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CEO Turnover and Earnings Management: Can Board Gender Diversity Restraining Earnings Management?

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ABSTRACT
This study investigates at how CEO turnover affects earnings management. CEOs who take office in the first year tend to get pressure from the market to show their performance. This pressure can lead to agency conflicts that are carried out through earnings management practices Additionally, this study examines at gender diversity as a moderator of the effect of CEO turnover on earnings management. In this study, it is expected that gender diversity will lessen agency conflicts that arise during CEO change. The presence of women on the board of directors is expected to reduce agency conflicts through improving board governance. The study's control variables consist of leverage, firm size, firm age, and profitability. The study sample consists of non-financial companies that were listed on the Indonesia Stock Exchange between 2015 and 2019. Purposive sampling was used to select the study's sample. The total sample in this study is 269 companies and 1336 observations. Earnings management measured using three measurements model namely Modified Jones, Kothari, and Rahman and Shahrur. Multiple regression analysis was used for analyzing the study's data. This study's findings show that the management of earnings is unaffected by CEO turnover and gender diversity has no moderating influence on the impact of CEO turnover on earnings management.

1. INTRODUCTION

Based on the agency relationships, decisions about the company are made by an agent, who is delegated authority by the principle. The business is owned by the princials. Principals and agents have contrasting objectives, which can lead to agency conflicts. Under these circumstances, the agent acts in his or her own self-interest (Fama and Jensen 1983; Jensen and Meckling 1976). The owner of the business may suffer from the agent's personal interests. The two-tier board structure followed in Indonesia consists of a board of directors and a board of commissioners. Regulation No. 33 of 2014 by the Financial Services Authority states that the Board of Directors is solely in charge of running the business. The board of directors of corporation is also responsible for optimizing shareholder wealth. The company's board of directors is headed by the President Director, who is also known by the position of Chief Executive Officer (CEO).

Every so often, the position of chief executive officer is transferred from the outgoing to the incoming incumbent. The new chief executive officer must demonstrate his performance to ensure market perception of its capabilities (Ali and Zhang 2015). Performance can be measured by the profitability of the business. Profitability is the ability of a business to turn a profit. When it comes to business profitability, namely the presence of earnings management techniques, agency conflicts might occur. Earnings management may arise as a result of information asymmetry between the principal and agent. The new CEO may engage in earnings management to demonstrate his performance. This is supported by research conducted by Ali and Zhang (2015); Putri and Fadhlia (2017); Setyawan and Anggraita (2018); Vernando and Rakhman (2018) revealed that the management of earnings is positively impacted by CEO turnover. According to the findings of Bouaziz, Salhi, and Jarboui (2020; Cahyadi and Davianti (2020), the turnover of CEOs has no influence on earnings management.

The board of directors consists of male and female members, this is called gender diversity. When there is a change of CEO, a more diverse board of directors may result in less earnings management. According to Saona et al. (2019), women are more conservative in their risk choices and risk averse, and they also exhibit higher ethical standards (Lakhal et al. 2015). Previous research on the relationship between gender diversity and earnings management has been performed by Abdullah and Ismail (2016); Orazalin (2020); Mnif and Cherif (2020), who revealed that the management of earnings is negatively impacted by gender diversity. Damak (2018)

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also found that women on boards can reduce earnings management due to their effective monitoring role. The opposite was found by Arioglu (2020) who found that gender diversity had no effect on earnings management. Waweru and Prot (2018) revealed that the management of earnings is positively impacted by gender diversity.

Some previous research about CEO turnover was conducted by Ali and Zhang (2015). Ali and Zhang (2015) analyzed the occurrence of earnings overstatement in CEOs at the beginning of their tenure. Data is collected and multiple regression is used to analyze the influence of the CEO at the beginning of the year in office on earnings overstatement. The research results show that the CEO at the beginning of the year overstated earnings. Cahyadi and Davianti (2020) also conducted research on CEOs at the beginning of their tenure with real earnings management. Data were analyzed using multiple linear regression. The research results show that there is no influence between the CEO at the start of his tenure and real earnings management. Previous research was also conducted by Vernando and Rakhman (2018) on non-financial companies listed on the Indonesian Stock Exchange. Multiple linear regression was used as an analysis technique and obtained the results that the CEO at the beginning of his tenure carried out earnings management in the form of increasing income.

