

# Intervening The Role Of Gender Equality On Intellectual Capital And Earnings Quality

I Made Laut Mertha Jaya

Accounting department, Universitas Mahakarya Asia, Yogyakarta, Indonesia

Email: mad.jaya@yahoo.com

## Abstract

Gender equality has an important role in the economic development of a country. This study aims to demonstrate the role of gender equality in the structure of the board of directors in influencing the use and disclosure of the company's intellectual capital, in order to improve the quality of corporate earnings. This research was conducted using quantitative methods. This research data uses 700 sample data. This study was tested using descriptive statistical tests, data normality tests and model tests using regression with the help of the Wrap PLS application. The test results found several things, such as value added capital employed (VACA), value added human capital (VAHU) and structural capital value added (STVA) which proved not to affect the company's earnings quality. Whereas, gender equality is proven to be significantly able to intervene strongly in the influence of intellectual capital on the quality of company earnings. Gender equality is used as a renewable aspect in scientific research in order to increase collective intelligence and provide useful information for stakeholders in providing new understanding to improve the company's management function in maintaining the quality of earnings and company value in the future for the better.

**Keywords:** earnings quality, intellectual capital, gender diversity, management accounting

**JEL Classifications:** J16, M12, M41, M54, Q56

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## I. INTRODUCTION

Information in financial statements is a basic need for investors and potential investors for decision making. Useful information is relevant information. One of the most important financial statement information is earnings information (Sea & Narsa, 2021). Profit is heavily influenced by the sharing of accounting rules and standards that allow management to make judgments such as accrual cases (Jaya, 2021). The importance of earnings information has also been mentioned in Statement of Financial Accounting Concept (SAFC) No. 1 which states that in addition to assessing management performance, earnings also help estimate representative earnings capabilities, as well as to assess risk in investment or credit. Profit is a measure of the performance or success of a company that is used by investors and creditors in making decisions. Profit is part of the financial statements that must present actual facts about the economic condition of the company (Jaya, 2020).

The theory of earnings quality was first proposed by financial analysts and stockbrokers, because they believed that reported earnings would not indicate the strength of the company's earnings, so they researched it, but financial experts have not been able to reach an independent calculation of earnings quality (Dechow et al., 2010). Earnings quality is the degree to which the profit reported in the income statement differs from the real profit. Earnings quality is grouped based on how to determine earnings quality, namely: (1) time series property of earnings using the concepts of persistence, variability and predictability (2) relationship between earnings, cash, and accruals (3) qualitative characteristics selected in the FASB Conceptual Framework (Relevance, reliability, and comparability/consistency) and (4) implementation decisions (Dechow et al., 2010). Quality earnings are profits that are useful in decision making and have the characteristics of relevance and reliability. Profits that have the ability to respond (power of response) to the market show good earnings quality (Rezaee et al., 2020).

Financial information that has a considerable influence on the company apart from profit information, namely Intellectual capital (Jaya, 2021). This is used as a basis for investors in giving high value to the company, because the financial statements are more dominated by information that shows management performance about

value creation and some elements of intangible assets are not included in the financial statements because of problems with identification, recognition and measurement, such as intellectual capital (Holland et al., 2012). The phenomenon of intellectual capital in Indonesia began to develop after the emergence of PSAK No. 19 concerning intangible assets. PSAK No. 19 explains that intangible assets are non-monetary assets that can be identified without physical form. The limitations of financial statements in explaining the value of this company have underlined the fact that the source of economic value is no longer the production of material goods, but focuses on the creation of intellectual capital (Chen et al., 2005).

*Intellectual capital* related to competitive advantage, this competitive advantage can provide added value for the company along with the increased performance of the company's intellectual capital (Hsu & Mykytyn, 2010; Phusavat et al., 2012). Intellectual capital can be said to be good if the company can develop the ability to motivate its employees to innovate and increase productivity, and has systems and structures that can support the company in maintaining and even increasing profitability and company value (Stähle et al., 2011; Suseno et al., 2019). The higher the value of a company, then this will certainly increase the market price, a high market price also indicates a high market reaction to the earnings information submitted, this indicates that the profit submitted has been of high quality. Disclosure of IC elements in the financial statements of price-sensitive companies can also affect the cumulative abnormal return (CAR) value on the company's stock price, and the market is more responsive to the disclosure of elements of the company's internal wealth (Du & Yu, 2021; Hapsoro & Husain, 2019).

