INVEST : Jurnal Inovasi Bisnis dan Akuntansi
Volume 5 No 2 (2024) Page : 465-471

Exploring the Impact of Female Leadership, Company Size, and Age on Financial Performance in Indonesia's Real Estate and Property Industry

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This study aims to determine and analyze the positive and significant influence of female directors, company size, and company age on financial performance in the property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) during the period of 2018-2023. The study uses data from companies selected through purposive sampling based on specific criteria, namely property and real estate companies listed on the IDX during this period. The data analysis technique used is Multiple Linear Regression to examine the relationship between independent variables (female directors, company size, and company age) and the dependent variable (company financial performance). The results of this study are expected to provide insights into how these factors affect the financial performance of companies in the property and real estate sector, and contribute to a deeper understanding of the role of gender, company size, and age in the context of sustaining financial performance in the Indonesian capital market.

Keywords: *Female Directors, Company Size, Company Age, Financial Performance, Property and Real Estate, Indonesia Stock Exchange.*

1. Introduction

In the highly competitive property and real estate sector, particularly for companies listed on the Indonesian Stock Exchange (IDX), financial performance remains a crucial indicator of a company's success and sustainability. Good financial performance is not only an essential aspect of managing a company but also a key factor in attracting investors. Financial performance, reflected in the company's annual report, demonstrates the company's ability to manage resources effectively and generate value for its stakeholders (Brigham & Houston, 2010). However, despite its importance, factors influencing financial performance, such as company age, size, and gender diversity on boards, remain inconsistently addressed by firms, making it a significant research gap.

Research on the influence of gender diversity on financial performance has provided mixed results. Some studies have shown a positive correlation between board gender diversity and company performance, attributing this to the enhanced creativity and innovation that diverse perspectives bring (Chijoke-Mgbame, Boateng, & Mgbame, 2020; Setiawan, Nareswari, & Suryana, 2022). On the other hand, Laora, Tias, Kadafi, and Sari (2023) found no significant effect of female representation on boards on company performance, suggesting that other factors might be more influential. This discrepancy highlights the need to examine the dynamics between gender diversity

Submitted : October 30, 2024, Revised: November 15, 2024, Published: November 30, 2024
e-ISSN (2745-4606), p-ISSN (2745-4614)
http://journal.al-matani.com/index.php/invest/index

and company performance further, particularly within the context of Indonesian property and real estate companies.

In addition to gender diversity, company size and age are also key determinants of performance. Larger companies tend to benefit from economies of scale and have access to greater resources, which can positively influence their financial performance (Davinda, Mukhzarudfa, & Maulana Zulma, 2021). Conversely, smaller companies may exhibit more flexibility and innovation, offering a competitive advantage (Hanani & Aryani, 2012). The age of a company can also play a pivotal role in its performance; younger companies are often more dynamic, while older companies might rely on established processes but face challenges in adapting to market changes (Laora et al., 2023; Maimuna, Ermaya, & Praptiningsih, 2021).

This study aims to fill the research gap by examining the effect of female directors, company size, and company age on financial performance in the Indonesian property and real estate sector from 2018 to 2023. By exploring these factors, the research aims to provide valuable insights for improving corporate governance practices and enhancing financial performance in the industry. Understanding these variables' role can offer new perspectives for management decisions, especially in creating a board composition that optimizes company performance. The urgency of this research lies in its potential to assist property and real estate companies in Indonesia in improving their financial outcomes, making it relevant for both academic discourse and practical applications in corporate governance.

2. Literarure Review

Director Characteristics

The individual characteristics of directors significantly impact their decision-making abilities and, consequently, the company's performance. Aprilia et al. (2020) found that directors' characteristics, such as their education, experience, and age, have a meaningful effect on the performance of companies listed on the Indonesia Stock Exchange. Experienced and well-educated directors often demonstrate better resource management, contributing to improved financial performance. Directors with diverse professional backgrounds bring in varied perspectives, which can also help improve decision-making and operational strategies.

Board Gender Diversity

The presence of gender diversity within boards has been shown to influence company performance positively. Torchia et al. (2011) argued that the inclusion of women on boards can bring diverse viewpoints, thereby improving decision-making processes. Gender diversity reduces biases and enhances governance practices, which can have a direct impact on the company's financial outcomes (Chijoke-Mgbame, Boateng, & Mgbame, 2020). Setiawan et al. (2022) further corroborated these findings by showing that gender-diverse management teams tend to be more strategic, inclusive, and perform better financially. Furthermore, female directors often prioritize long-term sustainability, which has been linked to better financial outcomes in the long run.

