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CORPORATE GOVERNANCE IN GENDER PERSPECTIVE AND THE POTENTIAL OF COMPANY FINANCIAL DISTRESS (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange 2019-2021)

Anisa Nisrina Tamara[1] , Zulfikar Zulfikar[2]*

[1,2] University of Muhammadiyah Surakarta

** Corresponding Author : Zulfikar Zulfikar*

ABSTRACT: *This study aims to determine and analyze the effect of corporate governance consisting of the board of commissioners, directors, audit committee in the perspective of gender and the potential for financial distress of the company. Hypothesis testing was carried out using multiple linear regression analysis. The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The sampling method used was purposive sampling, so the number of samples used was 54 companies. The results of this study indicate that the female board of commissioners, female board of directors, and leverage affect the company's financial distress,*

Keywords: *corporate governance, gender, board of commissioners, board of directors,audit committee, financial distress.*

I. INTRODUCTION

Economic development in Indonesia is growing very rapidly, this is supported by the existence of corporate governance in a company. Corporate governance plays a very important role in a company because it determines the company's goals, supervision and company performance. The mechanism of Good Corporate Governance can determine the success or failure of the management of a company.It is also influenced by gender at this time, because gender issues are being studied by many researchers, including in Indonesia. In Indonesia itself there are regulations regarding gender equality regulated by Presidential Instruction No. 9 of 2000 which contains gender mainstreaming in national development and also Law Number 7 of 1984, concerning the elimination of all forms of discrimination against gender. The regulation states that men and women have the same rights, positions androles in the context of optimizing national development.

Corporate governance is one of the main requirements of healthy management among companies around the world. Corporate governance is a system that regulates the relationship between the board of commissioners, the board of directors and the audit committee in order to create a balance in the management of the company.Understanding Corporate Governance in general is a system, process, and set of rules that regulate the relationship between various interested parties, especially in a narrow sense, the relationship between shareholders, the board of commissioners, and the board of directors in order to achieve organizational goals (Triwahyuningtias, 2012).

Indonesia is one of the countries that implements a two-tier system, namely a system of separation of authority between the board of commissioners and the board of directors which results in the two positions having different roles. The existence and role of women in the company's gender has a good impact on the company. The role of women in the company has an impact on the company, namely the prudence and thoroughness possessed by women can help the company's process of increasing the potential for financial distress, with these characteristics it avoids high risks and chooses smaller and safer risks. for the company. So that companies that have female board members are very helpful in neutralizing the nature of male members who tend to like to take high risks for the company.

The gender of women in companies, especially in executive management such as the board of commissioners and the board of directors in Indonesia, has not been required or determined what percentage of women's positions on the company's board, but some companies are now starting to slowly give these positions to women, although there are no regulations that regulate related to the presence of women in the company (Thoomaszen & Hidayat, 2020).

The board of commissioners is the board whose job is to supervise and provide adviceto the board of directors. In recent years, the board of commissioners has grown to focus on rules or recommendations that encourage gender independence, size, and diversity. Based on the Women in Business 2020 report, Indonesia and Mexico rank 4th with the highest percentage of women in senior management positions from other Southeast Asian countries, which is 37 percent. This shows that women in Indonesia have important opportunities and roles in business with the assumption that there are differences in characteristics between men and women indicating that women are more conservative, overconfident and tend to avoid risk.(García & Herrero, 2021).

Meanwhile, Roika et al (2019) stated that the board of directors is an important mechanism in the company, holding the responsibility to lead and direct the company and protect the interests of the company's shareholders. The existence of a board of directors serves to make various business decisions and is responsible for reliable and high-quality accounting information. In particular, the business decisions taken by the board of directors are aimed at achieving better company performance and ensuring smooth operations. Someof these decisions relate to the selection of funding sources as an effort to protect the company from potential financial distress.

