ANALYSIS EFFECT OF ACCRUAL QUALITY, GROWTH OPPORTUNITY AND GENDER DIVERSITY ON PERFORMANCE (EMPIRICAL EVIDENCE FROM LISTED COMPANY IN INDONESIA STOCK EXCHANGE)

Imam N. Fambudi*
Faculty of Economic and Business, Universitas Trilogi
fambudi@trilogi.ac.id

Dara Fitriani
Faculty of Economic and business, Universitas Trilogi

ABSTRACT
The work aims to examine the relationship between accrual quality, growth opportunity, and gender diversity to firm results, which is divided into two-equation models namely Tobin’s Q and ROA with firm size, firm age, and leverage control variables using multiple regression analysis methods. The samples in this analysis are companies listed on the Indonesia Stock Exchange with the classification of manufacturing companies for the period 2015 to 2017 with a total sample of 39 companies and obtained as observation item 117 companies. The result showed that the potential for accrual efficiency and development had a significant positive impact on the ROA model. This study also looks at the relationship between gender diversity and firm performance in Indonesia, which is very rare. The result was that gender diversity in Indonesia had a considerable negative impact on Tobin's Q model.

Keywords: Accrual Quality, Growth Opportunity, Gender Diversity, Firm Performance
JEL: G14, J16, L25

*Correspondence Author

Received : 13/12/2019
Revised : 27/12/2019
Accepted : 02/02/2020
INTRODUCTION

Performance plays an important role in achieving the company's goals through the vision and mission set by the management. Also, firm performance is an indicator in knowing whether a company has been running effectively and efficiently. Almajali et al., (2012) notes that firm output is an indicator of a company's achievement of a certain duration that shows good conditions over a certain period.

One of the tools used to assess firm performance is financial statements containing financial information and management responsibilities towards the company. Calculating financial ratios such as Return on Assets, Return on Equity, and other financial ratios can be used to know firm performance measured using financial statements. The results would show a good financial ratio.

As one of the tools in conveying company information, financial statements are inseparable from the preparation process. In the sense of preparing financial statements, some different policies and actions will impact firm results, such as the method of reporting the financial statements to be used. There are two methods in recording financial statements, the first is the accrual basis and the second is the cash basis. Accruals provide firm performance Short-term more closely and reflect cash flow they expected compared with cash flow the realized (Dechow, 1994) In the method accrual, company management can still determine estimates, assumptions, and alternative accounting policy choices that will be used, so that manipulation is needed so that we need tools to measure earnings, one of which is accrual quality.

Accrual quality presents information that is representative and relevant for decision-makers because accrual quality measures the level of error (error) in the use of accruals to corporate profits (Richardson, Sloan, Soliman, and Tuna, 2005) Francis et al (2005) distinguish accrual quality into two factors, the first is innate accrual quality and the second is discretionary accrual quality.

The firm output is also measured by firm size in addition to being affected by accrual efficiency in calculating the value of a company's earnings. Firm size describes how firm performance works. Total assets, sales, and market capitalization can be used in determining company size according to Sudarmadj and Sularto (2007). Lin (2006) and Wright et al., (2009) found that firm size had a significant positive impact on the performance of companies. Investors will trust the company with size a large because it is considered to have good firm performance and be able to obtain maximum profits.

In improving firm performance, growth opportunities future becomes a good prospect in bringing profit to the company. Collins and Kothari (1989) stated that companies that have high growth opportunities will produce high ERC. A high ERC will result in high-quality reporting of company earnings information which will reflect a good quality of firm performance.

To increase earnings as an indicator of valuation of firm performance, the company uses one method, namely leverage. Fachrudin (2011) revealed that leverage financial be an alternative in increasing profits. Debt used in investments to add to the company's assets is expected to increase company profits.

One other factor that determines to decrease or increasing firm performance is firm age. Loderer and Waelchili (2011) reveal the reasons that cause a firm age to rise, first the firm to rise reflects the rigidity of the company over time, consistent cost increases, slow growth, obsolete assets, and decline in investment and R&D activities. Second, rising firm age will spread rent-seeking behavior. Pellegrino (2018) found that a newly established company would
influence the lack of internal and external financial resources.

The board of commissars and the board of directors are arranged in a company based on a certain composition, both men and women. In the theory of corporate governance, Ramadhani and Adhariani (2014) state that the board structure of commissars and directors has a strong influence on the actions to be taken by the board and top management that will ultimately affect firm performance. Carter et al., (2011) states that gender diversity has a significant effect on firm performance, but it is found that gender diversity does not significantly influence firm performance after conducting research.

