

# Profitability Mediates the Influence of Women's Presence on Corporate Value: A Corporate Governance Perspective

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## ABSTRACT

**Introduction** - The global economic crisis that occurred not only in Indonesia but also in many countries was caused by the emergence of the covid-19 virus which made the country's economy sluggish due to the implementation of a social restriction system on community activities.

**Purpose** - This study aims to determine the effect of Gender Diversity or it can also be called the Presence of Women in the Board on Firm Value with profitability as an intervening variable in the Corporate Governance Perspective.

**Methodology / Approach** - The research method used is quantitative. The sample in this study used purposive sampling method in manufacturing companies in the food and beverage industry sector listed on the Indonesia Stock Exchange for the period 2016-2021. The number of samples used was 54 samples obtained from 9 companies. The method of analysis of this research is multiple linear regression using SPSS 26 software.

**Findings** - The results of this study indicate that the presence of women has no effect on firm value, the presence of women has a significant effect on profitability. While the results of mediation (intervening) show that Profitability has a significant effect on Firm Value, also Profitability is able to Mediate the Presence of Women on Firm Value.

**Originality / Value / Implication** - This research is expected to help investors to find out what factors affect company value.

**Keywords:** Female Presence, Firm Value, Profitability, Corporate Governance

## INTRODUCTION

High company value will have a good impact on the company's future prospects. The company's value can increase if the company is able to realize a work environment that is conducive to the company's positive, effective, efficient and profitable operations. Increasing the value of company shares is one way to increase investor profits, so shareholders have enthusiasm for investing in the company [1].

Firm value is also referred to as market value [2]. The market value or value of the company's shares is considered to be a description of the actual value of the company's assets. One of the efforts to increase the value of the company is by implementing corporate governance [3].

Currently, investors tend to avoid companies that implement poor corporate governance, especially in the emerging market sector. The company's share price is the value of the company which is reflected in the company's corporate governance implementation. According to [4], "Good Corporate Governance is a governance that applies the principles of transparency, accountability, responsibility, professional, fairness".

In the managerial process, it is required to build and implement the principles of good corporate

governance. With the application of various universal principles, it is expected to be able to ensure the achievement of the company's performance and sustainability, so that the company can provide benefits to all stakeholders and the reasonableness of implementing good governance in the company is the composition of the company's board of directors. The company's board of directors is an internal mechanism in corporate governance. A diverse board of directors and corporate governance will have a relationship in top management because the company's board of directors is the leader of the company who is responsible for making every decision and determining the company's targets. The existence of board diversity is believed to be able to have a positive impact because the more diverse the background of board members, the more problems will arise. However, the diversity of the board of directors can also provide references to the choice of solving a problem, and this diversity can also provide added value and characteristics to the company [5].

Board diversity is the diversity of backgrounds and characteristics of a company's board of directors including age, gender, nationality, race and educational background. Board diversity is also a parameter of accountability and independence in determining a decision, so board diversity is important to be taken into consideration in the

selection of a company's board of commissioners and is the simplest to observe. Diversity is also believed to be able to affect the monetary value of the company in the short and long term [6].

One indicator of the problem of board diversity is the proportion of gender in the board of directors considering that not a few countries, including Indonesia, are still attached to the stigma that men are superior to women. In Indonesia itself, there is still quite a lot of assumption that men are more able to occupy influential positions in the company. Although women have made substantial contributions to the company, women are underrepresented at the decision-making level. In addition, age is also an important factor that has an indirect influence on a person's behavior, abilities and skills. The older the age of the board of directors, the more knowledge and experience related to the corporate environment. Another factor that also affects company value is educational background. Educational background affects the knowledge and skills possessed by the board of directors. Although there are no regulations governing that the board of directors must have an educational background that is in line with their current field of work, it would still be better if board members have a suitable educational background so that they have better competence to make business decisions with consideration of the knowledge they already have [7].

