

# ***Women on the Executive Board and Woman CEO: Indonesia's Financial Firm***

Elisa Tjondro<sup>1,\*</sup> Savira Kristiany<sup>2</sup> Christy Novelia Sanjaya<sup>3</sup>

<sup>1,2,3</sup> *Tax Accounting Department, Petra Christian University, Surabaya Indonesia*

\* *Corresponding author. Email: [elisatjondro@petra.ac.id](mailto:elisatjondro@petra.ac.id)*

## **ABSTRACT**

The goal of this research is to understand the role of women on the executive board's participation as a vital factor in a firm and the roles and struggles of women CEOs as the highest decision-maker in a firm that influence the performance of financial firms in Indonesia. In this research, the sample comprises 64 financial firms listed in Indonesia Stock Exchange (IDX) FactBook within the observation years (2015-2018). Weighted Least Square (WLS) is the statistical approach used in testing our hypotheses. Some of our research findings are: Women on the executive board's participation significantly improve the performance of financial firms or increase firm value, while the contribution of women CEOs is seen as reducing the firm value. It is hoped that the result of this research can contribute to the readers by giving a new insight about the importance of women on the executive board' participation and the role of women CEO to the firm performance or firm value, especially in financial firms in Indonesia which have very minimum participation of women on the executive board at this time.

**Keywords:** *Financial firm, Firm performance, Women on the executive board, Women CEO*

## **1. INTRODUCTION**

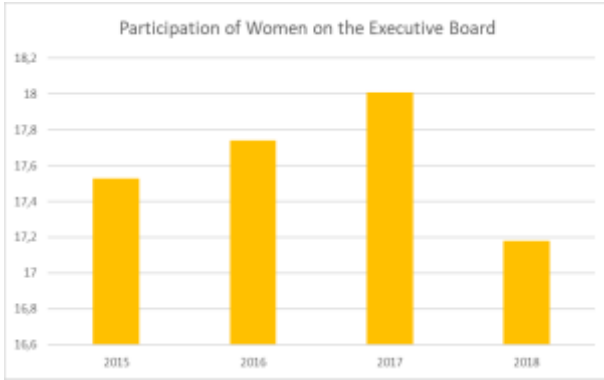
Women's participation in the field of business and economy is an interesting topic to discuss. Their existence has become an important factor in the top hierarchy of the firm. In this research, we are going to talk about the impact of women on the executive board's participation and the impact of women as leaders (Women CEO) on the performance of financial firms in Indonesia, especially from 2015 to 2018. In a firm, the 22% rate of women on the executive board' participation.

Resulted in the maximum achievement of firm performance, especially financial firms [1]. Based on the sample that we use, women's participation on the executive board in Indonesia has shown a figure of 17% in figure 1. This indicates that firms need to increase the rate of women on the executive board's participation in top management. This is in line with Resource Dependency Theory, which stated that women's participation on the executive board would create gender diversity that increases the firm performance. However, when women on the executive board are appointed to be the highest decision-maker or women CEO, it negatively impacts firm performance. Compared to male leaders, female leaders are generally believed to be slower in

making decisions [2]. This is in line with the glass ceiling theory, which explains that there are invisible barriers that hinder women from advancing in their careers [3]. This obstacle is the indirect reason why the participation of women leaders, especially the CEO, is considerably low.

Generally, gender diversity's impact on firm performance is still ambiguous in result [4] [5]. On the one hand, some studies stated that gender diversity has a positive impact on firm performance, such as [6] [7] [8]. But on the other hand, some studies stated that gender diversity could also cause disadvantages, such as [4] and [9]. Because of the ambiguity, we only summarized the significant impacts on firm performance as seen in table 1.

The contribution of this research is to give new insight, because the importance of women CEO and women on the executive board's participation in the firm performance or firm value, especially in financial firms, is rarely being talked about in Indonesia.



**Figure 1.** Participation of Women on the Executive Board

Currently, women's participation in the top management of financial firms is considerably low even though working in financial firms requires a high level of