Research conducted by Brahma, Nwafor, and Boateng (2019) describes that the role of women as commissioners and directors is very important in companies. Women are also considered as human capital for the company and are entitled to opportunities to contribute to the company on an equal basis with men. It is also explained in the study that until now it is believed that the proportion of women who sit on the board of commissioners and the board of directors of companies continues to increase. This is because nowadays, gender issues are no longer an obstacle for women to pursue careers.

In addition to positions on company boards or executives, women can also occupy various positions such as company audit committees. Miglani and Ahmed (2019) explain in their research that the audit committee plays an important role in helping companies to provide transparency and reliability of reports to internal and external parties. In this study, it is stated that the presence of women on the audit committee brings benefits because women are considered to have a tendency to be more thorough, careful, avoid risk, and are considered to have more integrity so that they are able to present better audit activities and outputs.

Financial statements according to PSAK N0. 1 is part of the company's financial, performance, and cash flow processes that are useful for most users of the report in order to make economic decisions and demonstrate management's accountability for the use of resources entrusted to them. Financial statements can be used as a measuring tool to predict financial distress and can be used as a basis for assessing the financial condition of a company.

Financial distress is a condition where a company is experiencing difficulties or a decline in financial performance that occurs continuously for several periods which can lead to bankruptcy (Platt & Platt, 2002). The company's financial distress conditions can start from short-term liquidity difficulties to bankruptcy as the highest level of financial distress (Triwahyuningtias, 2012). The causes of financial distress can be seen by the application of corporate governance, where corporate governance plays a role in directing and controlling the company. Good corporate governance is a set of rules that regulate the behavior of company owners, directors and managers to create a balance in the management of the company.

In the current economic era, Manufacturing companies are expected to be the most dominant financial drivers in development in this country. In Indonesia, both manufacturing companies and private companies have not fully adhered to the principles of good corporate governance, so there are still many companies experiencing financial distress. If a company implements good governance, it is likely that the company will have a healthy financial condition and experience increased performance. If a company is experiencing financial difficulties in terms of finance, it can be said that the company has poor governance. Weak governance or having poor governance will trigger the potential for problems of financial distress or financial distress (Cinantya & Merkusiwati, 2015).

Therefore, this study wants to know "Corporate Governance in the Perspective of Gender and the Potential for Financial Distress of the Company (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange in 2019-2021).

Hypothesis

The hypothesis is a temporary answer to the research problem formulation, therefore the research problem formulation is usually arranged in the form of questions. It is said to be temporary, because the answers given are only based on relevant theories, not based on empirical facts obtained through data collection. So the hypothesis can also be stated as a theoretical answer to the research problem formulation, not yet an empirical answer (Sugiyono, 2017). The hypotheses proposed in this study are as follows:

Women's Board of Commissioners Against Potential Financial Distress

The board of commissioners is in charge of overseeing the running of the company and supervising the board of directors in carrying out their duties which is an important component that can help in improving the company's financial performance, with the presence of a female gender on the board of commissioners can help improve the company's financial performance for the better, where with the diversity of gender in the board Commissioners can complement each other's shortcomings, both female and male gender. So that the supervisory process on the board of directors is more optimal than there are no women at all in the structure of the board of commissioners (Bart & McQueen, 2013), (Mensi-Klarbach, 2014), and (Wiley & Monllor-Tormos, 2018).

Rahman & Cheisviyanny (2020) stated that women tend to avoid risk compared to men. The nature of women who are more careful, avoid risks, and have higher ethical standards are expected to be able to reduce the company's financial distress. The role of women in the board of commissioners is expected to have a higher level of supervision compared to men. In addition, women have an attitude of caution in making decisions.

Samudra (2021) proves that the board of commissioners has a negative effect on financial distress. This relationship occurs because the more the board of commissioners in the company, the supervisory function will be better so that the performance of the directors will be better and lead to an increase in company performance which can avoid the risk of the company experiencing financial distress. Based on this, the researcher proposes a hypothesis:

H1:The female board of commissioners has an effect on the company's potential for financial distress.