Another consideration to measure the influence between the board of directors on firm value is tenure. The tenure of board members also affects the understanding of the skills and knowledge of the field they are engaged in. The longer the board of directors serves in the company, the more familiar it will be with the conditions and environment of the company. The board of directors with a longer tenure will also be very familiar with the business opportunities that will be taken to increase the value of the company. And another factor is the diversity of nationality, the more members of the board of directors with foreign nationality this will show investors that the company looks professional and open to international information. This also has an impact on the implementation of *corporate governance* in companies where foreign boards of directors can provide diverse evaluations and suggestions on the effectiveness of the company in making decisions, solving problems.

Based on *signaling theory*, *board diversity* can provide a positive marker for the implementation of *corporate governance* in the company [8]. This theory reveals that corporate governance will publish announcements as a sign to investors for investment decision making and as an effort to minimize information asymmetry, corporate

governance will voluntarily publish various company information on the market. In research conducted by [9] said that corporate governance is a concept proposed to improve company performance through supervision or monitoring of management performance and to ensure management accountability to stakeholders.

The author conducts this research based on the phenomenon of the global economic crisis that is happening not only in Indonesia but also in many countries due to the emergence of the covid-19 virus which makes the country's economy sluggish due to the implementation of a system of social restrictions on community activities. Few countries were still able to achieve positive economic growth in the first quarter of 2020, albeit at a much lower level than in previous years. Indonesia is one of the few countries in this category. The second quarter of 2020 was even worse and the deepest point of the pandemic. All countries felt the economic pressure so heavily that it resulted in an unprecedented crisis. According to the World Bank, this is a worse crisis situation than any other crisis in the last 150 years [10].

Several studies link board diversity with firm value. Research results [3] shows that age, education, gender have no effect on firm value. Research results [11] show that tenure, education and citizenship have no effect on firm value. However [6] states that gender, education and nationality have an influence on firm value.

This research replicates the research conducted by [6] which only uses gender, nationality and education as independent variables. So in this study will add two independent variables, namely tenure and age and add intervening variables in the form of profitability. And different from previous studies which used chemical sector companies as research objects, this study uses food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2016-2021 as research objects.

Companies engaged in the food and beverage industry are very appropriate as objects in this study because this sector is a basic need that cannot be separated from human daily activities because it is a primary need. The food and beverage sector is also a very stable sector, regardless of the country's economic conditions that are happening, humans must continue to eat and drink to meet their basic needs for survival [12]. The food industry is also one of the sectors that supports the increase in the value of national investment, which in 2018 contributed up to IDR 56.60 trillion. The realization of the total investment value in the manufacturing industry sector throughout 2021 reached IDR 222.3 trillion. [13].

This study aims to determine board diversity in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2016-2021. And aims to determine the effect of board diversity on firm value and profitability from the perspective of corporate governance in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2016-2021. The results of this study are expected to be useful and can be a consideration for companies to improve and increase company value so that it is beneficial for the development of corporate governance. And it is also expected to help investors for consideration of investment decisions in the capital market.

## LITERATURE REVIEW

### Female Presence

The presence of women on the board of directors can provide legitimacy for the company as it shows the company's attention to diversity and inclusiveness. This means that the company is considered to care about women and minority groups in society. In addition, women who serve on boards of directors also exhibit different characteristics from men, especially regarding policy-making, decision-making and governance. They have different characteristics in terms of cognition, thoughts, emotions, and working styles [14].

### Profitability

Profitability is the company's ability to generate profits during a certain period and serves as an indicator of the company's overall operational efficiency. Profitability is the main measure to evaluate a company's success in utilizing working capital effectively and efficiently to achieve the expected level of profit. For companies, focusing on profitability has greater importance than just seeking high profits, because significant profits reflect the efficiency of the company's work [15].

### Corporate Governance

Corporate governance is a system of rules that regulates the relationship between shareholders, management, creditors, government, employees, and other stakeholders in terms of their rights and obligations. In other words, corporate governance is a framework that directs and controls the company [16].