The amount of Intellectual Capital (IC) in a company can also be measured using the VAIC model (Jaya, 2021). The advantage of this VAIC method is that the required data is relatively easy to obtain from various types and sources of companies. The main components of VAIC can be seen from the resources, namely Capital Employed (Value Added Capital Employed - VACA), human capital (Value Added Human Capital - VAHU), structural capital (Structural Capital Value Added - STVA). Value Added Capital Employed (VACA) has a positive effect on investor reactions (Chen et al., 2005). The high reaction of investors will cause changes in the company's stock price and will affect the value of the earning response coefficient (ERC). The high and low value of ERC will show the quality of a company's earnings (Kim et al., 2018). VAHU is measured through salaries and benefits provided to employees according to their competencies. The higher the competency possessed by the employee, the higher the position and position as well as the bonus received by the employee, so this will increase employee motivation to improve their performance and competence (Suseno et al., 2019). Good human resource management can improve the quality of financial reports, because the high knowledge possessed by employees can support the quality of the reports they produce, so that it will produce good quality earnings as well. Structural capital is the ability of an organization or company to fulfill the company's routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance, for example: company operational systems, manufacturing processes, databases, organizational culture, management philosophy. In other words, structural capital is an infrastructure that supports the company's performance that will remain even though the company's employees leave the company (Nadeem et al., 2019; Suseno et al., 2019). The increase in the company's performance will affect the stock price and the reaction of investors to the company, so that it will reflect how the quality of the company's earnings in the eyes of investors.

This study examines the effect of intellectual capital on earnings quality moderated by the gender equality of the board of directors, as part of an internal mechanism, because the board of directors holds the highest control over the company's management team (Reguera-Alvarado et al., 2017; Riyadh et al., 2019). There are differences in decision making, generally for women and men, this is because they are based on differences in both psychological and biological aspects. Men tend to have higher confidence in their abilities than women. The issue of gender equality does not only occur in one region, but also occurs in almost all regions of the world. Lack of gender equality is common in the Asia Pacific region (Liu et al., 2014). Women are often not treated properly and neglected in every society, paid low wages and their remuneration in terms of promotions and money is very low compared to men (Liu et al., 2014; Muller-Kahle & Lewellyn, 2011; Reguera-Alvarado et al., 2017; Salleh et al., 2012). Women usually will work longer hours, but are not rewarded or encouraged, their work is always belittled, worthless, and unrecognized.

In fact, gender equality has an important role in the economic development of a country, especially as an effort to increase gender equality and justice (Jia, 2019). Women in developing countries have a large enough share in dealing with the problem of poverty. Therefore, it is important to involve women in public decision-making processes, including investment decisions (Nadeem et al., 2019). Therefore, the Government of the Republic of Indonesia issued Presidential Instruction No. 9/2000 on Gender Mainstreaming in National Development. Men and women alike have the potential to contribute to development, such as political decision-making, employment, and poverty alleviation. The equal involvement of men and women is, therefore, a necessity. Unfortunately, women, because of their biological identity, often do not get the opportunity to be involved, nor to access their specific needs (Carter et al., 2010). The source of the problem can lie in social

construction, as well as power relations that are still lame. Since every decision-making has gender implications, the integration of a gender perspective in investing in the capital market is unavoidable.

Several previous literatures state that intellectual capital has a positive effect on earnings quality (Dechow et al., 2010; Jaya, 2021; Kang et al., 2012; Marzban et al., 2014; Sarea & Alansari, 2016), but still not many have done research using gender equality as a moderator related to intellectual capital with the quality of corporate earnings, especially in developing countries. (Carter et al., 2010; Doldor et al., 2012; Low et al., 2015; Mustafa et al., 2020; Reguera-Alvarado et al., 2017). This study provides a novelty by showing that gender equality in the structure of the board of directors can also affect the use and disclosure of corporate intellectual capital, so as to improve the quality of corporate earnings.