**Table 1.** A summary of the significant impact on company performance

Country	Author (year)	Model and Analysis tool used	Significant relationships
<b>Developing Country</b>			
Malaysia	Ribed Vianneca W. Jubilee, Roy W.L. Khong and Woan Ting Hung (2018)	Pooled OLS Model (Fixed Effect)	More women's participation on the executive board resulted in an increase in firm value.
Ghana	David Adeabah, Agyapomaa Gyeke-Dako and Charles Andoh (2019)	Pooled OLS Model	Gender diversity maximizes banking efficiency because there are two women out of 9 on the executive board.
Costa Rica	Esteban Lafuente and Yancy Vaillant (2019)	Pooled OLS Model (Fixed Effect)	Equality between men and women has a significant positive impacts on economic performance (ROA and NIM) of financial firms in Costa Rica.
<b>Developed Country</b>			
United States	Andrey Zagorchev Lei Gao (2015)	OLS Model	The proofs show that financial firms with better management have higher Tobin's Q value.
Spain	Óscar Rodríguez-Ruiz Antonio Rodríguez-Duarte Luis Gómez-Martínez (2016)	OLS Model	Women's proportion has a significant impact on the performance of the firm.
United Kingdom	Peter Agyemang - Mintah and Hannu Schadowitz (2017)	PLS Model	There are significant and positive impacts on the firm value before the economic crisis (from 2000 to 2006). It means that women contributed significantly to the firm value.
<b>Cross-Country Research</b>			
European Banks	Giovanni Cardillo, Enrico Onali, Giuseppe Torluccio (2020)	PLS Model	Diverse gender has a positive impact on the performance of banks.

precision and a skill to averse risks, which are commonly associated with women. This could be because of the patriarchal culture that is still prominent in developing countries or moslem-majority countries [10] [11] [12].

More realistically, this research discusses the impact of women's participation on the executive board and the gender diversity that hampers the firm from performing in the maximum capacity. The empirical result can be found in Chapter 4, while Chapter 5 provides the discussion and conclusion. The method that we use is regression analysis because it is more accurate, and it can eliminate any bias and inconsistency. The result is more generalized because this study covers small scale financial firms, and the data is within the time range of four years.

## 2. LITERATURE REVIEW

### 2.1 Resource Dependency Theory

Resource dependency theory acknowledges the need for women participation in the firm's top management board as a vital and reliable human resource because it can increase firm performance or firm value [1]. In line with [13], women's participation in the board is beneficial for the firm in improving performance and the shareholders' welfare. References [11] added that women's participation equips the firm with new skills and qualifications that give a better understanding of the capital market and improve the firm's image, especially in the eyes of potential and current stakeholders and shareholders. His research explained that the market liquidity shows that gender diversity on the executive board creates significant improvement in Average Daily Trading [11].

This theory also states that gender diversity on the executive board is beneficial to the firm, especially in this twenty-first century. It helps maintain a relationship with the external environment in getting external financing resources for firms that do not have access to the capital market [14] [15]. In resource dependency theory, a firm is an open system that depends on the external environment [16], including gender diversity on the executive board that can contribute by improving the firm performance, affecting decision making, helping the firm to reduce risks, and protecting the firm from possible financial difficulties [1] [17] [18]. References [1] explicitly explained that gender diversity is the right way to improve firm performance, especially bank efficiency. Generally, women are seen as risk-averse, and men are seen as risk-takers. This combination is very important because it fosters a safe investment climate from the perspective of women executive board, and risky investment from the perspective of the male executive board, which would give maximum return value for the shareholders.

### 2.2 Glass Ceiling Theory

The initiative to create gender diversity in leadership indicates that women are given equal opportunity in middle and senior management [19]. Currently, women's participation in leadership positions is considerably low. Glass ceiling theory is popularly used to explain the phenomenon of the lack of women's participation in leadership [20]. This theory illustrates the obstacles that prevent women from reaching the top of the corporate hierarchy [16]. Discussions about glass ceiling theory are usually started with signs such as some women have been discriminated against in her pursuit of higher position, surveys for women who reported discrimination related to their promotions, and the existence of a wage gap between men and women [21].

The fundamental thing in achieving and maintaining a leadership position can be motivated by "leading" and "power" [22]. But one of the reasons why women in some cultures seem less motivated to take leadership positions, or in other words, not pursuing leadership positions [23], is because of cultural factors. Women are prohibited from pursuing their careers in some cultures [24]. Indonesian culture has a lot of similarities with Malaysia, which is also a developing country. Women leaders in big firms are still very few in numbers because the religion of the Indonesian majority is Islam (87,2%). Because of this religious factor, it appears that religion is the perpetrator of the glass ceiling effect. Glass ceiling itself has a negative connotations and has a negative impacts on a woman's career [25]. Another thing that can hamper a woman's career is the attitude of the woman itself.

The research of [16] explains that in India, which is also a developing country, there is a key factor that hampers the advancement of women's careers to the top management. This research also uses the glass ceiling theory, which explains that when a woman is married, she will focus on her domestic life because a woman leader would lose time to take care of her household. When a woman has the role of a leader, she will face choices, and she would have to make a decision quickly. Sadly, as already explained by [2], women are considered to be slow in making decisions, which can reduce the firm's performance and efficiency, unlike men who are considered to be quick and systematic decision-makers.