Previous research regarding gender diversity on boards was conducted by Damak (2018). The data used are 85 companies registered on SBF120 in the 2010-2014 period. Data were analyzed using panel data regression. The research results show that gender diversity on the board can reduce earnings management practices. Similar results were also obtained by Mnif and Cherif (2020). The data in Mnif and Cherif (2020) research are 22 family companies registered on SBF120 in the 2010-2018 period. Data were analyzed using panel data regression. Orazalin (2020) also conducted research on the influence of gender diversity on the board on earnings management practices. The data used are companies listed on the Kazakhstan Stock Exchange in the 2010-2016 period. The research results show that boards that have higher gender diversity can be more effective in reducing earnings management practices.

Based on the findings of previously studies. Thus, the impact of earnings management and CEO turnover is examined in this study. Additionally, this study analyzes gender diversity as a variable that moderates the association between CEO turnover and earnings management. An Indonesian Stock Exchange-listed non-financial corporation serves as the study object. Since financial companies are subject to different rules than non-financial companies, they are excluded from the research object.

In this study, researchers use gender diversity as a variable that can influence the relationship between CEO turnover and earnings management. This is related to the impact that occurs when the composition of the board of directors has high gender diversity. It is expected that high gender diversity can reduce agency conflicts that occur during CEO changes, namely earnings management practices.

Agency Theory

Agency theory discusses the relationship between principals and agents (Jensen and Meckling 1976). Principals here are shareholders for companies whose ownership is in the form of share capital. While the agent is the management of the company or in this case is the CEO or main director of the company. The principal hires the agent to act in the principal's interest. The agent is tasked with carrying out company operations and maximizing the welfare of the principal (Putri and Fadhlia 2017).

A divergence of interests between principals and agents has the potential to give rise to agency conflicts. The agent possesses a more extensive array of information than the principal, as the agent is responsible for the day-to-day management of the company's operations. This dynamic has the potential to engender information asymmetry. Information asymmetry is defined as a condition in which agents have access to information related to the company that is not owned by external parties. This information asymmetry has the potential to engender complications for the company. The issues that emerge from this dynamic are moral hazard and adverse selection (Jensen and Meckling 1976). Moral hazard is a problem that arises if the agent does not carry out the things that have been agreed upon in the employment contract. Adverse selection is a situation where the principal cannot know whether the decision chosen by the agent is really based on the information he has obtained.

This information asymmetry can result in earnings management practices carried out by management (agents). The agency theory elucidates the underlying rationale of the bonus plan hypothesis, which is intricately linked to the realm of earnings management practices (Putri and Fadhlia 2017). The bonus plan hypothesis explains that the management team will receive a bonus in proportion to the profit generated by the company. Consequently, when management is unable to attain the stipulated profit level necessary to receive a bonus, there is a tendency for them to engage in earnings management. The management team will select accounting methods that can optimize the company's financial performance. In the event of a change in CEO, the newly appointed CEO is likely to engage in earnings management to showcase optimal performance to the company's stakeholders.

Career Concern Theory

Career concern is the tendency of managers to prepare, plan, and develop their performance and career because it can affect the incentives they will receive in the future (Setyawan and Anggraita 2018). When there is a change of CEO, the new CEO has pressure from the public and company stakeholders to show good performance. There are high expectations for the new CEO to develop the company. The newly appointed CEO will have concerns about his career so that he will tend to carry out earnings management to secure his position (Vernando and Rakhman 2018).

Earnings Management

Earnings management is a management action that uses judgment in preparing financial statements and changing transactions reported in the financial statements to mislead users of financial statements regarding the company's financial performance (Healy and Wahlen 1998). Earnings management is the selection of company accounting policies by management, which will have an impact on company profits and is carried out to obtain certain objectives (Scott 2015). The following are several methods of earnings management that can be done by management, such as taking a bath (earnings management actions where expenses that occur in the future are recognized in the present so that current earnings will be lower); income minimization (actions to recognize expenses and utilize accounting policies to reduce the company's profit presented in the financial statements); income maximization (actions to increase profits by utilizing accounting policies to obtain additional incentives); and income smoothing (the act of making earnings in the financial statements appear stable by utilizing certain accounting policies to attract investors' attention) (Scott 2015).

Earnings management is usually done through accounting policies related to accruals. The accrual concept has 2 (two) components, namely discretionary accrual and non-discretionary accrual (Healy and Wahlen 1998). Discretionary accrual is a component of accruals that can be managed by management so that it can be a tool for earnings management. Meanwhile, non-discretionary accruals are accruals that cannot be regulated and engineered by management (Putri and Fadhlia 2017). Earnings management in this research will be measured by discretionary accruals.