The next section will describe the research grand theory as the theoretical basis for formulating the problem hypothesis in this study. The research method will be explained further for the preparation of the data test model in order to find answers to the hypotheses that have been compiled. The researcher will also explain the test results, discuss with some of the previous literature, and also explain the conclusions and suggestions for the next test.

## **II. LITERATURE REVIEW AND HYPOTHESIS**

In this section, the theoretical basis and some previous literature used in the formulation of the hypothesis and the formation of the framework of this research model will be presented. The theoretical foundations used in this research are gender theory and stakeholder theory.

### **2.1. Gender Theory**

*Gender* is a trait inherent in both men and women who are socially and culturally constructed (Ali, 2015). In society, gender roles in accordance with a cultured society and values are shaped in such a way that there are roles played by men and roles assigned to women. This gender diversity can enhance collective intelligence and contribute to increased talent available for the company's highest management and supervisory functions (Carter et al., 2010; Liu et al., 2014).

### **2.2. Stakeholder Theory**

In stakeholder theory, managers must consider the interests of all company stakeholders, not only shareholders but other parties such as creditors, society, suppliers and others. (An et al., 2011). It is certainly not easy for a company to be able to meet all the interests of many different parties. Managers must be able to establish good relationships with various parties, so that they can grow their loyalty to the company, so that company value can be achieved. The process of achieving this can be achieved by making improvements in the business environment, as a way to increase creativity and the quality of decision making.

The decision-making process of a director in a company contains many underlying things, one of the main ones is commitment to stakeholders (Sakr, 2017). The presence of women on the board of directors can actually increase the effectiveness of the board by reducing the level of conflict and ensuring high quality board development activities (Gul et al., 2011; Khan & Vieito, 2013; Liu et al., 2014). This is because a woman can pay more attention to the welfare of others, be empathetic, sympathetic, and sensitive to interpersonal (Huang & Kisgen, 2013; Low et al., 2015; Nadeem et al., 2019; Reguera-Alvarado et al., 2017). This diverse expertise is essential to ensure that the board of directors understands the company's financial objectives and the impact of the business on different stakeholders.

### **2.3. Earnings quality**

Earnings quality refers to the relevance of earnings in measuring company performance. Earnings that have a high relevance value mean that the earnings are of high quality and useful for investors and other users of financial statement information (Suryanto & Komalasari, 2019). Earnings are considered of high quality if the financial statement information reflects business activities accurately and reliably, so that the quality of these earnings can provide a response to the market (Gul et al., 2011; Holland et al., 2012).

### **2.4. Intellectual Capital**

Intellectual capital is a group of knowledge assets associated with organizations that contribute to the company's competitive advantage and the value of the company in the eyes of stakeholders (Baroroh, 2014; Sarea & Alansari, 2016). Intellectual capital is often the main determinant of a company's profit. In general, researchers divide IC into three (3) components, namely: Capital Employed (CE), Human Capital (HC) and Structural Capital (SC). (Jaya, 2021). Employee capital can be defined as the amount of capital or financial funds utilized in company assets. The higher the value of the company's capital employed, the more efficient the management of the company's capital employed in the form of buildings, land, equipment or technology that is easy to buy and sell in the market at the company concerned. (An et al., 2015). Human Capital is a combination

of knowledge, skills, the ability to innovate and the ability to complete tasks, including company values, culture and philosophy (Mention & Bontis, 2013). Structural Capital is knowledge in an organization that is independent of people or in other words can be interpreted as knowledge that remains in the company even though the employee leaves the company. (Holland et al., 2012).