### 2.3 Hypothesis Development

It is important for firms to have women in the structure of the executive board because gender diversity is often associated with the improvement of firm performance. Various theories also support the idea that women's participation on the executive board has economic benefits for the firm. One example is the Resource Dependency Theory. References [1] explained that women's participation in the highest hierarchy of firm management is an important and reliable resource because it can increase a firm's performance or firm value. Therefore, firms need to increase the participation of women on the executive board because it has positive impacts on the performance and efficiency of the firm.

Women's participation on the executive board, especially in financial firms in developing countries, can give a different perspective on many things [26] and influence the decision making because women tend to avoid risks [1]. This is affirmed by a lot of proofs from previous researches, which explained that women on the executive board tend to have higher academic level, are better in monitoring, and better in reducing excessive risk taking, that would, in turn, reduces the possibilities of financial problems for the firm [4]. It can be concluded that women participation has positive effects on firm performance, so the first hypothesis is:

H<sub>1</sub>: *Women on the Executive Board* have a positive impact on firm performance.

In discussing women as leaders, a stereotype that women are synonymous with domestic responsibilities still exists, creating obstacles for women in pursuing their careers [27] [16]. The assumption that women are not capable in the leadership field causes women to see themselves as having less potential in leading [28]. For example, in the decision-making process, women are considered to be slow in making decisions [2]. In Indonesia itself, the concept of patriarchal culture is still prominent, and it indirectly influences the participation of working women, especially in firms' top management positions.

Patriarchy is about male leadership, male domination, and male power [27] This concept of patriarchy creates 'Power Distance and Masculinity' that views women's position as less [29] Researches have proven that patriarchal culture is often prominent in developing countries and countries with Islamic context, which is the key obstacle for women's advancement and development [10] [30] [31].

Based on this condition, it is hard for women to achieve high positions in the firm because of the obstacles that hamper their career progress, which is in line with Glass Ceiling Theory [20] [16]. Supported by the research of [22], which shows that when women become leaders, they are assumed as not suitable, unable to handle pressure, and not professional, this makes women unable to get leadership positions compared to their male colleagues, even though women also have good leadership skills. Women are still assumed as less competent than men [32]. These assumptions can lessen women's confidence and can reduce firm performance or firm value.

References [32] explained that a good leader is a visionary leader who is long-term oriented. This kind of leader makes sure that other people know the direction in which the firm would communicate it in an inspiring way. References [2] has shown that one of the ways men think is being vision-oriented or long-term oriented. Thus, women need to prove that they are also visionary by showing leadership skills that men also show to get validation that women leaders are as competent as men. However, irrespective of the obstacles and stereotypes that exist, women are indeed not actively seeking leadership positions [23]. It can be concluded that women leadership has a negative impact to the firm performance, so the hypothesis is:

H<sub>2</sub>: *Women CEOs* have a negative impact on firm performance

### 3. METHOD

#### 3.1 Sample Selection

The sample data consists of financial firms listed on the Indonesia Stock Exchange (IDX) in 2015-2018. There are a total of 81 firms whose names are taken from IDX FactBook 2019. They are divided into 45 banks (code 81), 16 financial institutions (code 82), 5 security firms (code 83), and 15 insurance firms (code 84). The data is taken from Bloomberg database and annual report, because we can get the board characteristic variable, such as the number of people in the executive board. We can also get information about women's existence in the executive board, independent external auditors, and duality. After sorting, we found that the balance panel is 256 out of 324 annual reports. The data observation came from the annual reports of banks, financial institutions, security firms, and insurance firms in the last four years (2015-2018). We decided on 2015-2018 as the time frame because of the national inflation and worldwide economic decline in 2014.

#### 3.2 Measurement Instrument

In doing the measurement, the more reliable method is to use panel data, which would be used to test the effect of gender diversity on firm value along with control variables. To show gender diversity, the available data would be tested using multiple regressions with this model:

$$\begin{aligned} \text{Tobin's } Q_{it} = & \beta_0 + \beta_1 \text{PWomenExecutiveBoard}_{it-1} \\ & + \beta_2 \text{Women CEO}_{it-1} \\ & + \beta_3 \text{Controls}_{it-1} \\ & + \beta_4 \text{Time}_t + \eta_i + \varepsilon_{it} \end{aligned} \quad (1)$$

In the equation above,  $\beta$  is the parameter that estimates the independent variable, and  $\eta$  is the time-invariant business-specific effect that controls unobserved heterogeneity. Financial firms (i) do not correlate with the parameter estimation, and  $\varepsilon$ , in general, in the form of error that happens at a certain time (t). In "PWomenExecutiveBoard" and "Women CEO" variables, both variables are measured using a dummy variable. Control variables consist of big four and duality, which are also measured by using a dummy variable. The "time" variable refers to the set of time.