Women’s Board of Directors Against Financial Distress Potential

The Board of Directors is a company organ that is authorized and fully responsible for the management of the company for the benefit of the company, in accordance with the aims and objectives of the company. Gender diversity in directorships can reduce information asymmetry through increasing access to external financial resources and increasing the proportion of equity in the capital structure, leading to lower leverage. The presence of women on the board of directors is likely to increase the value of the company as well as the level of risk of a small company when controlled by female directors compared to male directors.

Corporate funding decisions are also related to gender behavior. There are differentcharacteristics in terms of funding decision making between men and women, namely, female boards of directors are more risk averse than men, self-confidence, prudence, thoroughness and the board of directors with a higher percentage of women is associated with debt. the lower one. A lower proportion of debt is closely related to low risk of financialdistress because with a high debt composition the company will be faced with large cash outflows that can disrupt the company's operations. Research conducted by Lestari, T & Wahyudi, A (2021) shows that the number of the board of directors has a negative effect on financial distress.

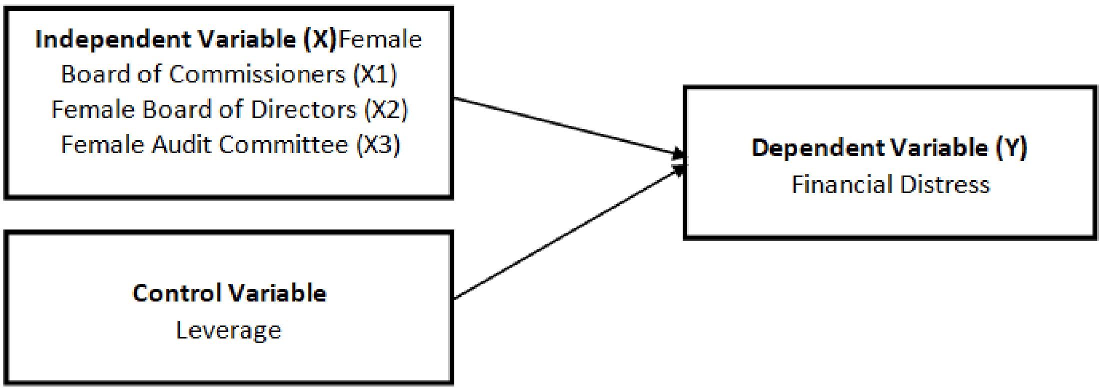
H2: The female board of directors has an effect on the company's potential for financial distress.

Women's Audit Committee Against Potential Company Financial Distress

An audit committee was formed to oversee the activities of the internal audit and evaluate the performance and independence of the external audit. A large number of audit committees or audit committee size will further improve the company's performance in controlling the company's finances. An effective audit committee depends on the prosperity or financial distress of the company, for example, audit committee members who have financial expertisewill improve company performance and prevent financial distress. The audit committee referred to in this study is the female audit committee. The presence of women on the audit committee is considered women to have unique and different abilities from men. Apart from the aspect of ability, women are also seen as having a different perspective so that they can perform the audit function more carefully and thoroughly. This greater accuracy and thoroughness encourages the role of women in the audit committee to carry out a more complex supervisory function and of course this has an impact on the company's potential forfinancial distress, especially in terms of financial performance. This study is supported by Savira (2021) showing that the audit committee has an effect on financial distress. Based on this, the researcher proposes a hypothesis:

H3: The female gender audit committee has an effect on the company's financial distress potential

Framework



II. RESEARCH METHODS

Research design

This study was designed using quantitative research, with hypothesis testing. Quantitative research is research that emphasizes theory testing through measurement of research variables. The purpose of this study was to examine and analyze the effect of corporate governance consisting of female board of commissioners, female board of directors, female audit committee in the perspective of gender and the potential for financial distress of the company, leverage as a control variable in manufacturing companies listed on the Indonesia Stock Exchange. Stock Exchange 2019-2021.

