there is a difference in position and authority between women and men in society. The mindset that is still limited to the patriarchal culture can cause inhibition of women's involvement in decision making and management of the company.

HYPOTHESES

Hypothesis development is the interrelation between variables. An explanation of the development of the hypothesis will be explained below.

According to Maghfiroh and Utomo (2019), gender diversity has no influence on financial performance. This happens because there are companies reluctant to provide jobs to women because women have multiple roles that will affect their performance (Zulaikha 2006). Thus, women, have an influence on financial performance in the company. However, the existence of certain perspectives makes companies doubt and question the benefits of hiring women. Thus, the researcher formulated the hypothesis as follows.

H1: gender diversity negatively affects the financial performance of companies listed on the IDX.

According to Francine and Lawrence (2000) in Kusuma and Kairupan, men are more interested in making riskier decisions than women. Putri dan Isbanah (2020), women tend to be in the safe zone and lack the courage to take a decision. Based on these studies there are differences of thought. This can be due to the existence of a patriarchal culture that will affect a person's mindset. Thus, the researcher formulated the hypothesis as follows.

H2: gender diversity negatively affects investors' decision to invest in companies listed on the IDX.

METHOD

Research method is a procedure for collecting data. In this stage, which will be discussed is related to the sample, how to obtain data, types of variables, research models, and data analysis processes.

The sample of this study is companies registered on the IDX 2017-2019 with the sampling method used is purposive sampling and there are 73 companies used for research. The Data is in the form of secondary data obtained from websites, the internet, company analysis carried out by the media, company records or documentation, government

announcements. Researchers used two dependent variables, namely financial performance, and investor decisions to invest. Here's an explanation of both variables.

Researchers measure financial performance with current ratio (CR). The ratio is a ratio to assess the ability of the organization to pay its current liabilities based on the company's current assets. Here is the current ratio (CR):

$$CR = \frac{\text{Aset Lancar}}{\text{Utang Jangka Pendek}}$$

According to Musiega (2013) in Yovita, dividends are assessed by comparing dividends per share with earnings per share, while in assessing the reaction of investors, TVA is needed to determine the condition of the company which can be seen from its liquidity. TVA is measured using rums as follows:

$$TVA = \frac{\sum_t^n = 1TVA_i, t}{n}$$

Researchers used gender diversity as an independent variable. This variable is measured by comparing female workers with the number of all workers in a company. The formula for calculating gender diversity is as follows:

$$\text{Gender Diversity} = \frac{\text{Jumlah pegawai perempuan}}{\text{Jumlah seluruh pegawai}}$$

This test is defined as the analysis used in assessing regression models had classical assumption problems. The study used a simple regression test. According to Subiyakto and Algifari (2011) in Yovita, simple regression has the purpose to analyze the influence relationship between two variables.

RESULTS AND DISCUSSION

Descriptive analysis is described through the minimum, maximum, mean, and standard deviation. The following is a table of results from descriptive statistical analysis testing:

Tabel 4.2 Analisis Deskriptif

	n	Minimum	Maximum	Mean	Standar Deviasi
SR	77	0,02	0,34	0,1407	0,08190
CR	77	0,20	2,50	1,3077	0,57232
TVA (log)	77	7,30	9,98	9,1101	0,70652
Valid n (listwise)	77				

Classical assumption test in this study using normality test, heteroskedasticity test, and autocorrelation test. The results of classical assumption are normal, no heteroskedasticity, and no autocorrelation.

The function of this test is to test the impact of the independent variable on the dependent variable. The significance level used is 5%. The accepted hypothesis provision is if the significance is less than 5%.

Simple regression test of Gender diversity on financial performance

Tabel 4.9 Uji Regresi

Model	Unstandardized Coefficients	
	B	Std. Error
Constant	1,670	0,122
SR	-2,575	0,750

Based on the table above, the resulting regression equation as follows:

$$Y1 = 1,670 - 2,575 X1$$

This means that each increase in the value of the variable SR with other variables equal, it will reduce the value of the variable financial performance by 2.575.

Simple regression test of Gender diversity on Investor decisions

Tabel 4.10 Uji Regresi

Model	Unstandardized Coefficients	
	B	Std. Error
Constant	9,383	0,158
SR	-1,939	0,971

Based on the table above, the resulting regression equation as follows:

$$Y2 = 9,383 - 1,939 X1$$

This means that every increase in the value of the SR variable by assuming other

variables are the same, it will decrease the value of the investor's decision variable by the amount of 1.939.

Partial test and coefficient of determination of gender diversity on financial performance

Tabel 4.11 Uji Parsial dan Koefisien Determinasi

Hipotesis	t _{hitung}	Signifikansi	R-Square	Keterangan
SR	-3,432	0,001	0,368	H ₁ terdukung

Based on the table above, SR has a t-count of -3.432 with a significance level of $0.01 < 0.05$. The results showed H₁ was supported as SR had a significant impact on financial performance. The results of the coefficient of determination (R-square) in the relationship X with Y1 0.368 or 36.8% which means that financial performance (Y1) can be explained by gender diversity (X1) of 36.8% and the remaining 63.2% is explained by other variables that are not contained in this study.

Partial test and coefficient of determination of gender diversity on Investor decisions

Tabel 4.12 Uji Parsial dan Koefisien Determinasi

Variabel	t _{hitung}	Signifikansi	R-Square	Keterangan
SR	-1,998	0,049	0,225	H ₂ terdukung

Based on the table above, SR has a t-count of -1.998 with a significance level of $0.049 < 0.05$. This means that gender diversity has a significant influence on investors' decisions to invest in a company. Based on the table above, it can also be seen that the results of the coefficient of determination of 0.225 or 22.5% which means that the decision of investors (Y2) that can be explained by gender diversity (X1) is equal to 22.5% and the remaining 77.5% is explained by other variables that are not contained in this study.

CONCLUSION

The conclusion is the final part of a study. The things discussed in this cover are conclusions, limitations, and suggestions.

The conclusions that diabli can draw from this study are

1. Gender diversity has a significant negative effect on the financial performance of a company.
2. Gender diversity has a significant negative effect on investors' decisions to invest.

Limitations

In conducting this study, researchers have limitations. Limitations in this study are

1. This study uses data from the sustainability report, but there are still many companies that have not issued the report, so the data obtained is relatively small.
2. Some of the company's TVA data is not contained in Yahoo Finance and researchers are only taken from one source, namely Yahoo Finance.
3. In this study, researchers only use the current ratio as a method of measuring financial performance.
4. In this study, researchers used a research model of gender diversity effect on financial performance and gender diversity effect on investor decisions to invest.

Suggestions

Based on these limitations, suggestions that researchers can give are:

1. It requires the creation of sustainability reports for all companies.
2. Advice for further researchers, you should look for other sources if there are companies that are not listed on Yahoo Finance.
3. We recommend using ROA, ROI, or ROE in measuring the financial performance of a company.
4. Changing the research model to gender diversity affects financial performance and financial performance affects investor decisions to invest or make financial performance a moderating variable.

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