#### 3.3. Variable Definition

##### 3.3.1 Dependent Variable

*Firm value.* Our research uses Tobin's Q to assess financial firms' work, which is defined as the ratio from the market value of equity plus book value of debt to the total asset. The market value of equity is obtained from

market capitalization, which is the calculation of stock prices on December 31 (closing rate) times the number of outstanding stocks, while book value of debt is the total liabilities. The formula used is the total current asset in the observation year.

The choice to use Tobin's Q is motivated by the facts in previous empirical studies about researches on gender diversity that used Tobin's Q as the parameter to measure financial firms' performances [7] [26] [33]. According to [12], using Tobin's Q to measure a firm's performance is more reliable than using accounting value.

### 3.3.2 Independent Variable

*PWomen Executive Board* is the amount of women participation on the executive board. This is measured by comparing the number of women on the executive board to the executive board's total number.

*Women CEO* is the contribution of a woman as the CEO that is measured by using a dummy variable, which is one if a woman is a CEO and 0 if a man is the CEO.

### 3.3.3 Control Variable

Adhering to previous researches, we also calculate control variables that can affect firm value. Control variables can highly influence the targeted result when the relation between the dependent variable and the independent variable is tested. Control variables that might be able to affect *firm value* are:

*Big four.* The big four accounting firms consist of PricewaterhouseCoopers, Deloitte and Touche, Ernst and Young, and KPMG. Some of the Indonesian Public Accounting Firms that are affiliated with these big four accounting firms are Public Accounting Firms Tanudiredja, Wibisana, Rintis, and Partner (affiliated with PricewaterhouseCoopers), Public Accounting Firms Osman Bing Satrio and Partner (affiliated with Deloitte and Touche), Public Accounting Firms Purwantono, Sungkoro and Surja (affiliated with Ernst dan Young Global Limited), and Public Accounting Firms Siddharta Widjaja & Partner (affiliated with KPMG International). Big 4 controls 90% of auditing business regarding the cost, clients' incomes, and total assets [34]. The big four variables are measured using dummy variables that would show result = "1" if the firm is audited by big four, and result = "0" otherwise.

*Duality.* Firms whose shares are listed in more than one country (usually known as a duality) have the possibility of having a better management structure

because they have to align with the rules of the foreign exchange market [35] [36]. Firms with good management structures have bigger growth potential because they can access external capital [37]. Duality variable would be measured using a dummy variable, which would show result = "1" if the shares are listed in more than one country, and result = "0" if otherwise.

## 4. RESULT AND DISCUSSION

### 4.1 Firm Profile

The first step done in the research is selecting samples. We took 64 firms as the sample. The sample selection process is done by choosing firms listed on the Indonesia Stock Exchange and that have complete data in 2015-2018. The decrease in the final amount of samples is because some firms just did the listing of shares during the observation year, the vacancy of President Commissioner or CEO position, sharia-based firms, and firms that did delisting of their shares in Indonesia Stock Exchange.

### 4.2 Panel Data Regression

Determining the estimation model is the most important thing in assessing panel data. After designing the pooled model or Ordinary Least Square (OLS), the chosen model is Weighted Least Square (WLS).

The result of Breusch – Pagan test defined our best research model (between pooled and fixed). Hausman test verified whether or not the Fixed Effect Model (FEM) or Random Effect Model (REM) is suitable. The complete results can be seen in Table V and VI.

Some tests are usually used in a research: normality test and classical assumption test. A normality test does not need to be done in this research because our study uses panel data (because we use a lot of data). Thus, we only use the classical assumption test for the regression model. The classical assumption test comprises heteroscedasticity test and a multicollinearity test. Heteroscedasticity is a circumstance in which the variability of the random disturbance is different across elements of the vector [38]. Heteroscedasticity indicates a problem, such as errors, in research. Thus, there needs to be a test to check the variability, is the variable equal across the range of values of a second variable that predicts it. When the test resulted in  $P \leq 5\%$ , it implies that the model has heteroscedasticity. If heteroscedasticity happens, the pooled WLS which can resolve the heteroscedasticity would be corrected.