From the results of previous research, the results are still contradictory. The author adds the Profitability variable as an intervening variable, because profitability has its own place in the assessment of a company. Because, without profit, the company is unlikely to get capital from external parties in order to achieve company value, so as to get the expected profit. Profitability also has the company's ability to generate profit or profit in an effort to increase the value of shareholders. And the higher the value of

dividends distributed, the higher the value of the company (*tax differential theory*). This is also supported by research which states that there is an influence between Board diversity (Presence of Women) on Firm Value through Profitability.

### Firm Value

Of course, the company value is reflected in the share price influenced by several factors such as stock price index, interest rates, and the company's fundamental condition. The fundamental conditions are: conditions related to the internal conditions of the company. Factor Fundamentals are closely related to company conditions such as financial conditions a company which is reflected through the company's financial performance. If a company wants to carry out fundamental analysis, it needs data company fundamentals that come from the company's financial reports, such as sales, dividends distributed, company profits and so on.

## HYPOTHESIS INFLUENCE

### The Effect of Gender on Company Value

The comparison of the number of women in the board of directors of a company is something that is needed by the company, because various statements related to the proportion or presence of women in the board of directors can be concluded that gender is a concept used to find out the differences between men and women seen from a socio-cultural perspective [17]. According to [18] gender diversity in the executive ranks of a company is a step in implementing good corporate governance which has an influence on changes in company value. Diversity is needed in a company to increase company innovation. Women are considered capable of paying greater attention to the management of a company. The higher the level of the proportion of women in the board of directors, the higher the resulting company value [19]. There is a positive relationship between the presence of women in board members and firm value. With the presence of women in the board of directors, the company will be able to have better performance than companies that do not have women in the board of directors. Compared to men, women make lower investments in high-risk assets [6].

Based on this description, the hypothesis is as follows:

H1: The existence of a female board of directors affects firm value.

### Profitability Mediates Gender Diversity on Firm Value

Good corporate governance is a principle that directs and controls companies in providing accountability to stakeholders, one of which is gender diversity (the presence of women on the board). The implementation of GCG which is carried out seriously can increase profitability. Increased

profitability can achieve one of the company's goals, namely to generate high profitability, on the other hand, the company's value is also increasing. This creates a positive response from investors to the company because the company's management works in accordance with applicable norms and in accordance with the wishes of investors. These results can be interpreted that profitability affects good corporate governance in the form of the

existence of a Women's board in increasing company value. This is also reinforced by the results of research [20] which indicates that profitability is able to mediate the relationship between gender diversity and firm value.

Based on this description, the hypothesis is as follows:

H2: Profitability is able to Mediate Gender Diversity on Firm Value

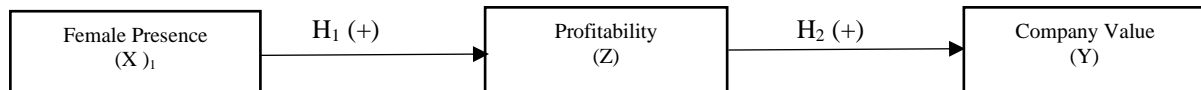


Figure 1: Research Framework

**RESEARCH METHODS**

Based on the type, this research is a type of quantitative research which is to show the magnitude of the influence or relationship between variables. The data source of this study uses secondary data taken from the *annual report of manufacturing companies* obtained from the official website of the Indonesia Stock Exchange. Food and beverage sector manufacturing companies listed on

the Indonesia Stock Exchange for the period 2016-2021 are the population in this study. This study has 10 companies with a total of 66 *annual report observations* as samples in this study. This study uses *purposive sampling* method which is a sampling technique based on the subjective considerations of researchers with the following criteria:

Table 1. Sample Selection

No	Criteria	Total
1	The Company uses Rupiah currency unit in its financial statements	27
2	Not <i>delisted</i> or newly <i>listed</i> during the observation period 2016-2021	(15)
3	The company published a complete annual report 2016-2021	(3)
Companies that meet the criteria as research samples		9
Year of Observation		6
Final number of samples		54

The reason for only using companies that have the Rupiah currency unit is because it makes it easier to interpret the research results because the measurement of the company's economic value uses the same unit of measurement, namely the Rupiah currency.

