

The Effect of Gender Diversity, Board Education Level, and Profitability on Company Value in The Banking Subsector in 2018-2022.

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ABSTRACT

The motive of the present investigation is to determine and Consider the consequences of gender diversity, education level of board directors, and financial success on corporate value in banking subsector for the 2018-2022 period. This research project is associative Quantitative assessment. The individuals included in this research are 47 companies with an IDX Statistics 2022. A deliberate method was used to sample, and nine firms were acquired. Multiple linear regression is the data analysis method employed in this study. The result showed that gender diversity had a detrimental but insignificant effect on company value, education level of board directors had an unfavorable and insignificant impact on corporate value, and profitability demonstrated a favorable and significant on corporate value.

Keywords: Gender diversity, education level of board directors, profitability, and corporate value.

1. INTRODUCTION

the Republic of Indonesia is among the developing nations worldwide, this is evidenced by the continued development of the economy. After recovering from the impact of Covid-19, entrepreneurs want to revive businesses that had faltered due to the event. One of the most important factors to start a business again is with business capital. The business capital used comes from internal capital and external capital, but in the use of capital must also be managed properly so that the business can run smoothly. Business capital management is generally controlled by other parties in recording and collecting.

The banking subsector is known as a subsector engaged in finance which is very influential in the economy. Banks are institutions to collect and distribute funds back from everyone as savings, acknowledgment, and additional goods. Banks can also function as a support for funds for the community with all their different needs. In addition, the banking sector has a large role in national economic activities such as consumption, investment, and import export. Banking also plays a role in supporting other economic sectors, such as subsectors and services. Through credit and financial products, banks participate in helping the public to strengthen the Indonesian economy.

The current post-Covid-19 conditions have changed people's habits to be completely online, ranging from shopping for daily necessities to paying other bills. In March 2020, the highest online sales were food and beverages, which increased 57% from sales in January 2020. The lowest product was sports products which increased 17% from January 2020 sales, data taken from www.bps.go.id. Most of the payments use bank transfers through mobile banking connected through their respective mobile phones. One of the reasons for this increase is evident from Bank BTPN's listing with its Jenius product, which recorded a transaction volume of 212% in October 2020, data taken from www.cnbcindonesia.com. This facility is one of the banking facilities provided to the community.

According to Bank Indonesia (BI) data, the number of commercial banks in Indonesia is 106 banks in 2022, consisting of 92 conventional banks and 14 Islamic banks. According to OJK, By the conclusion of 2022, the whole possessions of commercial banks reached IDR 11,113.32 trillion, consisting of IDR 8,737.48 trillion in conventional bank assets and IDR 8,737.48 trillion in Islamic bank assets.

The purpose of businesses with listings on the Indonesian stock market is to find as many investors as possible. Investors are needed by a company, with investors can increase capital that will be used for company operational activities. One measure that investors pay attention to in investing is the company's worth, because A company's worth might entice investors to put money into it.

Business worth is an outcome that a business has attained to serve as an example of investor confidence in it following a business procedure that takes decades, starting with the establishment of the business up until this point (Hery, 2018, p. 3). Meanwhile, according to Harmono (2017, page 10) The value of the company is a reflection of a stable stock price, which has experienced a long-term increase. For companies which was made available, the value of the company can be shaped by the mechanism of demand and availability for share prices on the stock exchange, this reflects how the general public views the business's actual fiscal health. Meanwhile, according to Sartono Agus (2010, page 9) company value the objective of optimizing investor wealth may be attained through the optimization of current values; a decline in the intrinsic value of held units will result in a rise in all owner earnings. Based on this understanding, it can be concluded that the organization's worth is a picture of investor confidence in a companies.

Business worth is measured using Tobin's formula because it is a simple indicator for measuring the rise or fall of a company's value. The screen of Tobin's Q is $Q > 1$ overvalued, $Q < 1$ undervalued, $Q = 1$ Average. (Sudiyanto and Puspitasari, 2010).