LITERATURE REVIEW

Kieso and Weygandt (2011: 97) state that on accrual basis, transaction yang recorded by company is the transaction which changes company financial statement in the period when the transaction occurs, such using accrual basis in calculating net income where the company recognizes revenue when revenue is received (compared to when the cash is received). The costs are also recognized by the company when the transaction occurs. Accrual quality is one method of valuing corporate profits. According to Triningtyas and Siregar (2015) accrual quality is a measurement to find out whether the presentation of earnings in the financial statements already reflects real firm performance. Companies with good earnings quality will be able to present better information about firm performance and are more relevant to those who have an interest in decision making. Francis et. al. (2005) distinguish accrual quality into two factors, the first is innate accrual quality and the second is discretionary accrual quality. Innate accruals quality is accruals that affected or caused by the type of company business, company operations, and economic fundamentals. Whereas discretionary accruals quality is a subject of authority or freedom of management choices (management discretion) and reflects the policy basis on the company's accrual practices.

Growth opportunity represents a change in a company's total amount of assets (Hermuningsih, 2014). Growth potential The high expectations are that the company will be able to achieve maximum profits in the future and the profits generated will be more sustainable. The market valuation of growth through the price of shares formed as the expected value of the useful life to be obtained. Lukman (2014) states that shareholders will respond more to the companies that have high growth opportunity. This happens because the companies with the possibility of high growth opportunities will provide high benefits to the investors in the future. Zahroh and utama (2006) also state that the companies that continue to grow will be able to attract capital as a source of growth easily. Therefore the companies with high growth opportunities will get a positive response from investors.

World Health Organization(WHO), states that gender is a set of roles, behaviors, activities, and attributes that are considered appropriate from and women who are socially constructed in society. Labelle, Desgagne, and Francocur (2008) note that companies operating in complex environments should produce a positive and substantial abnormal return if the company has a high proportion of women on the board even though there is no difference. In this situation, a high proportion of women would produce enough interest in the management and corporate governance sector to offset the returns on the stock market. Overall, these results are compatible with the efforts being observed by several countries and organizations towards the implementation of normative policies for the advancement of women in the business world. Mehmet dan Demir (2016) found some evidence that gender diversity affected firm performance in the financial sector oriented in local markets and companies with block ownership in Turkey. Kilik dan Kuzey (2016) also state the importance of gender diversity in firm performance policymaker, company managers and shareholders so that regulators continue to move forward in building good governance in Turkey including other developing
In general, firm size is defined as a ratio between the size of an object. Hery (2017: 11) states firm size is the scale of large or small of the company that can be measured through total assets, market share value, and so forth. Firm size affects the company’s ability in handling risks that will arise in various conditions. Companies with large size will have lower risk level compared to companies with small size. This happens because companies with large sizes have greater control (greater control) over the market condition so they will be able to deal with economic competition. Sugiyono and Christiawan (2013) state that companies with size large have advantages compared to companies with a size small, the first company with size a large able to determine the level of ease in obtaining capital market funds. Second, the company with the size the large have (bargaining power) on financial contracts, and thirdly, companies with sizes large can obtain more profits with the possibility of the influence of the scale of costs and returns.

Zen and Herman (2007) define firm age as to where the company was established and be able to operate. Firm age is one of investors' consideration when investing. Fort et.al(2013) states that newly established companies will have a large decline especially in terms of job growth and job creation. A newly established company will also have a large increase in the destruction of jobs in the same period. Whereas companies that have a long existed will have a substantial decline in growth and have responsibility for job losses Newly established companies will be more cyclically sensitive so that they will be relatively more down compared to companies that have long been established.

Gitman and Chad (2015: 560) say leverage refers to the fact that fixed costs are included in shareholder returns. Even if the business is in good or bad shape, the client must pay certain fixed costs. Christiawan, Yulius, and Tarigan (2007) define firm success as a product of an organization's operating activities towards benefit realization shown in the financial statements. While Tampi (2014) notes firm output as a result of activities in terms of quality or quantity obtained by company employees, when carrying out their duties following the responsibilities that have been given, as well as the results obtained following company expectations, through the criteria or standards imposed company.

Firm performance is something that cannot be separated from a company. A company will be judged to have operated efficiently and effectively or not based on firm performance that is run by the company. Companies that have performed firm performance well, the company will operate effectively and efficiently, this will attract investors to invest in the company because investors believe that companies that have operated effectively and efficiently will generate maximum profits.