### **Influence Intellectual Capital (VACA) on Earning Quality**

*Capital employed* is the company's ability to manage resources in the form of company assets. VACA shows the value added (VA) that can be generated by a company because it carries out company activities using company assets. (Alewine & Stone, 2013; Marzban et al., 2014). VA is the result of sales and other income minus the cost of production (other than employee expenses) while capital employed is the total assets of a company. Increased value added can be achieved if the company makes purchases to add value to assets or exchange old assets that are less efficient with new assets that are more efficient, so that they can support the company's production activities. (Alewine & Stone, 2013; Amin & Aslam, 2017; Cheng et al., 2010; Jaya, 2021). Effective and efficient asset management will affect the company's activities. The high activity of the company shows that the production supporting assets owned by the company are sophisticated so that consumer desires can be fulfilled. The increase in production and sales will increase the company's profit, so that it will attract investor reactions to the company (Abhayawansa & Guthrie, 2012; Marzban et al., 2014).

To improve the company's performance and profits in the future, companies need to increase investment in VACA. VACA is the key to the company's success in achieving the wishes of investors and potential investors, namely the company can continue to exist and continue to grow in the future, this is reflected in the way the company manages its funds and assets. The high reaction of investors and potential investors to the company will affect the company's stock price. The increase in the company's stock price will affect the company's ERC value and will have an impact on the quality of the company's earnings.

*Value Added Capital Employed (VACA)* positive effect on investor reaction (Chen et al., 2005). The high reaction of investors will cause changes in the company's stock price and will affect the value of the earnings response coefficient (ERC). The high and low value of ERC will indicate the quality of a company's earnings. This shows that VACA has a positive influence on the quality of company earnings. (Mojtahedi, 2013) found a significant positive relationship between employee capital and earnings quality. Based on the explanation above, the first hypothesis can be formulated, namely:

**H1:** Value Added Capital Employed (VACA) has a positive effect on earnings quality.

### **Influence Intellectual Capital (VAHU) Against Earnings Quality**

*Value Added Human Capital (VAHU)* shows how much value added (VA) a company can generate from the funds spent on company employees (Rasula et al., 2012). VAHU shows that the salary and benefits provided to employees reflect the competencies possessed by employees, because the company provides salaries in accordance with the competencies possessed by employees. (Marzban et al., 2014; Suseno et al., 2019). The higher the competency possessed by the employee, the higher the position and position as well as the bonus received by the employee, so this will increase employee motivation to improve performance and competence.

Good human resource management can also improve the quality of financial reports because the high knowledge possessed by employees can support the quality of the reports it produces so that it will produce good quality earnings as well. The higher the company's investment to improve the productive behavior of its employees, including those related to supervision motivation and improving employee performance in order to improve employee skills, the higher the added value generated by the company. (Mojtahedi, 2013) found a significant positive relationship between human capital and earnings quality. Based on the explanation above, the second hypothesis is:

**H2:** *Value Added Human Capital (VAHU)* has a positive effect on earnings quality.

### **Influence Intellectual Capital (STVA) Against Earnings Quality**

*Structural Capital Value added (STVA)* shows how much structural capital is needed to produce VA efficiently. Structural capital is the ability of an organization or company to fulfill the company's routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance, for example: company operational systems, manufacturing processes, databases, organizational culture, management philosophy. In other words, structural capital is an infrastructure that supports the company's performance that will remain even though the company's employees leave the company.

Companies that have strong structural capital will have a culture that supports individuals in it to try new things, to learn more, so that the company's performance will increase. An increase in the company's performance will affect the stock price and investors' reactions to the company, so that it will reflect how the quality of the company's earnings in the eyes of investors (Amin et al., 2018). (Hermans & Kauranen, 2005) efficient use of structural capital shows an increase in the ability of Structural capital in providing added value

to the company so that it can have an impact on company profits, where the profits generated will be of higher quality. (Mojtahedi, 2013)also found a significant positive relationship between Structural capital and earnings quality. Based on the explanation above, the third hypothesis is:

**H3:** *Structural Capital Value added (STVA)* has a positive effect on earnings quality.

**Intervening Gender equality on Intellectual capital on earnings quality**

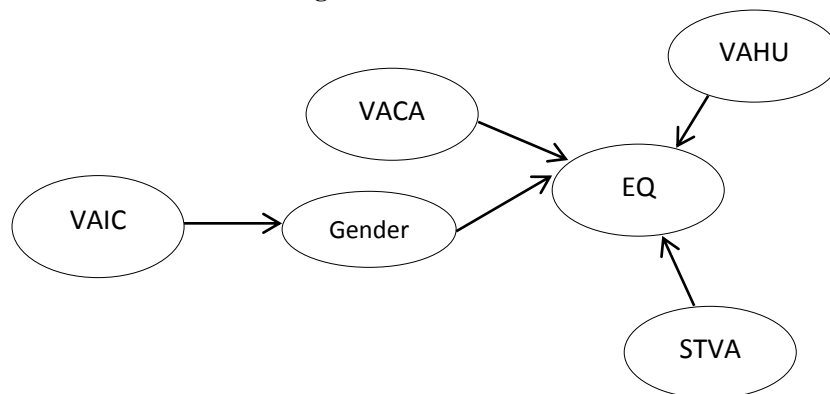
Gender is one of the human aspects that can attract the attention of academics to conduct more in-depth studies. This issue has received attention since the phenomenon that women began to get the opportunity to become part of the company's board of directors, although at first some parties doubted the ability of women to lead and often put them in a position of support (secondary) to men when making decisions.(Kwon & Banks, 2004; Salleh et al., 2012). But along with the times, gender equality has begun to be echoed since the Presidential Instruction of the Republic of Indonesia Number 9 of 2000 concerning Gender Mainstreaming in National Development. Study(Lien et al., 2015; Liu et al., 2014; Muller-Kahle & Lewellyn, 2011; Nadeem et al., 2019; Rasmini et al., 2014) mentions that the presence of a female board of directors and commissioners has an effect on the extent of voluntary disclosure, especially the Intellectual Capital Disclosure carried out by a company.

The importance of IC Disclosure in the business world can be seen from the various benefits it presents, such as: 1) increasing company value, 2) bridging the information asymmetry that often arises between market value and book value through its ability to explain unexplained value, 3) for investors, capital information Intellectual property is one of the bases for assessing the quality of the company, so that in the end it is able to gain profits in the form of abnormal returns. Therefore, the alternative offered to facilitate the information needs of capital market players on intellectual capital is to improve the quality of information transparency by expanding Intellectual Capital Disclosure voluntarily.

The presence of women in the structural board of directors is considered to increase the effectiveness of the board by reducing the level of conflict and ensuring high quality board development activities (Nikolaj Bukh et al., 2005). The expertise of the male and female board of directors varies widely and is equally important for ensuring the achievement of a company's financial goals and the impact of its business on different stakeholders. In the end, this gender diversity can increase collective intelligence and improve the company's management functions to maintain the company's value in the future for the better(Doldor et al., 2012; Kanapathipillai et al., 2019; Reguera-Alvarado et al., 2017). Based on the explanation above, the fourth hypothesis is:

**H4:** Gender equality strongly intervenes intellectual capital on earnings quality

**Figure 1.** Research model framework



**III. DATA AND METHODOLOGY**

This research was conducted using quantitative methods. The population of this study uses companies listed on the Indonesia Stock Exchange during the 2016-2020 period. The sampling method of this study used purposive sampling consisting of:

1. Go public company listed on the Indonesia Stock Exchange (IDX) since 2016-2020
2. Companies that have positive profits during 2016-2020
3. A company that always provides training and skills development for each of its employees and the costs are displayed in its financial statements every period.

Based on the sampling criteria, then proceed to the process of selecting population data on companies listed on the Indonesia Stock Exchange. This study analyzes the effect of intellectual capital (independent variable) on earnings quality (dependent variable) which is intervened by the gender equality variable on the board of

directors. The intellectual capital variable was measured using 3 proxies consisting of VACA, VAHU, and STVA. These three intellectual capital proxies are combined into VAIC.

### 3.1 Operational definition

The operational and measurement definitions of each research variable are presented in Table 1, below.