Based on the above criteria, there are 27 companies that use rupiah currency units in their financial statements listed on the Indonesia Stock Exchange during the 2016-2021 period. There are 15 companies that experienced new listings during the period of that year, namely PT Prasadha Aneka Niaga Tbk (PSDN), PT Prima Cakrawala Abadi Tbk (PCAR), PT Buyung Poetra Sembada Tbk (HOKI), PT Campina Ice Cream Industry Tbk (CAMP), PT

Pratama Abadi Nusa Industri Tbk (PANI), PT Garudafood Putra Putri Jaya Tbk (GOOD), PT. Sentra Food Indonesia Tbk (FOOD), PT Wahana Interfood Nusantara Tbk (COCO), PT Siantar Top Tbk (STTP), PT Palma Serasih Tbk (PSGO), PT Mulia Boga Raya Tbk (KEJU), PT Era Mandiri Cemerlang Tbk (IKAN), PT Diamond Food Indonesia Tbk (DMND), PT Sariguna Primatirta Tbk (CLEO) and PT Kino Indonesia Tbk (KINO). And there are 3 companies that do not publish complete data and annual reports in the year period, namely PT Nippon Indosari Corpindo Tbk, PT Prasadha Aneka Niaga Tbk (PSDN) and PT Ultrajaya Milk Industry & Trading Co Tbk (ULTJ) so that they cannot be used as samples in this study.

**Operational Definition and Measurement of Variables**

**Table 2: Variable Indicators**

<b>Variables</b>	<b>Definition</b>	<b>Variable Measurement</b>	<b>Scale</b>
Company Value (Y)	Firm value is the dependent variable in this study which is represented using the Tobin's Q ratio used to calculate the firm value variable in this study [18].	Tobins Q = $MVE + Debt / Total Assets$ [7], [21]	Ratio
Gender (X1)	Represents the diversity of the company's board composition i.e. the presence of directors with female gender. [22]	Dummy value 0 = There is no presence of women on the board of directors. Dummy value 1 = There is the presence of women on the board of directors. [23], [24]	Dummy
Profitability (Z)	factors that give management the freedom and flexibility to undertake and disclose to shareholders a broader social responsibility program [25].	$ROA = \frac{Profit\ After\ Tax}{Total\ Assets}$ [20], [26], [27]	Ratio

**Data Analysis Technique**

The data analysis technique in this study is as follows:

1. Descriptive Statistical Analysis

Descriptive statistics provide an explanation of data based on the average value (*mean*), minimum, maximum, sum, standard deviation, *range*, variance, kurtosis, and swekness to make it easier for readers to understand [28].

2. Classical Assumption Test

Classical assumption testing in this study includes the following:

a. Normality Test

The normality test is used to test the dependent variable and the independent variable in the regression model whether both have a normal distribution or not. This test is done by looking at the significance value with a significance level of 5% or 0.05. The data will be declared normally distributed if *Asymp.Sig (2- tailed)* > from 0.05 or 5%. [29].

b. Multicolonierity Test

The multicolonierity test is used to test whether the regression model found a correlation between independent variables. If the variables are correlated, these variables are not orthogonal. Orthogonal variables are independent variables with a correlation value between fellow independent variables = 0. Symptoms of multicollinearity are

detected by looking at the VIF (*Variance Inflation Factor*) value. Multicollinearity is considered not to occur if the VIF value is <10 [28].

c. Heteroscedasticity Test

The heteroscedasticity test is used to test whether the regression model has inequality of variance and residuals. If the variance and residuals are different, it is called heteroscedasticity. This study uses a scatterplot, if the points are scattered randomly and there is no tendency to form something specific so that there are no symptoms of heteroscedasticity [29].

d. Autocorrelation Test

The Autocorrelation test is used to test whether in a linear regression model there is a correlation between confounding errors in period t and errors in period t-1 (previous). A good regression model is a regression that is free from autocorrelation [28]. In this study, we will use the Durbin Watson Test to detect auto correlation.