Previous research on accrual quality of firm performance has been conducted by Ayuningtyas (2013) which is measured using ROA + 1 and found that accrual quality the impact on firm output is significantly positive. Theacini and Wishada (2014) also found that finding quality earnings had a substantial positive effect on the firm performance calculated using Tobin's Q. Hutchinson and Zain (2009) tested internal audits, firm results, and opportunities for growth, and found that firm performance and internal audit will have a significant positive impact on high growth. Warendra (2013) also found that this opportunity for growth had a significant positive effect on firm results. Campbell and Vera (2008) examined gender diversity in Spain and found companies with a female board to have a significant positive effect on company efficiency and firm value. Erhadth, Werbel, and Shrader (2003) have found that the impact of gender diversity on firm results was significant.

Hypothesis with:

H1: Accrual quality has a significant positive effect on performance
H2: Growth opportunity has a significant positive effect on firm performance
H3: Gender diversity has a significant positive effect on firm performance

Based on the theoretical described above, it can be the framework of this research is structured as follows:

![Conceptual Framework](image)

**Figure 1 Conceptual Framework**

**METHODS**

The main variables are accrual quality, growth opportunity, gender diversity and firm performance, which will be tested from the framework model. And equipped with firm size, firm age and leverage control variables. The companies to be tested are companies listed on the Indonesia Stock Exchange with 2015-2017 manufacturing company specifications and December 31 reporting date.

This study uses secondary data with the 39 samples of manufacturing companies using the explanatory method and obtained 117 companies as an observation target which is explained in the table below:

<table>
<thead>
<tr>
<th>Criteria Selection</th>
<th># Total Observation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies listed on the Indonesia Stock Exchange 2015 to 2017</td>
<td>474</td>
</tr>
<tr>
<td>Manufacturing companies listed on the Indonesia Stock Exchange in the period 2015 to 2017</td>
<td>172</td>
</tr>
<tr>
<td>Companies that have complete data in the 2015 to 2017 period</td>
<td>37</td>
</tr>
<tr>
<td>Number of companies and data sampled (3 years x 37 companies)</td>
<td>117</td>
</tr>
</tbody>
</table>

In this analysis, the dependent variable is the firm performance which consists of internal performance and external performance. We calculate internal efficiency using ROA (Kumbirai, 2010). Though performance is calculated using Tobin's Q (Klapper and Love, 2004).

The independent variables consist of accrual quality, growth opportunity, and gender
diversity. McNichols (2002) formulates accrual quality as follows:

\[ \Delta WC_t = \alpha + \beta_1 CFO_{t-1} + \beta_2 CFO_{t} + \beta_3 CFO_{t+1} + \Delta Rev_t + \beta_2 PPE_t + \varepsilon_t \]

Description:
- \( \Delta WC_t \): Change in Working Capital
- \( \Delta AR_t \): Change in accounts receivable
- \( \Delta Inventory_t \): Change in inventories
- \( \Delta AP_t \): Change in accounts payable
- \( \Delta TP_t \): Change in taxes payable
- \( \Delta OtherAssets_t \): Change in other assets
- \( \Delta Rev_t \): Growth in sales
- \( CFO \): Cash flow from operation
- \( \varepsilon_t \): Residual accrual
- \( \alpha \): Constant
- \( \beta_1, \beta_2, \ldots, \beta_n \): Coefficients of variable

Growth opportunity is calculated using change total assets current to previous divided by total assets previous years (Shun-Yu Chen, 2011) while gender diversity is calculated using an available dummy which is worth 1 if women are commissioners or chief directors and 0 for men as commissioners or chief directors. And for the proportion the number of female shares on the board of commissioners or directors divided by the total number of boards of directors or directors in the company over a certain period (Adams and Ferreira, 2009) is determined. Control variables are scale, firm age, and leverage. The business side can be determined by the total employee of Ln (Sesil, Kroumova, Kruse, and Blasi, 2007), while the company's firm age is measured by the year of measurement (Bestivano, 2013), and the equity is calculated by the total debt divided by the total assets (Koh et.al, 2014). The data used were gathered from the annual report and the Dictionary of the Indonesian Capital Market.