CEO Turnover

The Chief Executive Officer (CEO) is an executive in the top management of the company who is responsible for the company's operations to achieve corporate goals. In Indonesia, the CEO is better known as the President Director. Changing the CEO means changing the main director in the company (Putri and Fadhlia 2017). The CEO's term of office in each company is not determined based on certain limits, but will be determined by the General Meeting of Shareholders or Rapat Umum Pemegang Saham (RUPS). If the CEO's performance is deemed unfavorable, the RUPS may decide to replace the CEO. Therefore, many CEOs utilize all kinds of things to be able to maintain their positions (Putri and Fadhlia 2017).

Gender Diversity

Gender diversity is part of board diversity. The concept of diversity relates to the level of similarities and differences of individuals (Putri 2020). Board diversity is the diversity in board composition that illustrates good corporate governance which shows the different characteristics and perspectives of board members in it (Setyasari et al. 2022). Daryatno and Santioso (2021) state that age, gender, education and nationality are included in the board diversity category. The existence of gender diversity on the board of directors can reduce earnings management that occurs when there is a change in CEO.

Gender diversity is the diversity of genders on the board of directors that can influence board decisions (Daryatno and Santioso 2021). Orazalin (2020) states that gender differences in the board of directors will improve the quality of information provided by the board of directors. Female directors have more social responsibility and uphold ethics in the workplace, including profit manipulation and fraud (Orazalin 2020). The characteristics produced by gender differences are generally formed from psychology formed by social and also the environment, so that women are known to be more patient, honest, meticulous, and careful. Meanwhile, men are generally known to have a logical character, firm in leading, and taking risks. The characteristics of these two genders will complement each other in forming optimal leadership. Therefore, gender diversity in the board of directors is necessary. The measurement of gender diversity that will be used in this study is to use the Blau index. The blau index measurement used in this study refers to research conducted by Kılıç and Kuzey (2016).

Leverage

Leverage is a financial ratio used to measure the extent to which a company's assets are financed with debt or liabilities. This can also mean the amount of debt borne by the company compared to its assets. Leverage in this study will be measured by the ratio of total debt to total assets, which refers to the research of (Bouaziz et al 2020).

Firm Size and Firm Age

Company size is a scale to classify the size of a company. Company size is a part of company characteristic variable. Company size can be classified in various ways, including through total assets, stock market value, sales value, and etc. In this study, firm value will be measured using total assets. Company age is the length of establishment of the company as measured by the age of the company since the company was founded (Orazalin 2020).

Profitability

Profitability is a ratio to measure the company's ability to generate profits by utilizing the resources owned by the company. Profitability in this study is measured by Return on Asset (ROA), which refers to Orazalin (2020).

Hypothesis

CEO turnover is an event of CEO turnover in the company. CEOs who take office in the first year tend to get pressure from the market to show their performance (Ali and Zhang 2015). This pressure can lead to agency conflicts that are carried out through earnings management practices. The information asymmetry between investors or shareholders and management of a company leads rise to the practice of earnings management. Research by Setyawan and Anggraita (2018); Vernando and Rakhman (2018) who discovered that CEO turnover had a favorable impact on earnings management, supports this. Thus, the following is the study's first hypothesis:

H_1: CEO turnover has a positive effect on earnings management.

Gender diversity on the board of directors is expected to reduce earnings management practices that occur during CEO turnover. The presence of women on the board of directors is expected to reduce agency conflicts through improving board governance Damak (2018) and women have accountable, fair and competent characteristics (Li and Li 2020). Previous research conducted by Orazalin (2020); Mnif and Cherif (2020) found that women on boards can reduce earnings management practices. Thus, the following is the study's second hypothesis:

H_2: Gender diversity moderates in the association between CEO turnover and earnings management