**Table 2.** Sample selection process

No.	Notes	Number of observed firms
1	Financial firms (banking, financial institution, finance, investment, and insurance) that are listed in Indonesia Stock Exchange (IDX) consecutively from 2015 to 2018 (January 1, 2015 – December 1, 2018)	81
2	Firms that just did the listing of shares during the observation year	(10)
3	Existing vacancy of President Commissioner or CEO position	(3)
4	Sharia-based firms	(2)
5	Firms that did delisting of their shares in Indonesia Stock Exchange	(2)
	Number of observed firms	64

**Table 3.** Descriptive statistic

Variable	Mean	Median	Min	Max	Standard Deviation
PWomenExecutiveBoard	0.176	0.143	0	0,75	0.195
WomanCEO	0.011	0	0	1	0.308
BigFour	0.571	1	0	1	0.496
DUALITY	0.020	0	0	1	0.139
TOBINSQ	1.438	1.019	1.019	1.913	0.209

\*Notes: PWomenExecutiveBoard is the amount of women participation on the executive board. This is measured by comparing the number of women on the executive board to the total number of people on the executive board. WomanCEO, dummy variable, one if a woman is a CEO, 0 if a man is a CEO; BigFour, one if audited by Big 4, 0 if not; DUALITY, one if the firm shares are listed in more than one country, 0 if not.  
\*\*\*significant at 1 percent level, \*\*significant at 5 percent level, \*significant at 10 percent level

**Table 4.** Result of pooled least square model

	Pooled OLS			Collinearity (VIF > 10.0)
	Coefficient	t-ratio	Tobin's Q (p-value)	
const	1.52452	7.365	<0.0001 ***	
PWomenExecutiveBoard	376208	5.541	<0.0001 ***	1.170
WomanCEO	-0.964793	-2.316	0.0214 **	1.107
BigFour	-1.08462	-4.271	<0.0001 ***	1.057
DUALITY	-1.23452	-1.355	0.1765	1.075
Adjusted R2			0.145790	
p-value			9.32e-09	
Heteroscedasticities			0	

The result in our research uses a fixed model. When the result shows a fixed model, a heteroscedasticity test needs to be done. When heteroscedasticity test is done, it is found that this research has heteroscedasticity problem. A good regression model is regression that does not have heteroscedasticity. If the result of the test shows p-value > 0.05, H0 is accepted. But if the result of the test shows p-value < 0.05, then H0 is rejected. To fix the problem of heteroscedasticity, the Fixed Effect Model (FEM) should be replaced with the Weighted Least Square (WLS) model. Thus, the best choice of model is Weighted Least Square (WLS). The completed result can be seen in table VII.

#### 4.3 Hypothesis and research results

Each hypothesis that has been formulated would be discussed deeper in this part. The hypotheses would be discussed in order, from H1 and H2.

H1 states that *Women on the Executive Board* have a positive impact on firm performance. As shown in table VI, there is a significant positive impact on the firm performance amounting to 0,63%, showing that women participation on the executive board improves firm performance (Tobin's Q). In line with [6] and [18], women participation on the executive board adds plus points to the firm and shows positive relation with firm value, like reducing volatility and firm risks [13] This is supported by [4], whose research showed that the participation of 2 women out of 9 on the executive board in the firm shows a good indicator which positively impacts firm performance, especially financial firms. This empirical result supports our hypothesis (H1), which states that women participation on the executive board has a positive impact on firm performance because women have capacity to make decisions [4] [39].

**Table 5.** Summary of panel effects

Dependent Variables	Tobin's Q
Fixed Effect estimator	1.15895e-029
Result	Fixed
Random effect estimator	
Breusch-pagan test statistic	5.37284e-035
Result	Random
Hausman test statistic	0,162151
Result	Fixed

**Table 6.** The result of random and fixed regression model

	Random effect			Fixed Effect		
	Coefficient	z	Tobin's Q (p-value)	Coefficient	t-ratio	Tobin's Q (p-value)
const	1.59014	4.836	<0.0001***	0.136423	2.633	0.0092 ***
PWomenExecutive Board	2.18211	2.508	0.0121 **	0.464258	0.3820	0.7029
WomanCEO	-0.622480	-1.334	0.1821	-0.067791	-0.1152	0.9084
BigFour	-0.807472	-2.110	0.0349 **	0.011556	0.01461	0.9884
DUALITY	-0.566938	-0.5322	0.5946	0.088629	-0.06601	0.9474
Adjusted R <sup>2</sup>	<b>0.296412</b>			<b>5.96e-35</b>		
p-value	<b>0.156208</b>			<b>0.296412</b>		