Population, Sample, and Research Collection Techniques

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange

(IDX) in 2019-2021 as many as 516 companies. Sampling in this study using purposive sampling method. The criteria for selecting the research sample are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021.
2. Manufacturing companies that publish annual financial reports in a row in the 2019-2021 period.
3. Manufacturing companies whose board of commissioners, board of directors, audit committee are female.

Based on predetermined criteria, 54 companies were obtained as samples of this study, secondary data came from the annual reports of manufacturing companies on the Indonesia Stock Exchange (IDX) for 2019-2021.

III. RESULTS AND DISCUSSION

Multiple Linear Regression Analysis Results

The results of data analysis obtained with the SPSS 25 application program, in this study intended to determine whether there is an influence of corporate governance consisting of female board of commissioners, female board of directors, female audit committee in gender perspective and potential for financial distress. The results of the first multiple linear regressionanalysis can be seen in the following table:

Multiple Regression Analysis Results

Model	UnstandardizedB	CoefficientsStd. Error	Standardized CoefficientsBeta	t	Sig.
1 (Constant)	-4.774	.225		-21,212	.000
Female Board of Commissioners	1.186	.489	.134	2.427	.019
Female Board of Directors	-.979	.422	-141	-2.321	.024
Female Audit Committee	.680	.351	.110	1,939	.058
Leverage	5,214	.293	.925	17.816	.000

Source: Secondary data processed, 2022

Based on the table above, the regression equation can be arranged as follows:Y= -4.774 + 1.186X1 – 0.979X2 + 0.680X3 + 5.214X4

Based on the multiple linear regression equation, it can be interpreted as follows:

The constant value of -4.774 means that if the variable of the female board of commissioners, female board of directors, female audit committee, leverage = 0, then the value of the financial distress variable is -4.774.

a. The variable of the female board of commissioners is 1.186 with a positive direction. This means that the higher the female board of commissioners, the lower the potential for the company's financial distress, on the contrary, the lower the female board of commissioners, the higher the company's financial distress potential.
b. The female board of directors variable is -0.979 with a negative direction. This means that the higher the female board of directors, the lower the potential for financial distress of the company, conversely the lower the female board of directors, the higher the potential for financial distress of the company.
c. The female audit committee variable is 0.680 with a positive direction. This means that the higher the female audit committee, the lower the company's potential for financial distress, on the contrary, the lower the female audit committee, the higher the company's financial distress potential.
d. The control variable is leverage of 5,214 in a positive direction. This means that the higher the leverage, the lower the potential for the company's financial distress, on the contrary, the lower the leverage, the

higher the potential for the company's financial distress.

Based on the table above, the partial test (t-test) can be explained as follows:

a. The female board of commissioners variable has a significance value of 0.019 <0.05, so it can be stated that H1 is accepted. This means that the presence of a female board of commissioners in a company has an effect on the potential for financial distress of the company.
b. The female board of directors variable has a significance value of 0.024 <0.05, so it can be stated that H2 is accepted. This means that the presence of a female board of directors in a company affects the potential for financial distress of the company.
c. The female audit committee variable has a significance value of 0.058 > 0.05, so it can be stated that H3 is rejected. This means that the existence of a female audit committee in a company does not affect the potential for financial distress of the company.
d. The control variable, namely laverage, has a significance value of 0.000 <0.05, so it can be stated that H5 is accepted. This means that leverage in a company affects the company's financial potential

IV. Discussion of Research Results

The Influence of the Female Board of Commissioners on the Potential of the Company'sFinancial Distress

Based on the t test performed, the test results on H1 showsig= 0.019 < 0.05. These results indicate that the female board of commissioners has an effect on the potential for financial distress. So it can be concluded that H1 is accepted. In this case, there is a difference between the female board of commissioners and the male board of commissioners.The board of commissioners is in charge of overseeing the running of the company and supervising the board of directors in carrying out their duties. This task is an important component that can assist in improving the company's financial performance. According to the results of the analysis, the female gender board of commissioners is better than no female board of commissioners. Because women tend to take a different attitude from the male gender, namely in terms of avoiding risk, prudence, ethical standards and decision makers so that companies do not experience potential financial distress.