Company Size

Company size has long been considered an important determinant of financial performance. Larger companies benefit from economies of scale, allowing for lower operational costs and improved profitability (Davinda et al., 2021). Additionally, larger firms often have greater access to resources, networks, and investment opportunities, contributing to higher financial performance. However, it's essential to recognize that the relationship between company size and financial performance is not always linear. While larger companies may have advantages, smaller companies can be more agile and innovative, which may also positively affect performance.

3. Methods

The sample selection technique used in this study is a purposive sampling method technique (planned sampling) of public companies in the property and real estate sector listed on the Indonesian stock exchange, starting from 2018-2023, there were 40 companies sampled in this study. The Independent Variables used are Women Directors (X1), Size (X2), Age (X3). The Dependent Variable is Financial Performance with ROA as a proxy. This study also used control variables Liquidity with current ratio as a proxy and Leverage with DER as a proxy. The data analysis technique used is panel data regression with the best model test results known to be the random effect model (REM). Then analyze the results and draw conclusions. The research model and hypothesis are as follows:

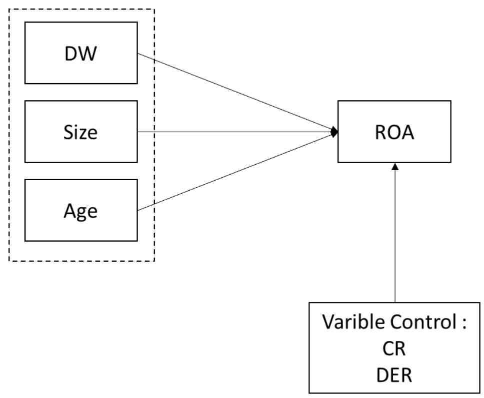

Figure 1. Research Model

H1 : It is suspected that Female Directors, Size, Age, Current Ratio, and DER have a partially significant effect on financial performance.
H2 : It is suspected that Female Directors, Size, Age, Current Ratio, and DER simultaneously have a significant effect on financial performance.

4. Results and Discussion

a. Descriptive Analysis

Table 1. Descriptive Statistic

	Mean	Median	Maximum	Minimum	Observatins
DW	0.287919	0.166667	3.000000	0.000000	238
SIZE	25.84323	27.70389	31.83314	13.74851	239
AGE	30.52101	32.00000	51.00000	4.000000	240
CR	15.19352	2.057981	662.0000	0.003078	241
DER	0.843910	0.436200	50.80000	0.001000	242
ROA	0.021503	0.013519	0.428333	-0.375159	243

Eviews, 2024.

Descriptive statistics aim to provide an overview of the data on the research variables used in the study. The independent variable consists of DW, Size, Age, CR and DER while the dependent variable is ROA. Descriptive statistical analysis in this study consists of the mean value, median value, lowest value, highest value, and standard deviation of each variable. The highest average value is found in age and size.

b. Partial Test

Based on the t test results in the table above, it can be seen:

Table 2. Partial Test

	DW	SIZE	AGE	CR	DER
Coeff	0.016886	0.010481	0.000891	0.000778	-0.0033
Prob	0.3078	*0.0012**	0.6959	*0**	*0.0181**

Eviews (2024)

Based on the results of the t-test presented in Table 2, several significant insights can be drawn from the analysis of the variables in question. The coefficient values for each variable are provided, along with their corresponding p-values. The variable SIZE (company size) has a coefficient of 0.010481 and a p-value of 0.0012, which is statistically significant at the 1% level (*), indicating that company size has a positive and significant impact on the dependent variable. In contrast, the variable AGE (company age) shows a coefficient of 0.000891 but with a p-value of 0.6959, which is not statistically significant, suggesting that company age does not significantly influence the dependent variable in this model. The variable CR (current ratio) has a coefficient of 0.000778 and a p-value of 0, which is also statistically significant at the 1% level (*), indicating that the current ratio positively affects the dependent variable. Finally, the variable DER (debt-to-equity ratio) has a negative coefficient of -0.0033 and a p-value of 0.0181, which is statistically significant at the 5% level (*), suggesting that higher leverage negatively impacts the dependent variable. Overall, the t-test results highlight the significant influence of company size, current ratio, and debt-to-equity ratio on the financial performance, while company age does not appear to be a significant factor in this particular analysis.

c. Simultaneous Test

Based on the results of the F test, the F-count result of 3,750101 is greater than the F-table value (3.64) and the probability of 0.000000 <0.05. It is concluded that the variables DW, Size, Age, CR and DER together have a significant effect on Financial Performance.