**Table 7.** The final regression models of gender and firm value weighted least square (wls)

	Coefficient	Std. Error	t-ratio	p-value
const	1.21503	0.0237746	51.11	<0.0001 ***
PWomenExecutiveBoard	0.634415	0.150782	4.207	<0.0001 ***
WomanCEO	-0,313816	0,0469182	-6,689	<0,0001 ***
BigFour	-0,271155	0,0343860	-7,886	<0,0001 ***
DUALITY	-0,308090	0,102743	-2,999	0,0030 **

Related to H2, like what is shown in table VI, when women become leaders or CEO, the firm performance becomes reduced because it has a significant negative impact on the number of 0,31%. In table II (Statistic descriptive), it is also shown that the average of women on the executive board is still very few. Based on our observed data, out of 17,6% women on the executive board, only 0,1% became women CEO. Generally, women leadership, especially Women CEO, have positive and negative impact on the firm performance or firm value. Our research is the opposite of the research of [40] that shows positive impact from women participation on the executive board on the performance that is moderated by strategic business orientation and organizational culture. Aside from that, [41] also stated that when women become leaders, the employees in their firm would be closely bonded because women leaders can strengthen the relationship between employees. This indicates that a positive impact would happen when women become leaders. Our result is in line with the research of [42]. References [2] and [32] said that men are more aggressive and trustworthy because they are visionary, and they think about the long-term future. Other than that, the result of research in a financial firm

in Costa Rica shows that the board of directors or management teams that are led by women CEOs have a low rate of credit realization ratio, which shows that women as leaders can reduce firm performance [43].

Control variables that we have are BIG4 and Duality. The result influences firm performance (Tobin's Q). It is assessed to be significant statistically with the firm value, but it has a negative impact on firms that have BIG4 or Duality variable.

## 5. CONCLUSION

We analyzed why women leaders are more important in the financial sector compared to others. The answer is because, in the financial sector, the problems are usually complex and need a very high precision level. Seeing that women have a bigger capacity to adapt and accommodate problems and people in a better way [22] shows that women are more suitable to be in the financial sector compared to other sectors. This is in line with the research done by [26] that concluded that women on the executive board in the financial sector could provide different perspectives in a lot of things and help reduce biased

information in developing firm and problem-solving strategies.

The result of our research shows that women on the executive board's participation can increase firm value since financial firms have a lot of complex problems, so women's participation can help problem-solving. This is also supported by [16] who stated that women can help making the condition in firm to be more conducive, creating possibility for results or being supportive. Consistent with the research of [13] which found that women participation on the executive board adds plus point to the firm and increases firm value, like reducing volatility and firm risks.

The lack of women participation in top leadership and management positions happens in almost all organizations globally, and appears to be a global phenomenon [2]. The low level of women participation as leaders is caused by the existing narrative that women leaders are emotional, sentimental, impulsive, and irrational in behaving and in decision making [22]. This argument affirms our research because when women are leaders (Women CEO), there are negative impacts on the firm performance.

It is important for a firm to have women participation on the executive board. Women participation amounting to 22% would give maximum impact for the firm performance, especially in financial firms. Thus, the average of women on the executive board' participation in Indonesian financial firms need to be increased because it currently only amounts to around 17% only. Women participation on the executive board is very important, because like what Resource Dependency Theory explained, it can increase firm value. However, if women participation is too high, or it reaches 40:60 or 50:50 ratios, it would have negative impact, because too many women can trigger excessive monitoring and increase the possibility of conflicts between the directors. Continuing with the topic of leadership, if women become leaders (CEO), especially in Indonesia, it would cause negative impacts because women in Indonesia are seen as less capable in leading a registered public firm. In line with glass ceiling theory, these obstacles exist and hamper women's career progression.

There are two limitations in this research. We do not include sharia-based firms in our sample, because sharia-based firms have different management systems compared to non-sharia firms. Suggestion that is given after analyzing our research result is that financial firms need to consider the importance of gender diversity on the executive board, because women on the executive board' participation can bring new ideas and different perspectives in the board of directors which can increase firm value and firm efficiency. Other than that, the higher the diversity in the board, the more likely it is to have conflicts among the people on the board.