The Influence of Women's Board of Directors on the Potential of Company's Financial Distress

Testing on H2 showssig= 0.024 < 0.05. These results indicate that the female board of directors has an effect on the potential for financial distress. So it can be concluded that H1 isaccepted. In this case, there is a difference between the female board of directors and the male board of directors.The Board of Directors is a company organ that is authorized and fully responsible for the management of the company for the benefit of the company, in accordance with the aims and objectives of the company. According to the analysis, gender diversity in directorships can reduce information asymmetry through increasing access to external financial resources and increasing the proportion of equity in the capital structure, leading to lower leverage. The presence of women on the board of directors is likely to increase the value of the company as well as the level of risk of a small company when controlled by a female board of directors compared to a male board of directors. There are different characteristics between women and men, namely, women are more risk averse than men, women have less self-confidence than men,

The Influence of the Female Audit Committee on the Potential of the Company'sFinancial Distress

Testing against H3 showssig= 0.058 > 0.05. These results indicate that the female audit committee has no effect on the potential for financial distress. So it can be concluded that H3 is rejected. In this case, there is no difference between the female board of commissioners and the male board of commissioners.An audit committee was formed to oversee the activities of the internal audit and evaluate the performance and independence of the external audit. A large number of audit committees or audit committee size will further improve the company's performance in controlling the company's finances.According to the results of the analysis, the female gender audit committee is neither better nor worse than the male gender audit committee. This means that both women and men tend to take the same attitude, namely in terms of avoiding risk, prudence, ethical standards and decision makers sothat companies do not experience potential financial distress.

The Effect of Leverage on the Potential of Company's Financial Distress

Tests against H5 showsig= 0.000 < 0.05. These results indicate that leverage has an effect on the potential for financial distress. So it can be concluded that H5 is accepted.The leverage ratio shows the company's ability to pay off its obligations (both short-term and long-term). The leverage ratio emphasizes how big the proportion of debt used to fund the company's assets. Damodaran (2015:314) says the probability of bankruptcy increases slightly when the company borrows more money, regardlessof how big their cash flow is, and the increase will be even greater for companies with riskier businesses. When in debt, the company is required to pay interest and principal on the loan. In very difficult conditions, where the company's profits continue to decline or even suffer continuous losses, the company may not be able to pay its debts. When the company is unable to fulfill its obligations, it will increase the possibility of financial distress.

V. CONCLUSION

This study aims to determine and analyze the effect of corporate governance consisting of female board of commissioners, female board of directors, female audit committee in gender perspective and the potential for financial distress of the company. Leverage as a control variable in manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021, it can be concluded:

1. The female board of commissioners has a significant value of 0.019 <0.05, which means the female board of commissioners has an effect on the company's financial distress potential.
2. The female board of directors has a significance value of 0.024 <0.05, which means that the female board of directors has an effect on the potential financial distress of the company.
3. The female audit committee has a significance value of 0.058 > 0.05, which means that the female audit committee has no effect on the company's potential financial distress.
4. Leverage is a control variable that has a significant value of 0.000 <0.05, which means that leverage has an effect on the company's financial distress potential.

Limitations:

Based on the results of testing and discussion, there are several limitations in the study, including:

1. This study uses secondary data where there may be errors in entering data in the form of numbers.
2. Limitations of references to be used to support research results.
3. This study only uses a 3-year research period, namely the years 2019-2021.
4. This research only focuses on manufacturing companies.

Suggestion:

Based on the conclusions and limitations of the research results that have been presented by the researcher, the suggestions that can be used by further researchers are as follows:

1. Future researchers are expected to increase the research sample by increasing the year ofobservation.
2. Future researchers are expected to be able to expand the scope of research which is not only limited to manufacturing companies, but can also use non-manufacturing companies listed on the IDX so that they can represent the actual conditions that occur in all companies in Indonesia.
3. Future researchers are expected to add other variables that can explain further about the factors that affect financial distress.

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