**Table 1. Operational Definition and Measurement of Variables**

No.	Variable	Operational definition	Measurement	Scale	SourceData
1.	<b>Intellectual Capital Efficiency (X)</b>	<i>Intellectual Capital</i> measured based on VAIC, namely physical capital/capital employed (VACA), human capital (VAHU) and Structural Capital (STVA). The three intellectual capital proxies are combined into one using confirmatory factor analysis(Jaya, 2021)	<p>a. Calculating Value added  <b>VA = OUT – IN</b>  <b>Information:</b>                      VA : Value added                      OUT: Total sales                      IN : Cost of production (other than employee expenses)</p> <p>b. <i>Value added of capital employed(VACA):</i>  <b>VACA = VA/CE</b>  <b>Information:</b>                      VACA : Value added Capital Employed                      VA : Value added                      CE : Capital Employed, available capital (total assets)</p> <p>c. <i>Value added Human Capital (VAHU):</i>  <b>VAHU = VA/HC</b>  <b>Information:</b>                      VAHU : Value added Human Capital                      VA : Value added                      HC : Human Capital (employee expenses)</p> <p>d. <i>Structural Capital Value added(STVA):</i>  <b>STVA = SC/VA</b>  <b>Information:</b>                      STVA : Structural Capital Value added                      VA : Value added                      SC : Structural Capital = VA - HC.</p> <p>e. <i>Value Added Intellectual Coefficient (VAIC):</i>  <b>VAIC = VACA + VAHU + STVA</b></p>	Ratio	Osiris
2.	<b>Earnings Quality (Y1)</b>	Earnings quality is measured using total accruals(Rezaee et al., 2020)	<p><i>Total accruals</i> mentioned as robust model that can detect earnings management by measuring unexpected accruals better than other models. A higher absolute discretion value indicates a higher earnings management effort, thus implying lower earnings quality.  <b>Total accruals (TAit) = Net income before extraordinary items – Cash flow from operations</b></p>	Ratio	Osiris
3.	<b>Gender Diversity Board (Y2)</b>	Gender equality on the board of directors is measured using the ratio of the number of female directors(Simpson, 1949)	<p><b>BGD =</b>  <b>Number of female directors Total number of directors</b></p>	Ratio	Osiris

This study will be tested using descriptive statistical tests, data normality tests and model tests using regression with the help of the Wrap PLS application. There are two test models of this research, as follows.

#### Test Model 1

$$EQ = \alpha + \beta_1 VACA + \beta_2 VAHU + \beta_3 STVA + \varepsilon$$

#### Test Model 2

$$EQ = \alpha + \beta_1 (VAIC * BGD) + \varepsilon$$

Information:

- VACA = Value added Capital Employed
- VAHU = Value added Human Capital
- STVA = Structural Capital Value added
- VAIC = Value Added - Intellectual Capital
- EQ = Earnings Quality – Total Accruals
- BGD = Gender Diversity Board

#### IV. RESULTS

The data that has been tabulated and statistical tests have produced the following findings.

**Table 2.** Descriptive statistical test results

	N	Min.	Max.	mean	Std. Deviation
VACA-X1	700	,023	6,174	1.14613	,921805
VAHU-X2	700	1.070	19.937	7.06385	4,542793
STVA-X3	700	,249	1.074	,92431	,079484
VAIC	700	1,744	21.952	9.13429	4.421342
BGD	700	,0113	14.5117	1.234773	1.9827285
EQ	700	,0001	10.7368	1.250340	1.5743202
Valid N (listwise)	700				

Source: Processed secondary data.

Based on table 2 of the tests above, several minimum, maximum, mean and standard deviation values have been found, the explanations are as follows.

a) Intellectual capital variable measured using VACA, where from a total of 700 data has an average value of 1.146%. This shows that the effectiveness of the value added capital employed in supporting the company's operations is only 1.146%. Meanwhile, the standard deviation of the VACA value shows a number of 0.921% which indicates that the number is smaller than the average number. This illustrates that the data has been spread evenly.

b) Intellectual capital variable measured using VAHU, where from a total of 700 data has an average value of 7.063%. This shows that the effectiveness of value added human capital in supporting the company's operations is only 7.063%. Meanwhile, the standard deviation value of VAHU shows 4.542%, which indicates that the figure is smaller than the average number. This illustrates that the data has been spread evenly.