3. Multiple Linear Regression Analysis

This study uses multiple linear regression analysis techniques using the *Staticcal Product and Service Solution* (SPSS) program. The multiple linear regression analysis model is used to see the effect of the independent variable on the dependent variable. The multiple linear regression test equation in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 Z_1 + e$$

Information:

- Y = Company Value (Tobins Q)
- Z = Profitability (ROA)
- $\alpha$  = Constant
- $\beta_{12}$  = Regression Coefficient
- $X_1$  = Gender Diversity
- e = Error

4. Hypothesis Test

- a. The t statistical test states the extent of the influence of an independent variable individually in showing variations in the dependent variable. The test is carried out using a significance level of 0.05 or 5%.

The t test is at a significance level of 0.05. If the t value is smaller than 0.05, then  $H_a$  is accepted and rejects  $H_0$ , while if the t value is greater than 0.05, then  $H_0$  is accepted and rejects  $H_a$ .

**Descriptive Statistical Analysis**

**Table 3. Descriptive Statistics**

	N	Minimum	Maximum	Means	St. Deviation
NP	54	.77	3.96	1.9413	1,06204
GENDER TYPE	54	.00	1.00	.4630	.50331
TENURE	54	.00	1.00	.5646	.30022
AGE	54	.60	1.00	.9139	.12389
NAT	54	.00	.80	.1139	.25172
EDU	54	.00	1.00	.7598	.24890
ROA	54	.00	.86	.1063	.13967
Valid N (listwise)	54				

Source: Data processed, 2023

Table 3 shows the total sample (N) in this study, namely 54 samples consisting of 9 manufacturing companies in the food and beverage industry listed on the Indonesia Stock Exchange for a period of 6 years, namely in 2016-2021, which in this study used company value as the dependent variable, and *gender diversity*, tenure diversity, age diversity, *nationality diversity*, and diversity in the educational background of the board of directors as independent variables.

The Gender Diversity variable (GENDER) is gender diversity using *dummy* variables on the total number of boards of directors in the companies studied. The results of descriptive statistical analysis on the *gender diversity variable* show the highest value on this variable of 1.00; minimum value of 0; average value of 0.4630 and standard deviation of 0.50331.

The tenure variable (TENURE) is how long the members hold positions as the board of directors of the company, the calculation of this variable is by calculating the total scale of members of the board of directors with a term of office  $\geq 5$  years for the total number of members of the board of directors in

the company. The results of descriptive statistical analysis on the tenure variable show the highest value or maximum value of 1; the lowest value or minimum value is 0; average value 0.5646 and standard deviation 0.30022.

The age variable (AGE) in this study is calculated by calculating the number of board members aged  $\geq 40$  years against the total number of board members in the company. The results of descriptive statistical analysis on the age variable have the highest value or maximum value of 1; the lowest value or minimum value of 0.60; average value 0.9139 and standard deviation 0.12389.

The nationality variable (NAT) in this study is calculated by calculating the number of board members who are foreign nationals against the total number of board members in the company. The results of descriptive statistical analysis on the *nationality variable* have the highest value or maximum value of 0.80; the lowest value or minimum value is 0; average value 0.1139 and standard deviation 0.25172.

The educational background variable (EDU) in this study is calculated by calculating the number of board members who have an educational background in economics and business in all members of the board of directors of the company. The results of descriptive statistical analysis on educational background variables have the highest value or maximum value of 1; the lowest value or minimum value is 0; average value 0.7598 and standard deviation 0.24890.

Profitability variable (ROA) as an intervening variable in this study is calculated using the ROA proxy, namely profit after tax divided by total assets. The results of descriptive statistical analysis on the Profitability variable have a minimum value of 0.00 as well as a maximum value of 0.86 and a standard deviation of 0.13967.