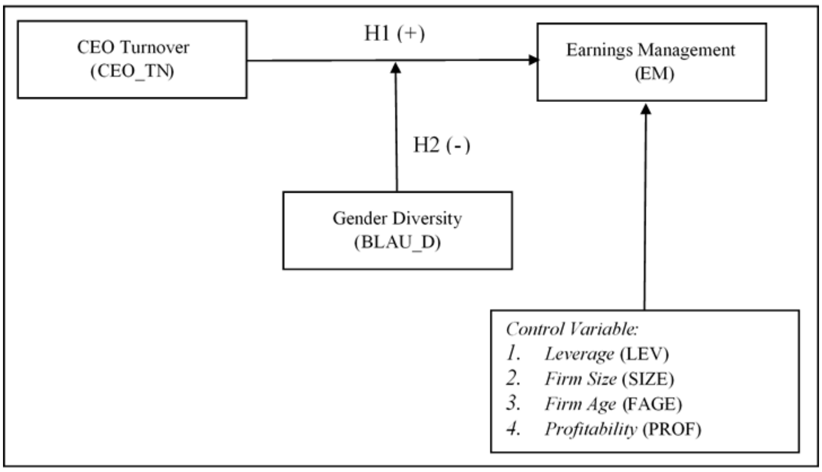

Figure 1. Analysis Model

2. METHOD

The non-financial companies listed on the Indonesia Stock Exchange comprise the study's population. Purposive sampling was used to select the study's sample based on the following criteria: 1) non-financial companies listed on the Indonesia Stock Exchange between 2015 and 2019, 2) financial reports published in rupiah currency, and 3) have complete data for use in this study. The study period is from 2015 to 2019 because the results would be biased if the study included the period during which the pandemic COVID-19 occurred.

Financial companies were excluded from the research sample because they are subject to many government regulations. Therefore, this study uses non-financial companies as its sample. There were a total of 269 companies and 1336 observations obtained as samples. The company's annual report provided the data for this research. Industrial sectors of samples shown in Table 1.

Table 1. Industrial sectors of samples

No	Industry	Number of Firms	Percentage
1	Agriculture	16	5.95
2	Basic Industry and Chemicals	41	15.24
3	Consumer Goods Industry	31	11.52
4	Infrastructure, Utilities, and Transportation	18	6.69
5	Mining	13	4.83
6	Miscellaneous Industry	19	7.06
7	Property, Real Estate, and Building Construction	50	18.59
8	Trade, Service, and Investment	81	30.11
	Total	**269**	**100.00**

This study's dependent variable is earnings management. Modified Jones Model by Dechow, Sloan, and Sweeney (2012), Kothari Model by Kothari, Leone, and Wasley (2005), and Raman and Shahrur Model by Raman and Shahrur (2008) are applied to calculate earnings management based on Bouaziz et al. (2020) research. CEO turnover is the independent variable in this research. According to research conducted by Raman and Shahrur (2008), Dummy variables are used to measure CEO turnover, and when a CEO changes, they take on the value 1. In this research, the moderating variable is gender diversity. The blau index measures gender diversity based on research conducted by Jatana (2022).

The study's control variables consist of leverage, firm size, firm age, and profitability. Control variables are used in this study so that there are no external variables that interfere with the relationship between the independent and dependent variables in this study. By using control variables, the results obtained are purely from the independent variables. Company characteristics variables (such as company size and company age), as well as company financial performance (such as leverage and profitability) are used in this study as control variables because the sample of companies used is quite large and has different characteristics and financial performance. Leverage based on research conducted by Bouaziz et al (2020) is calculated by dividing the total debt of the company by its total assets. Firm size based on research conducted by Bouaziz et al (2020) is measured using the logarithm of the company's total assets. Firm age based on research conducted by Orazalin (2020) is measured using the age of the company since the company was founded. Profitability based on research conducted by Orazalin (2020) is determined by dividing net income by total assets. Research variabels and measurement shown in Table 2.

Table 2. Research variables and measurement

No	Research Variables	Measurement	Source
Dependent Variables			
1	Earnings Management (EM_1)	Discretionary accruals using Modified Jones Model	Bouaziz et al. (2020)
2	Earnings Management (EM_2)	Discretionary accruals using Kothari Model	Bouaziz et al. (2020)
3	Earnings Management (EM_3)	Discretionary accruals using Raman and Shahrur Model	Bouaziz et al. (2020)
Independent Variable			
4	CEO Turnover	1 when there is a change of CEO	Raman & Shahrur (2008)
Moderation Variables			
5	Gender Diversity	$1-\sum_{i=1}^{2} Pi2$, where P_i reflects each gender's proportion	Jatana (2022)
Control Variables			
6	Leverage (LEV)	Total debt over total assets	Bouaziz et al. (2020)

No	Research Variables	Measurement	Source
7	Firm Size (SIZE)	Natural logarithm of total assets	Bouaziz et al. (2020)
8	Firm Age (AGE)	Age of the firm since the firm was founded	Orazalin (2020)
9	Profitability (PROF)	Net income over total assets	Orazalin (2020)

Multiple regression was employed to analyze the data in this study. The statistical model in this study is as follows:

Equation:

$$EM\_1 = \alpha + \beta_1 CEO\_TN_{it} + \beta_2 BLAU\_D_{it} + \beta_3 CEO\_TN{*}BLAU\_D_{it} + \beta_4 LEV_{it} + \beta_5 SIZE_{it} + \beta_6 FAGE_{it} + \beta_7 PROF_{it} + \varepsilon \quad (1)$$

$$EM\_2 = \alpha + \beta_1 CEO\_TN_{it} + \beta_2 BLAU\_D_{it} + \beta_3 CEO\_TN{*}BLAU\_D_{it} + \beta_4 LEV_{it} + \beta_5 SIZE_{it} + \beta_6 FAGE_{it} + \beta_7 PROF_{it} + \varepsilon \quad (2)$$

$$EM\_3 = \alpha + \beta_1 CEO\_TN_{it} + \beta_2 BLAU\_D_{it} + \beta_3 CEO\_TN{*}BLAU\_D_{it} + \beta_4 LEV_{it} + \beta_5 SIZE_{it} + \beta_6 FAGE_{it} + \beta_7 PROF_{it} + \varepsilon \quad (3)$$

Where:

EM_1, EM_2, EM_3 = earnings management
CEO_TN = CEO turnover
BLAU_D = gender diversity
LEV = leverage
SIZE = firm size
FAGE = firm age, the amount of years since the establishment of the business
PROF = profitability

The data analysis technique used in this research is multiple regression, where the steps taken include: 1) descriptive statistics; 2) hypothesis testing, with a significance value of 5%. Hypothesis testing was carried out for the 3 regression equation models above.

3. RESULT AND DISCUSSION

The following descriptive statistics for the variables used in this study and the explanation are provided below in Table 3:

Table 3. Descriptive statistics

Variables	Mean	Std. Deviation	Maximum	Minimum
EM_1	0.8091	0.6995	4.9985	0.0005
EM_2	0.7434	0.6757	5.0012	0.0004
EM_3	0.9530	0.6786	5.1747	0.0024
BLAU_D	0.1782	0.3239	0.5000	0.0000
LEV	0.4407	0.2024	0.9987	0.0076
SIZE	28.6997	1.6598	33.4945	22.7577
FAGE	33.7515	14.6907	106.0000	6.0000
PROF	0.0371	0.0825	0.4666	-0.4014
Dummy Variables				
CEO_TN	Companies that Change CEO			0.1190
	Companies that Do Not Change CEO			0,8810

Table 2 shows that the average of the EM1 variable is 0.8091, EM2 is 0.7434, and EM3 is 0.9530. Table 2 shows that the average of the gender diversity variable is 0.1782. This shows that the average gender diversity of companies in Indonesia is still low. The average of LEV average is 0.4407. This shows that the company funds its assets using a debt proportion of 44.07%. The average firm size is 28.6997. The company is 33.7515 years old on average, and its average profitability is 0.0371. This shows that the average net profit earned by the firm from its total assets is 3.71%.

Based on the results presented in Table 3, discretionary accrual shows a positive value, meaning companies tend to increase income. As for the gender diversity variable, the average value is 0.1782, indicating that the number of women and men on the board of directors remains unbalanced. Male CEOs still dominate the board. The observation data shows that only about 11.90% of CEO turnover occurred during the study period.

Table 4. Research results 1 (earnings management measured by Modified Jones Model)

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Constant	3.1390	0.3102	10.1187	0.0000
CEO_TN	0.0199	0.0746	0.2666	0.7898
BLAU_D	0.2350	0.0923	2.5452	0.0110
CEO_TN*BLAU_D	-0.1393	0.2582	-0.5397	0.5895
LEV	1.0947	0.0922	11.8753	0.0000
SIZE	-0.1139	0.0111	-10.2558	0.0000
FAGE	0.0102	0.0012	8.4001	0.0000
ROA	1.9124	0.2316	8.2555	0.0000
R-Squared	0.1857			
Adj. R-Squared	0.1814			
F-statistic	43.2600			
Prob (F-statistic)	0.0000			

Table 5. Research results 2 (earnings management measured by Kothari Model)

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Constant	2.6998	0.3050	8.8521	0.0000
CEO_TN	-0.0060	0.0733	-0.0820	0.9347
BLAU_D	0.2080	0.0908	2.2912	0.0221
CEO_TN*BLAU_D	-0.0794	0.2538	-0.3129	0.7544
LEV	1.0462	0.0906	11.5442	0.0000
SIZE	-0.0979	0.0109	-8.9671	0.0000
FAGE	0.0096	0.0012	8.0087	0.0000
ROA	0.9388	0.2277	4.1220	0.0000
R-Squared	0.1564			
Adj. R-Squared	0.1520			
F-statistic	35.1882			
Prob (F-statistic)	0.0000			