## REFERENCES

- [1] D. Adeabah, A. Gyeke-dako, and C. Andoh, "Board gender diversity, corporate governance and bank efficiency in Ghana: a two stage data envelope analysis (DEA) approach," *J. Bus. Soc.*, vol. 19, no. 2, pp. 299–320, 2019.
- [2] B. Alimo-Metcalfe, "An investigation of female and male constructs of leadership and empowerment," *Gend. Manag.*, vol. 25, no. 8, pp. 640–648, 2010.
- [3] Ó. Rodríguez-Ruiz, A. R. Duarte, and L. Gómez-Martínez, "Does a balanced gender ratio improve performance? The case of Spanish banks (1999-2010)," *Pers. Rev.*, vol. 45, no. 1, pp. 103–120, 2016.
- [4] R. e B. Adams and D. Ferreira, "Women in the boardroom and their impact on governance and performance," *J. financ. econ.*, vol. 94, no. 2, pp. 291–309, 2009.
- [5] M. Ali, Y. L. Ng, and C. Kulik, "Board age and gender diversity: A test of competing linear and curvilinear predictions," *J. Bus. Ethics*, vol. 125, no. 3, pp. 497–512, 2014.
- [6] P. Agyemang-Mintah and H. J. Schadewitz, "Gender diversity and firm value: evidence from UK financial institutions," *Int. J. Account. Inf. Manag.*, vol. 26, no. 1, 2018.
- [7] G. Cardillo, E. Onali, and G. Torluccio, "Does gender diversity on banks' boards matter? Evidence from public bailouts," *J. Corp. Financ.*, 2020.
- [8] J. Pfeffer and G. R. Salancik, "The external control of organizations: A resource dependence perspective," *University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship*, 1978. [Online]. Available: <https://ssrn.com/abstract=1496213>.
- [9] S. Darmadi, "Do women in top management affect firm performance? Evidence from Indonesia," *Corp. Gov. Int. J. Bus. Soc.*, vol. 13, no. 3, 2010.
- [10] J. M. Abalkhail, "Women and leadership: Challenges and opportunities in Saudi higher education," *Career Dev. Int.*, vol. 22, no. 2, 2017.
- [11] N. Loukil, O. Yousfi, and R. Yerbanga, "Does gender diversity on boards influence stock market liquidity? Empirical evidence from the French market," *Corp. Gov. Int. J. Bus. Soc.*, 2019.
- [12] S. S. Siddiqui, "The association between corporate governance and firm performance—a meta-analysis," *Int. J. Account. Inf. Manag.*, vol. 23, no. 3, pp. 218–237, 2015.