The results of descriptive statistical analysis show that the firm value variable (NP) calculated using the

The results of the normality test in the test above in table 4 on the dependent Company Value and Profitability there are 54 company data that show normal results with a significance of  $0.110 > 0.05$  and  $0.092 > 0.05$ . So, it can be concluded that the residual values in this study are normally distributed.

**Table 5. Multicollinearity Test Results**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	GENDER	,756	1,323
	TENURE	,750	1,334
	AGE	,950	1,053
	NAT	,721	1,387
	EDU	,873	1,145
	ROA	,735	1,361

*Dependent Company Value*

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	GENDER	1,000	1,000

*Dependent Profitability*

*Source: Data processed, 2023*

Tobins Q ratio has the highest value or maximum value of 3.96; minimum value of 0.77; average value of 1.9413; and standard deviation of 1.06204.

**Classic Assumptions Test**

The discussion of the classic assumption test is as follows.

**Table 4. Normality Test**

		Unstandardized Residual
N		54
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,80349684
The Most Extreme Difference	Absolute	,140
	Positive	,140
	Negative	-,075
Statistical Test		,140
Asymp. Sig. (2-tailed)		,110 <sup>c</sup>

*Dependent Company Value*

		Non-standard residue
N		54
Normal Parameters <sup>a,b</sup>	Means	,0000000
	St. Deviation	,13369913
The Most Extreme Difference	Absolute	,209
	Positive	,209
	Negative	-,159
Test Statistic		,209
Asymp. Sig. (2-tailed)		,092 <sup>c</sup>

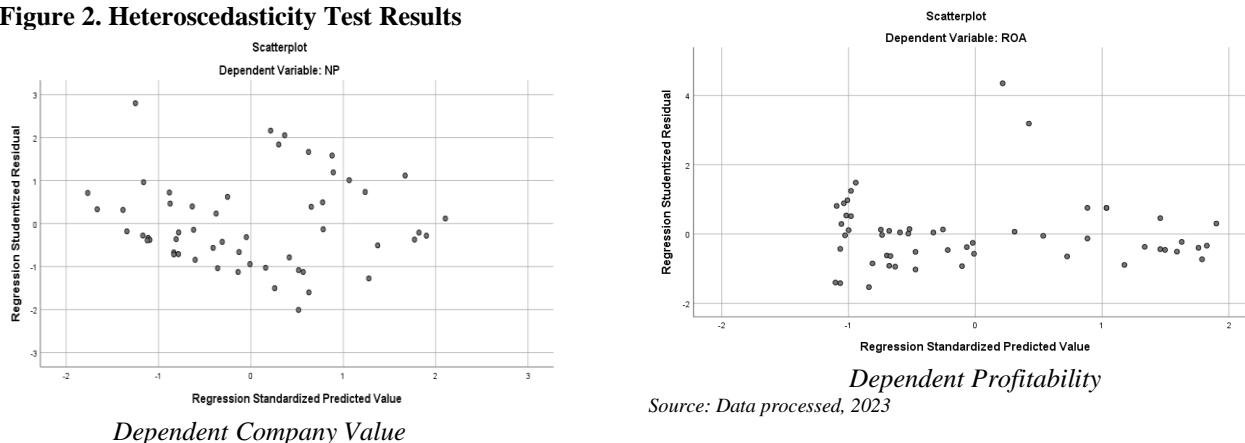
*Dependent Profitability*

*Source: Data Processed, 2023*

The tolerance value in table 5 on Firm Value such as *gender diversity* (GENDER), tenure (TENURE), age (AGE), *nationality* (NAT), educational background (EDU), and Profitability (ROA)  $\geq 0.10$  and the VIF value on *gender diversity* (GENDER), tenure (TENURE), age (AGE), *nationality* (NAT), educational background (EDU), and Profitability (ROA)  $\leq 10.00$ . This shows that this study does not have multicollinearity symptoms.

Then the tolerance value in table 5 on Profitability in the form of Gender Diversity (GENDER)  $\geq 0.10$  and the VIF value on *gender diversity* (GENDER)  $\leq 10.00$ . This shows that this study does not have multicollinearity symptoms.