Table 1 Average company value (Tobin's Q) of the banking subsector in 2018-2022

No	Nickname of Organization	Issuer Code	Year				
			2018	2019	2020	2021	2022
1	Bank Mandiri	BMRI	1.17	1.03	0.96	0.98	0.95
2	Bank BRI	BBRI	1.21	1.24	1.25	1.20	1.24
3	Bank BCA	BBCA	0.97	0.99	0.98	1.57	1.59
4	Bank BNI	BBNI	1.03	0.99	0.95	1.00	1.02
5	Bank BTN	BBTN	0.87	0.89	0.90	0.89	0.88
6	Bank Cimb Niaga	BNGA	0.94	0.93	0.94	0.94	0.95
7	Bank Permata	BNLI	0.97	1.07	1.27	0.94	1.00
8	Bank OCBC NISP	NISP	0.97	0.95	0.95	1.08	0.93
9	Bank BTPN	BTPN	1.01	0.97	0.96	0.92	0.91
Average			1.02	1.01	1.02	1.06	1.12

It is evident from the statistics in table 1 that the results average company value for 5 years has fluctuated from 2018-2022, but in 2022 the average company value has increased again.

From this details, it observable that Bank BTN has the smallest company values of 0.87 and 0.88 in 2018 and 2022, this indicates that the stock price is undervalued. Then in 2022, Bank BCA has the highest company value of 1.59, which means that the stock price is overvalued.

The value of companies in each banking subsector is due to gender diversity variables. According to Mansour Fakh (2008, p. 8) characterizes masculinity as a socially and historically produced attribute that is innate in men and women. According to Ikhlasiah Dalimoenthe (2020, page 16) gender is a role and responsibility to men and women, while according to Alifilahtin Utaminingsih (2017, page 1) gender is the difference between women and men who are not innate (nature) as creations of God Almighty, and which are cultural formations that are learned and socialized in the family from an early age. It can be concluded that gender is a sex difference between women and men and is congenital from birth. This is in line with research (Purna and Badera, 2019) phrase says gender diversity increases the worth of the firm. Meanwhile, (Natashya Br Bangun and Petrus Ridaryanto, 2021) stated that the presence of a No impact of a female panel of governors on the value of the firm.

The importance of companies in the banking subsector differs from one another due to the variable The educational background of the organization's board of governors. Fuad Ihsan (2005, p. 1) states that The goal of learning is to help people reach their full potential both emotionally and spiritually in accordance with the expectations of society and culture. Meanwhile, according to Zelhendri Zen Syafri (2017, p. 110) education is an activity that can only be done by humans, has a very wide field. According to Syafaruddin (2015, p. 199) education is a quality of activities and integration in educational situations. This reasoning leads to the conclusion that education is an activity within educational institutions. This is in line with research (Purna and Badera, 2019) educational background increases the worth of the firm. Meanwhile, determined by Kristina and Wiratmaja, (2018) stated that educational background has no impact on the worth of the firm.

In addition to variety of genders and the education level Members of the governors' panel, the value of the company is also thought to be due to profitability. According to Gitman (2003, p. 591) profitability is an important factor that must be considered since the business has to be successful in order to be able to carry out its processes. As said by Sutrisno (2009, p. 16) The capacity of a business to turn a profit while using all of its financial resources is known as viability. Meanwhile, determined by Kasmir (2011, p. 196) One measure used to evaluate the ability of an organization

for profit-seeking is a ratio of profitability. This is consistent with studies (Rizqi Nugraheni Utami, 2021) that demonstrates the positive relationship between productivity and firm value. However, study (Dea. V. Kolamban, Sri Murni, and Dedy. N. Baramuli, 2020) indicates that income is unrelated to the valuation of a firm.