Table 3. Simultant Test

	F-statistic
Coeff	3.750101
Prob	*0**

Eviews, 2024

In line with research by Melawati Siti, Endang Masitoh (2016) that the Board of Directors, Board of Commissioners, CSR, and company size have a significant effect on company performance. In research by Nurwahyudi & Mudasetia (2020) also found that together gender, size, and leverage have a very significant effect on company performance. Abdi Akbar (2024) also found that together the variables Gender, Current ratio (CR), Debt to Equity Ratio (DER), firm size and sales growth have an influence on financial performance variables.

Table 4. R-Square Test

R-squared	0.460901
Adjusted R-squared	0.337997

Eviews, 2024

The results of the coefficient of determination test in the table above obtained an adjusted R-squared value of 0.337997 or 33.7997%. This means that the ability of the independent variables to explain the variation in the value of the dependent variable is 33.7997% and the remaining 66.2003% is the contribution of other variables not included in the regression model of this study.

4. Discussion

Women Directors (DW)

In this study, the presence of women directors was found to have no significant effect on the company's financial performance, as indicated by the results. Agency theory suggests that gender diversity on boards can reduce agency conflicts, with women bringing diverse perspectives and rational decision-making to corporate governance (Setiawan et al., 2022). However, the lack of a significant effect in this study may be attributed to the low turnover of female board members, resulting in a continued dominance of male directors who are perceived as more effective in leadership roles. This finding aligns with previous studies (Chijoke-Mgbame et al., 2020) showing that the proportion of female directors does not significantly influence company performance. On the other hand, other research suggests that female directors can positively impact company performance by fostering creativity and innovation (Ramadhani, 2015; Setiawan et al., 2022). Overall, while women in leadership roles are seen as valuable, the impact on performance may be influenced by factors like board composition and the broader corporate environment.

Company Size

Company size was found to positively influence financial performance. Larger companies typically possess greater assets, which enable them to overcome operational challenges and generate higher profits. This finding is consistent with previous research by Diana and Osesoga (2020), which suggests that larger companies can better manage their resources to achieve greater profitability. A larger company size also signals greater visibility and market presence, which can enhance investor confidence and contribute to better financial performance (Meliyana, 2017). Thus, the size of a company plays a key role in its ability to succeed financially.

Company Age

In contrast, the age of a company did not show a significant impact on its financial performance. While older companies may have more experience, they can also experience stagnation, whereas younger companies can potentially grow rapidly if they adopt innovative strategies. This finding suggests that company age alone does not guarantee better performance. In the property and real estate sector, which is volatile and sensitive to economic fluctuations, especially post-COVID-19, older companies may struggle to maintain performance due to the sector's challenges. This is in line with Imam Syafi'i (2013), who argued that long-established companies may find it more difficult to adapt to changing business conditions.

Current Ratio (CR)

The current ratio was found to positively influence financial performance. A higher current ratio indicates that a company is better positioned to meet its short-term obligations, which is a sign of financial stability. This liquidity is crucial for maintaining investor confidence and ensuring smooth operations, especially in times of financial uncertainty. According to Kasmir (2009), companies with a strong current ratio are better equipped to pay their short-term debts, which enhances investor trust and can positively impact their overall performance. Therefore, maintaining a healthy current ratio is essential for companies aiming to improve their financial standing.

Debt-to-Equity Ratio (DER)

The debt-to-equity ratio also showed a positive relationship with financial performance in this study, suggesting that higher leverage can improve company performance. This is consistent with the idea that leveraging debt can help companies fund large-scale projects, particularly in capital-intensive sectors like property and real estate. While a higher DER indicates greater reliance on external financing, it also reflects a company's ability to access funds for growth. According to Ang (1997), companies with higher debt can experience increased financial burden, but in sectors like property and real estate, leveraging debt can be a strategic way to drive growth and enhance performance.

5. Conclusions

Based on the research conducted on property and real estate companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2023, the study aimed to analyze the impact of female directors, company size, company age, current ratio (CR), and debt-to-equity ratio (DER) on financial performance. The findings show that female directors do not have a significant effect on financial performance, possibly due to the low turnover of female directors, which limits their potential impact. In contrast, company size has a positive effect on financial performance, as larger companies tend to generate more profits and are better equipped with assets to support growth. Company age, however, does not appear to affect financial performance, suggesting that the length of time a company has been operating does not necessarily correlate with its management quality or operational efficiency. The current ratio (CR) has a positive influence on financial performance, as a higher CR indicates better ability to meet short-term obligations and signals investor confidence. Lastly, the debt-to-equity ratio (DER) significantly affects financial performance, as a higher DER indicates a greater reliance on debt, which can amplify financial burdens but also drive growth. For future research, it would be valuable to explore other factors like corporate governance practices, the impact of broader board diversity, and external influences such as economic conditions or market trends, which could provide a more comprehensive understanding of the factors influencing financial performance in the property and real estate sector.

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