**Figure 2. Heteroscedasticity Test Results**



Based on Figure 2, the scatterplot on the dependent Firm Value and Profitability shows that the points are scattered randomly and there is no tendency to plasticity.

form something specific so that there are no heteros symptoms.

**Table 6. Autocorrelation Test Results**

Model	R	R square	Adjusted R Square	St. Estimate Error	Durbin-Watson
1	,654 <sup>a</sup>	,428	,355	,85324	1.388

*Dependent Company Value*

Model	R	R square	Adjusted R Square	St. Estimate Error	Durbin-Watson
1	,289 <sup>a</sup>	,084	,066	,13498	1.195

*Dependent Profitability*

*Source: Data processed, 2023*

The value of Durbin Watson on the dependent variable Firm Value and Profitability is 1.388 and 1.195, this shows that the Durbin Watson value is

not between the value of  $d_u = 1.7684$  and less than  $2.2316 (4-d_u)$ . So it can be concluded that there are no symptoms of autocorrelation.

**Table 7. Multiple Linear Regression Analysis Results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	St. Error	Beta			Tolerance	VIF
1	(Constant)	1.776	1.093		1.625	,111		
	GENDER TYPE	-,025	,268	-,201	-1.586	,120	,756	1.323
	TENURE	1.320	,451	,373	2.928	,005	,750	1.334
	AGE	-,799	,971	-,093	-,823	,415	,950	1,053
	NAT	1,536	,548	,364	2,802	,007	,721	1,387
	EDU	-,015	,504	-,004	-,030	,976	,873	1,145
	ROA	1,718	,979	,226	2,754	,036	,735	1,361

*Dependent Company Value*



Model		Non-standardized coefficient		Standardized Coefficient	T	Sig.	Collinearity Statistics	
		B	St. Error	Beta			Tolerance	VIF
1	(Constant)	,143	,025		5.723	,000		
	GENDER TYPE	-,080	,037	-,289	-2.178	,034	1.000	1.000

*Dependent Profitability (ROA)*

Source: Data processed, 2023

Multiple linear regression tests are used as an explanation of the direction and strength of the influence of a number of independent variables on one dependent variable. The equation of this model is as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 Z_1 + e$$

$$\text{Tobin Q} = 1.776 - 0.425_1 + 1.718 + e$$

The constant value of 1.776 indicates that if *gender diversity*, tenure, age, and *nationality* are considered constant or zero, the firm value variable will increase by 1.776. The *coefficient* regression value  $X_1$ -0.425 which means that if the *gender diversity* variable decreases by 1, the firm value variable is expected to increase by 0.425. And the regression *coefficient* Z value of 1.718 means that if the *nationality variable* increases by 1 then it is

expected that the variable value can increase by 1.718.

In table 6 on the dependent Company Value, the R Square is 0.428 which indicates that 42.8% of the Tobins Q measurement of Company Value is affected by gender diversity, tenure, age, nationality, educational background, and profitability, while the rest is explained by variables outside this study. Then table 6 on the dependent profitability, the R Square value is 0.084. This means that gender diversity affects profitability with a percentage of 84%, the remaining 16% is explained by outside variables. Based on Table 6, the F significance value or *p-value* is 0.000. This value is less than the significance of 0.05, which means that the model used is feasible.

### Hypothesis Test Results

#### Test t (Partial Test)

Model	Hypothesis	t	Sig.	Result	Conclusion
(Constant)		1,625	0,111		
GENDER	Affected	-1,586	0.120	No effect	H1 Rejected
TENURE	Affected	2,928	0.005	Affected	H2 Accepted
AGE	Affected	-0,8230	0,415	No effect	H3 Rejected
NAT	Affected	2,802	0.007	Affected	H4 Accepted
EDU	Affected	-0,030	0.976	No effect	H5 Rejected
.ROA	Affected	2,7540	,036	Affected	H6 Accepted