Table 6. Research results 3 (earnings management measured by Rahman and Shahrur)

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Constant	2.8425	0.3094	9.1862	0.0000
CEO_TN	-0.0273	0.0744	-0.3677	0.7132
BLAU_D	0.2220	0.0921	2.4107	0.0161
CEO_TN*BLAU_D	-0.0254	0.2575	-0.0988	0.9213
LEV	0.8806	0.0919	9.5771	0.0000
SIZE	-0.0939	0.0111	-8.4731	0.0000
FAGE	0.0107	0.0012	8.7749	0.0000
ROA	0.5688	0.2311	2.4616	0.0140
R-Squared	0.1393			
Adj. R-Squared	0.1348			
F-statistic	30.7071			

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Prob (F-statistic)	0.0000			

According to the study findings shown in Tables 4, 5, and 6, there is no correlation between CEO turnover and earnings management. The research's conclusions show that the first hypothesis (H_1) is not supported. The association between CEO turnover and earnings management fails to be moderated by gender diversity, according to the results shown in Tables 4, 5, and 6. The results of this study show that the second hypothesis (H_2) is not supported.

This study's findings suggest that earnings management is unaffected by CEO turnover. This result does not align with agency theory, which states that earnings management occurs when a CEO changes because agency conflicts increase at that time. This result is also inconsistent with the career concern theory, which states that when a CEO change occurs, the new CEO experiences pressure to perform well in his career. Thus, the new CEO will do whatever it takes to prove his abilities.

CEO changes in non-financial companies in Indonesia do not cause agency conflicts in the form of earnings management. This is because CEO changes in Indonesia are usually followed by the old CEO becoming a member of the board of commissioners and having the task of supervising the old CEO (Adiasih and Kusuma 2012). Cahyadi and Davianti (2020), who found that earnings management is unaffected by CEO turnover, support the findings of this study. Cahyadi and Davianti (2020) stated that this was due to the fact that the previous CEO was appointed on the board of commissioners to oversee the new CEO, thereby preventing any impact on earnings management. The findings of this study contradict with research conducted by Ali and Zhang (2015) who found that earnings management is positively impacted by CEO turnover. The resulting earnings management is earnings overstatement because at the beginning of a CEO change, there is market uncertainty and the new CEO must also demonstrate his performance.

The results of this study suggest that gender diversity on the board does not moderate the association between CEO turnover and earnings management. In this study, the average gender diversity was 0.1782. This shows that men continue to dominate non-financial companies in Indonesia. The number of female CEOs in Indonesia has actually increased, but male CEOs still dominate. This is due to the local culture in Indonesia, which adopts the eastern culture, where women are considered unnecessary to get higher education because when they grow up they are expected to be housewives, not as CEOs of companies. This can result in the underutilization of women's characteristics in decreasing earnings management. The results of the study are in line with Arioglu (2020), who discovered that the gender equality gap in Turkey has no impact on earnings management. The findings of this study contradict those of Orazalin (2020), who found that lessening earnings management is possible with gender diversity.

4. CONCLUSION

The succession of CEOs is a significant issue that requires attention because it has the potential to cause agency conflicts. This is due to the fact that a newly appointed CEO makes an effort to showcase his abilities. This study focuses at the relationship between CEO turnover and earnings management. It also explores the impact of gender diversity on the relationship between CEO turnover and earnings management. This study employs the Modified Jones, Kothari, and Raman and Shahrur model to quantify earnings management. This study's findings indicate that CEO turnover has no impact on earnings management and that gender diversity does not moderate the association between CEO turnover and earnings management.

The results of this study suggest that CEO changes do not affect earnings management because the previous CEO, who sits on the board of commissioners, continues to oversee company management. However, gender diversity is unable to reduce agency conflicts because there are fewer female than male CEOs. To reduce agency conflicts and improve corporate governance, diversity is needed in the board of directors.

The limitations of this study include the use of only one measurement for gender diversity and a single consideration of diversity. In addition, this study's limitations include the absence of family factors among new CEOs. The familial factor is necessary because the majority of companies in Indonesia are family-owned. Future research can utilize other gender diversity measurements, such as the Shannon Index, as well as other types of diversity, such as age and educational status. The new CEO can also consider family factors in future research.

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