Table 2 Research Gap

Dependent Variable	Independent Variables	Research Results	Researcher Name and Year
Company Value	Gender Diversity	Positive	Ni Luh Putu Purna Yogiswari and I Dewa Nyoman Badera (2019).
		Positive	Dillas Ligar Ramdhanian, Eli Yulia, and Farah Margaretha Leon (2020).
		Negative	Natashya Br Bangun and Petrus Ridaryanto (2021).
		Negative	Wendy Salim Saputra (2019).
	Education Level	Positive	Ni Luh Putu Purna Yogiswari and I Dewa Nyoman Badera (2019).
		Positive	Aryanti Ariesta Pramesti and Riski Aprillia Nita (2022).
		Negative	I Gusti Agung Rai Kristina and I Dewa Nyoman Wiratmaja (2018).
		Negative	Wendy Salim Saputra (2019).
	Profitability	Positive	Rizqi Nugraheni Utami (2021).
		Positive	Imam Hidayat and Khusnul Khotimah (2021).
		Negative	Nova Adhitya Ananda (2017).
		Negative	Dea. V. Kolamban, Sri Murni, and Dedy. N. Baramuli (2020).

Based on table 2 and the phenomena that have been described and with the differences in research results from previous researchers, researchers took the title "The Effect of Gender Diversity, Education Level, and Profitability on the Company Value of the Banking Subsector in 2018-2022".

2. RESEARCH METHODS

This study employed a quantitative investigation methodology. Sugiyono (2016, page 8) defines quantitative investigation as positivist-based study conducted in specific populations or using particular samples in order to evaluate pre-existing assumptions. This research has an integrative character. The associative research, defined by Sugiyono (2016, page 55), is study that looks for roles, impacts, and causal linkages between two or more variables, specifically between independent variables (independent) and dependent variables (dependent). The dependent factors on company value are profitability (X3), education level of the board of directors (X2), and gender diversity (X1) in the variables that are not dependent. Up to 47 banking businesses that are registered on the Indonesia Stock Exchange make up the study's demography.

3. DISCUSSION

3.1. Data Processing Analysis

In estimating The Impact of Diversity in Gender, Education Level, Profitability on the Corporate Value of the banking subsector, researchers used multiple linear regression analysis using flat panels with Eviews 10 tools. Defined by Basuki and Prawoto (2017, p. 275), Cross-sectional and time series data are combined to create panel data. Data having one or more variables that will be observed in a single unit of observation over a predetermined amount of time are called time series data. Cross-section data, on the other hand, is observation data that, at any one moment, consists of many observation units.

3.2. Regression Model Determination

In panel regression testing, there are 3 methods used in this study, namely the Fixed Effect Model method, the Random Effect Model method, and the Common Effect Model method. To use one of these methods can be done the right way in the selection of test methods. Widarjono (2018, p. 372) states that The best method for estimating panel data regression can be found using one of three tests. The three tests are as follows: (a) a Chow test is needed to determine whether to use the Common Effect or Fixed Effect technique; (b) a Lagrange Multiplier (LM) test is needed to determine whether to use Common Effect or Random Effect; and (c) a Hausman test is needed to determine whether to use Fixed Effect or Random Effect.

3.2.1. Chow Test

The purpose of the Chow test is to compare models with fixed effects and common effects. To do this, compare the cross section F value with the significance threshold ($\alpha=0.05$).

Tabel 3 Result Chow Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	StatMeneistic	d.f.	Prob.
Cross-section F	4.644551	(4, 17)	0.0102
Cross-section Chi-square	18.462998	4	0.0010

These statistics demonstrate that the F cross section value of 0.0010 is less than 0.05, indicating that the Fixed Effect model is the optimal choice.

3.2.2. Hausman Test

The Hausman test aims to compare between Random Effect and Fixed Effect models. This can be done by comparing the Random cross section value and the level of significance ($\alpha=0.05$).

Tabel 4 Result Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.434422	3	0.0593

Based on table 4, it shows that the random Cross-section value of 0.0593 is greater than 0.05, then the selected model is Random Effect.

3.2.3. Lagrange Multiplier Test

The comparison between the Random Effect and Common Effect models is the goal of the Lagrange Multiplier test. To do this, compare the Pagan Breusch value with the significance threshold ($\alpha=0.05$).