RESULTS

The data analysis approach used in this research is the test of hypothesis using t-test, F test, and coefficients. There are two equations in this study, they are Tobin's Q equation contained in table 2 and ROA equation contained in table 3 with the results obtained as follows:
Table 2 Effects of Accrual Quality, Growth Opportunity, Gender Diversity on Firm Performance

\[ \text{TObINS-Q} = \alpha_0 + \alpha_1\text{AQ} + \alpha_2\text{GROWTH} + \alpha_3\text{GENKOM} + \alpha_4\text{GENDIR} + \alpha_5\text{SIZE} + \alpha_6\text{AGE} + \alpha_7\text{LEV} + \varepsilon_{i,t} \]

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predictions</th>
<th>Coefficients</th>
<th>P-value</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td></td>
<td>-1,067</td>
<td>0.664</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AQ</td>
<td>+</td>
<td>0.294</td>
<td>0.363</td>
<td>0.915</td>
<td>1,093</td>
</tr>
<tr>
<td>GROWTH</td>
<td>+</td>
<td>-0.532</td>
<td>0.521</td>
<td>0.924</td>
<td>1,082</td>
</tr>
<tr>
<td>GENKOM</td>
<td>+</td>
<td>-0.877</td>
<td>0.067*</td>
<td>0.905</td>
<td>1,045</td>
</tr>
<tr>
<td>GENDIR</td>
<td>+</td>
<td>0.212</td>
<td>0.626</td>
<td>0.949</td>
<td>1,054</td>
</tr>
<tr>
<td>SIZE</td>
<td></td>
<td>0.281</td>
<td>0.009</td>
<td>0.952</td>
<td>1,050</td>
</tr>
<tr>
<td>AGE</td>
<td></td>
<td>0.122</td>
<td>0.638</td>
<td>0.872</td>
<td>1,147</td>
</tr>
<tr>
<td>LEV</td>
<td></td>
<td>0.366</td>
<td>0.577</td>
<td>0.842</td>
<td>1,188</td>
</tr>
</tbody>
</table>

R2 0.109
Adj-R2 0.052
F-Statistics 1.900
Prob (F-statistic) 0.076*
Std. Error of Estimation 1,551
Durbin Watson 1,841
Kolmonov Smirnov 0.167

Observation 117

*** Significant at the 1 percent level; ** Significant at the 5 percent level and * Significant at the 10 percent level

Note: AQ: Accrual Quality, GROWTH: Growth Opportunity, GENKOM: Gender Commissioner, GENDIR: Gender Director, SIZE: Company Size, AGE: Company Age, LEV: Leverage, ROA: Return on Assets, and TObINS-Q: Market Value
Statistical analyses aim to assess how well the effect of the independent variables will individually explain the dependent variable. The statistical calculation results of the test accrual quality against firm performance in Table 2 of Tobin’s Q model, the coefficient value is 0.294 and the significance value of 0.363 > 0.10 so that the H1 hypothesis is rejected, this means there is no significant effect of accrual quality on firm performance. The results are not consistent with research conducted by Ayuningtyas (2013), Theacini and Wishada (2014) who found that accrual quality had a significant positive effect on firm performance using Tobin’s Q equation model and ROA+1 equation model. The results of the statistical calculation of the test accrual quality for firm performance on Table 3 ROA model obtained a coefficient value of 0.021 and a significant value of 0.064 < 0.10 so that the H1 hypothesis is accepted, this means accrual quality has a significant positive effect on firm performance. The result shows that 1 increment of accrual quality will increase firm performance by 0.012. The results are consistent with research conducted by Ayuningtyas (2013), Theacini and Wishada (2014) who found that accrual quality had a significant positive effect on firm performance using Tobin’s Q equation model and ROA+1 equation model.

**DISCUSSION**

The results of the statistical calculation of the test growth opportunity on firm performance in the table 2 Tobin's Q model obtained a coefficient value of -0.532 and a
significance value of 0.521 > 0.10 so that the H2 hypothesis is rejected, this means there is no significant effect of growth opportunity on firm performance. The results are not in line with research conducted by Hutchinson and Zain (2009), Warenda (2013) who found that growth opportunity had a significant positive effect on firm financial performance. The results of the statistical calculation of the test growth opportunity on firm performance in table 3 ROA model obtained a coefficient of 0.129 and a significant value of 0.000 < 0.10 so that the hypothesis H2 accepted, this means there is a significant positive effect on growth opportunity on firm performance. The study shows, 1 increment of growth opportunity will increase firm performance by 0.129. The results are consistent with research conducted by Hutchinson and (2009), Warenda (2013) who found that growth opportunity has a significant positive effect on firm financial performance.