- [13] M. Arayssi, M. Dah, and M. Jizi, "Women on boards, sustainability reporting and firm performance," *Sustain. Accounting, Manag. Policy J.*, vol. 7, no. 3, pp. 376–401, 2016.
- [14] Q. U. Ain, X. Yuan, H. M. Javaid, and M. Usman, "Female directors and agency costs: evidence from Chinese listed firms," *Int. J. Emerg. Mark.*, 2020.
- [15] W. Voordeckers, A. van Gils, and J. van den Heuvel, "Board composition in small and medium-sized family firms," *J. Small Bus. Manag.*, vol. 45, no. 1, 2007.
- [16] T. S. Rath, M. Mohanty, and B. B. Pradhan, "An alternative career progression model for Indian women bank managers: A labyrinth approach," *Womens. Stud. Int. Forum*, vol. 73, pp. 24–34, 2019.
- [17] J. Jia, "Does risk management committee gender diversity matter? A financial distress perspective," *Manag. Audit. J.*, vol. 34, no. 8, pp. 1050–1072, 2019.
- [18] C. G. Ntim, "Board diversity and organizational valuation: Unravelling the effects of ethnicity and gender," *J. Manag. Gov.*, vol. 19, no. 1, pp. 167–195, 2015.
- [19] D. K. Sahoo and U. Lenka, "Breaking the glass ceiling: Opportunity for the organization," *Ind. Commer. Train.*, vol. 48, no. 6, pp. 311–319, 2016.
- [20] L. Carli and A. H. Eagly, "Women face a labyrinth: An examination of metaphors for women leaders," *Gend. Manag.*, vol. 31, no. 8, pp. 514–527, 2016.
- [21] D. Bradshaw, "Can business schools propel women into the C-Suite.," *Financial Times*, 2016. [Online]. Available: <https://www.ft.com/content/41a5a408-a4d5-11e6-8898-79a99e2a4de6>.
- [22] A. H. Samo, S. W. Qazi, and W. M. Buriro, "Labelling them is negating them: A phenomenological study of stereotypes and followers' experiences about women leadership in Pakistan," *Manag. Res. Rev.*, vol. 42, no. 3, pp. 391–411, 2019.
- [23] A. R. Sorkin, "Women in a man's world," *The New York Times*, 2013. [Online]. Available: <http://dealbook.nytimes.com/2013/04/02/women-in-a-mans-world/?module=Search&mabReward=relbias%3A%2C%7B%221%22%3A%22RI%3A11%22%7D>. [Accessed: 02-Apr-2013].
- [24] S. Cheryan, A. Master, and A. N. Meltzoff, "Cultural stereotypes as gatekeepers: Increasing girls' interest in computer science and engineering by diversifying stereotypes," *Front. Psychol.*, vol. 6, no. 49, 2015.
- [25] S. Saleem, A. Rafiq, and S. Yusaf, "Investigating the glass ceiling phenomenon: An empirical study of glass ceiling's effects on selection-promotion and female effectiveness," *South Asian J. Bus. Stud.*, vol. 6, no. 1, 2017.
- [26] R. V. W. Jubilee, R. W. L. Khong, and W. T. Hung, "Would diversified corporate boards add value? The case of banking institutions in Malaysia," *Asia-Pacific J. Bus. Adm.*, vol. 10, no. 1, 2018.
- [27] T. A. Adisa, I. Abdulraheem, and S. B. Isiaka, "Patriarchal hegemony: Investigating the impact of patriarchy on women's work-life balance," *Gend. Manag.*, vol. 34, no. 1, pp. 19–33, 2019.
- [28] S. Appelbaum and B. Shapiro, "Upward mobility for women managers: Styles and perceptions: Part two," *Ind. Commer. Train.*, vol. 45, no. 2, 2013.
- [29] G. Hofstede, *Culture's consequences: Comparing values, behaviors, institutions and organizations across nations*. Saga Publication, 2001.
- [30] S. Lekchiri, C. Crowder, A. Schnerre, and B. A. W. Eversole, "Perceived workplace gender-bias and psychological impact," *Eur. J. Train. Dev.*, vol. 43, no. 3, pp. 339–353, 2019.
- [31] Y. Sidani, A. M. Konrad, and C. M. Karam, "From female leadership advantage to female leadership deficit: A developing country perspective," *Career Dev. Int.*, vol. 20, no. 3, 2015.
- [32] C. Baker, "Stereotyping and women's roles in leadership positions. Industrial and Commercial Training, 46(6), 332-337," *Ind. Commer. Train.*, vol. 46, no. 6, pp. 332–337, 2014.
- [33] A. Zagorchev and L. Gao, "Corporate governance and performance of financial institutions," *J. Econ. Bus.*, vol. 82, no. C, pp. 17–41, 2015.
- [34] P. Agyemang-Mintah and H. J. Schadewitz, "Audit committee adoption and firm value: evidence from UK financial institutions," *Int. J. Account. Inf. Manag.*, vol. 26, no. 1, pp. 205–226, 2018.
- [35] B. S. Black, H. Jang, and W. Kim, "Does corporate governance predict firms' market values? Evidence from Korea," *J. Law, Econ. Organ.*, vol. 22, no. 2, pp. 366–413, 2006.
- [36] R. Haniffa and T. E. Cooke, "Culture, corporate governance and disclosure in Malaysian corporations," *Abacus*, vol. 38, no. 3, pp. 317–349, 2002.
- [37] L. F. Klapper and I. Love, "Corporate governance, investor protection, and performance in emerging markets," *J. Corp. Financ.*, vol. 10, no. 5, pp. 703–728, 2004.

- [38] J. M. Wooldridge, *Introductory Econometrics: A Modern Approach*, 5th ed. Boston: Cengage Learning, 2012.
- [39] M. Huse, S. T. Nielsen, and I. M. Hagen, “Women and employee-elected board members, and their contributions to board control tasks,” *J. Bus. Ethics*, vol. 89, pp. 581–597, 2009.
- [40] S. Dwyer, O. C. Richard, and K. Chadwick, “Gender diversity in management and firm performance: The influence of growth orientation and organizational culture,” *J. Bus. Res.*, vol. 56, no. 12, pp. 1009–1019, 2003.
- [41] S. Kar, “Securitizing women: gender, precaution, and risk in Indian finance,” *Signs J. Women Cult. Soc.*, vol. 43, no. 2, pp. 301–325, 2018.
- [42] H. S. R. Sawitri, W. Untoro, and I. Trinugroho, “Women in top management and bank performance: evidence from Indonesia,” *Indones. Cap. Mark. Revue*, vol. 8, pp. 23–31, 2016.
- [43] E. Lafuente and Y. Vaillant, “Balance rather than critical mass or tokenism: gender diversity, leadership and performance in financial firms,” *Int. J. Manpow.*, vol. 40, no. 5, pp. 894–916, 2019.