Table 5 Result Lagrange Multiplier Test

WeLangBa	Cross-section	Period	Both
Alternative	One-sided	One-sided	
Breusch-Pagan	0.179535	0.748767	0.928302
	(0.6718)	(0.3869)	(0.3353)

Based on table 5 showing that the Pagan Breusch of 0.6718 is greater than 0.05, then the model chosen is the Common Effect.

3.2.4. Conclusion

Following testing for validity using the Chow, Hausman, and Lagrange Multiplier tests, the Random Effect Model was selected as the best model. This is because the calculation results on the variables of gender diversity and education level have results that are not too significant each year.

3.3. Hypotesis Test

The purpose of the t test is to determine if each independent variable (X) has a partly significant impact on the dependent variable (Y), namely the significant influence of Gender Diversity (X1), Education Level (X2), and Profitability (X3) significantly on Company Value (Y).

To ascertain the statistical t The table's value is determined with a significance level of 5% or 0.05 and a degree of freedom $df = (n-2)$ where n is the quantity of observations. The caption $t(df:43, \alpha:0.05) = 2,107$ with the result t of the table 5 is 2,107. The following is a presentation of partial test results (t test) as follows

Table 6 Result t Test

Variable	t-Statistic	t-tabel	α	Prob.
C	4.797340	2.107	0.05	0.0001
Keberagaman Gender	-0.496250	2.107	0.05	0.6249
Tingkat Pendidikan	-0.611074	2.107	0.05	0.5477
ROA	2.378461	2.107	0.05	0.0600

Table 6 shows that this study obtained different results on each hypothesis, the results obtained It may be determined in this way, hypothesis 1, Gender Diversity Has No Effect on Company Value. The profitability value of gender diversity is 0.6249, indicating a negligible impact of gender diversity on the value of the organization. -0.079316 is the gender diversity coefficient. These findings demonstrate that gender diversity has a negligible and unfavorable impact on the value of a firm. Hypothesis 2, Education Level Has No Effect on Company Value. The education level has little impact on the company's worth, as seen by the education level's profitability value of 0.5477. The education level coefficient has a value of -0.063980. These findings demonstrate that education level has a negative and substantial impact on the company's worth. Hypothesis 3, Profitability Has No Effect on Company Value. The education level's profitability value is 0.0600. This demonstrates that the value of the firm is not much impacted by profitability. The profitability coefficient has a value of 7.928005. These findings demonstrate that the value of the firm is positively and marginally impacted by profitability.

4. DISCUSSION

Gender diversity has negative and insignificant results. Companies led by the female gender can reduce the company's worth. This is due to the assumption that men's competence is considered better than women. Women also have a cautious and conscientious attitude that causes risk averse. Education level has negative and insignificant results. The higher the education pursued by the female board of directors, the greater the business's worth. However, the educational background in accordance An additional factor that investors consider is the board of directors' competence and the business's operations. Profitability produces favorable but negligible effects. Businesses that are successful in growing their profitability each year will draw in a large number of investors. On the other hand, poor profitability causes investors to lose faith in the business, which in turn lowers the company's worth.

5. CONCLUSION

The purpose of this study is to ascertain how gender diversity, educational attainment, and profitability affect the value of companies in the banking subsector listed on the Indonesia Stock Exchange between 2018 and 2022. Drawing on the findings of the investigation, the ensuing deductions were obtained, first, for the years 2018 through 2022, the value of enterprises in the banking subsector listed on the Indonesia Stock Exchange is negatively and negligibly impacted by the gender diversity variable (X1). Second, for the years 2018 through 2022, the value of enterprises in the banking subsector listed on the Indonesia Stock Exchange is negatively and negligibly impacted by the variable level of education (X2). Third, for the years 2018 through 2022, the value of businesses in the banking subsector listed on the Indonesia Stock Exchange is positively and marginally impacted by the profitability variable (X3).

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