The statistical calculation results of that test gender diversity on firm performance in table 2 Tobin's Q model obtained a coefficient value of -0.877 and a significant value of 0.067 < 0.10 in GENKOM so H0 failed to be rejected this means there is a significant negative effect of gender diversity on firm performance. The study shows, 1 increment of gender diversity will decrease firm performance by 0.0877. The results are consistent with research conducted by Darmadi (2011) and Iswadi (2016) who found that gender diversity especially the presence of women on the board of directors had a significant negative effect on. Gender diversity, especially the existence of women on the board of directors will decrease firm performance and not optimal. The result of the statistical calculation of the test gender diversity against firm performance in table 3 ROA model obtained coefficient values of 0.020 and a significant value of 0.020 > 0.10 in GENKOM, while for GENDIR obtained coefficient of 0.009 and a significant value of 0.572 > 0.10 so H3 is rejected, this means there is no significant influence of gender diversity on firm performance. The results are not consistent with research conducted by Darmadi (2011) and Iswadi (2016) who found that gender diversity especially the presence of women on the board of directors have a significant negative effect on gender diversity especially the presence of women on the board of directors will decrease firm performance and not maximal.

Statistical F is done to see whether all independent variables accrual quality, growth opportunity, gender diversity, firm size, firm age, and leverage contained in the model have a joint influence on the dependent variable. In table 2 the Tobin's Q model obtained an F test of 1.900 with a significance value of 0.076 * < 0.10. The outcome of this equation states that H0 is rejected, which means that the regression model is shared between the independent variables: accrual rate, growth opportunity, gender diversity, firm size, firm age, and leverage can be used as a research relationship or have a significant impact on firm results.

Table 3 ROA model shows the results of the F test of 8,384 with a significance value of 0.000 *** < 0.10. The results of the calculations state that H0 is rejected, that means the overall regression model between independent variables, namely accrual quality, growth opportunity, gender diversity, firm size, firm age, and leverage can be used as a relationship study or have a significant influence on firm performance.

The coefficient of determination test aims to assess the ability of the model to explain variations in the accrual quality, growth opportunity, gender diversity, firm size, firm age, and leverage variables for variables firm performance. From the results of tests and processing the data contained in Table 2 model of Tobin's Q values obtained Adj R² of 0.052 or 5.2%, which means that the behavior of the variation of independent i.e. accrual quality, growth opportunity, gender diversity can explain the variations of the dependent variable of 5.2%. The rests are the behaviors or variations on other independent variables that affect the dependent variable but are not taken into account in this model.
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From the results of the testing and processing of the data contained in table 3 model of ROA, Adj R values obtained for 0.308, or 30.8%, this means the behavior of the independent variables that accrual quality, growth opportunity, gender diversity can explain the variation of the dependent variable of 30.8%. The rests are the behaviors and variations of other independent variables that affect the dependent variable but are not taken into account in this model.

CONCLUSIONS

The study results show that accrual quality in Table 3 of the ROA model has a significant positive effect on firm performance. The study's results explain accrual quality is used to measure the level of corporate profits that investors use to assess firm performance when determining whether or not to invest in the business. This result is consistent with the result of Ayuningtyas (2013), Theacini and Wishada (2014)

The results showed that growth opportunity had a significant positive effect on firm performance in table 3 of the ROA model. The results of the study explain that companies that have growth opportunities a high will improve firm performance where the company will be easier to obtain maximum profits and be able to attract capital where this will get a positive response from investors to invest their capital in these companies. This finding is consistent with the Hutchinson and zain (2009), Warendra (2013) findings.

The results show that in Tobin's Q model table 2 the impact of gender diversity on firm efficiency is significantly negative. The study results explain gender diversity, especially the presence of women on the commissioner’s board will cause a decrease in firm performance. It is because women have a more cautious mindset when making decisions and tend to avoid risks that cause companies to miss opportunities in achieving the company's objectives. The result is consistent with the Darmadi (2011) and Iswadi (2016) outcomes.

This study has limitations and weaknesses that company is incomplete in conveying information that forms variables so that it reduces the number of research samples as well as a small amount of company data on the comparison of the population of companies listed on the Indonesia Stock Exchange and a short observation that is 3 years on companies that convey corporate governance information

For the next research hoped can add more company sectors which is the research samples are not only in the manufacturing sector. Furthermore, it is expected that in subsequent studies to increase the span of the study period so that the data can be drawn as a whole and representative and to be able to add variables that can affect firm performance.

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