*Dependent Company Value*

Model	Hypothesis	t	Sig.	Result	Conclusion
(Constant)		5,723	0,000		
GENDER	Affected	-2.1780	.034	Affected	H7 Accepted

*Dependent Profitability*

While the mediation results can be seen in table 7 which is obtained through the comparison between direct effects and indirect effects. The indirect effect is obtained from the multiplication of the independent variable (X) to the intervening variable (Z) with the intervening variable (Z) to the dependent variable (Y). Then it can be analyzed as follows: The direct effect given by *Gender Diversity* (X1) on Firm Value (Y) is (-0.025). While the indirect effect of *Gender Diversity* on Firm Value through Profitability is the multiplication of the beta value of Gender - ROA on ROA - NP, namely  $-0.080 \times 1.718 = -0.137$ . Based on the results of the above calculations, it is known that the value of the direct effect is smaller than the indirect effect. This shows that Profitability Mediates *Gender Diversity* on Firm Value, which indicates that H8 is accepted.

### Discussion of Research Results

#### Gender to Company Value

The results of the regression test that has been carried out are that *gender diversity* has no effect on firm value, this is because the  $t_{count} \leq t_{table}$  with a significance level of 0.025 and df 48 which is 2.011; from the results of this study  $t_{count} \leq t_{table}$  ( $-1.586 < 2.011$ ) and at a probability value of 0.120 shows that the value is greater than the predetermined significance value of 0.025. Therefore, the first hypothesis which states that *gender diversity* affects firm value in this study is rejected.

The results of this study are in line with research conducted by [3] and [23] which states that gender diversity has no effect on firm value. In the first hypothesis, gender diversity is proxied to have an influence on firm value because women are considered capable of providing attention, meticulousness as well as prudence and better performance than men [30]. However, the results of this study indicate that gender diversity has no influence on firm value. This result is different from the initial hypothesis because women tend to have dual roles, where women also divide their time for careers and households so that it can be expected to affect their performance.

#### Profitability Mediates Gender Diversity on Firm Value

Based on the results of the path analysis that has been carried out, namely Profitability Mediates Gender on Firm Value, as evidenced by the effect of Gender on Firm Value through profitability worth -0.137, which is greater than the direct effect (-0.025). The eighth hypothesis states that Profitability Mediates gender diversity on Firm Value is accepted.

The eighth hypothesis states that this happens because the presence of women on the

board is able to lead and can contribute to adding to the company's perspective in order to prevent premature decision making, which of course has a positive impact on all aspects of the company including profitability and firm value. By maximizing the company's profitability, it will also increase its Company Value [31]. The results of this study are in line with the results of research conducted by [20], [31], [32] which states that Profitability is able to mediate the existence of Gender Diversity (the presence of women on the board) on firm value. This means that the application of Gender Diversity in good Good Corporate Governance (GCG) can increase the effectiveness of managing company assets to generate higher profits, which can result in better company profitability. Profitability for companies is an important part of considering investment decisions by investors and potential investors. Therefore, profitability for a good company can increase investor confidence in the company's operating capabilities, thereby increasing the company's value as well.

### Conclusions and Suggestions

#### Conclusion

This study aims to analyze the effect of board diversity on firm value from the perspective of *corporate governance* in food and beverage industry companies listed on the Indonesia Stock Exchange for the period 2016-2021. From the results of this study and the previous discussion, the conclusions are obtained, namely:

1. *Gender diversity* has no effect on firm value
2. Profitability is able to Mediate Gender Diversity on Firm Value

#### Limitations

In conducting this research, researchers realize that there are limitations when conducting this research. The limitations obtained include the number of food and beverage industry manufacturing sector companies tested, only 11 companies, if at any time there is a reduction or addition, it will affect the research results. In addition, there are also several companies that do not display the data needed completely in this study which results in a reduced sample size.

#### Advice

This research sample uses *annual report* data for companies engaged in the food and beverage industry. Some companies did not display the information or data needed in this study so that researchers had to reduce the sample. Therefore, it is hoped that in the next study other researchers can use data from different company sectors so that the research can get better results.

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