c) Intellectual capital variable measured using STVA, where from a total of 700 data has an average value of 0.924%. This shows that the effectiveness of structural capital value added in supporting the company's operations is only 0.924%. Meanwhile, the STVA standard deviation value shows a figure of 0.079% which indicates that this number is smaller than the average number. This illustrates that the data has been spread evenly.

d) Intellectual capital variable measured using VAIC, where from a total of 700 data has an average value of 9.134%. This shows that the effectiveness of the value added intellectual coefficient in supporting the company's operations is only 9.134%. Meanwhile, the VAIC standard deviation value shows 4.421%, which indicates that the figure is smaller than the average number. This illustrates that the data has been spread evenly.

e) The variable board gender diversity measured using BGD, where from a total of 700 data has an average value of 1.234%. This shows that the board gender diversity in the company so far is only 1.234%. Meanwhile, the BGD standard deviation value shows 1.982% which indicates that the figure is greater than the average figure. This illustrates that the distribution of BGD data is not evenly distributed.

f) The earnings quality variable measured using EQ, where from a total of 700 data has an average value of 1.250%. This shows that the quality of earnings generated by the company during its operations is only 1.250%. Meanwhile, the standard deviation value of EQ shows 1.574% which indicates that this number is greater than the average number. This illustrates that the distribution of EQ data is uneven.

Data presentation in the form of, *VACA*, *VAHU*, *STVA*, *VAIC*, *BGD* and *EQ* This is useful for showing the profile of the data used in this study. It is hoped that this presentation can also facilitate and provide an initial overview of the current test statistical data for the public.

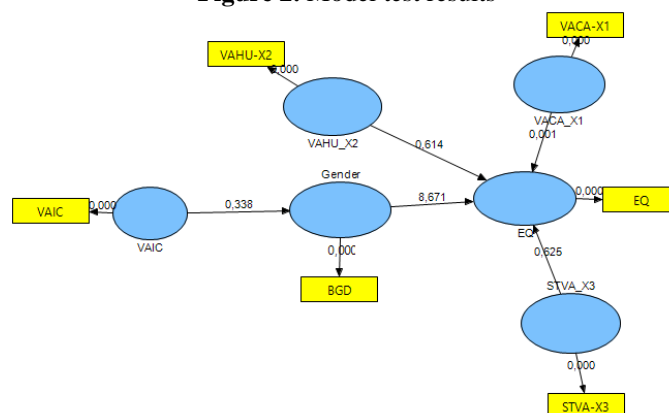
**Table 3.** Data normality test results

		Unstandardized Residual
N		700
Normal Parameters, b	mean	0E-7
	Std. Deviation	1.32855538
Most Extreme Differences	Absolute	,272
	Positive	,272
	negative	-,258
Kolmogorov-Smirnov Z		7,203
asympt. Sig. (2-tailed)		,521
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Processed secondary data.

From table 3 above, it can be seen that the significance value or Asymp. Sig. (2-tailed) of 0.521 which indicates that the significant value is > 0.05. Thus the residual value of the overall data used has been normally distributed.

**Figure 2.** Model test results



Source: Processed secondary data.

Hypothesis testing is done by comparing the t-count value with the t-table value, if the t-count value is greater than t-table, then the relationship is significant between the variables and vice versa when t-count is smaller than t-table, then there is no significant relationship between the variables. The number of data tested is 700, then the value of t table ( $\alpha = 5\%$ ) obtained by 1,963. The presentation is as follows.

**Table 4.**Influence between research variables

Hypothesis	Influence	t count	koef.path	Information
<b>H1</b> Value added capital employed	→ Earnings Quality	0.001	0.024	Not Significant
<b>H2</b> Value added human capital	→ Earnings Quality	0.614	0.032	Not Significant
<b>H3</b> Effectiveness of structural capital value added	→ Earnings Quality →	0.625	0.036	Not Significant
<b>H4</b> Value added intellectual coefficient	→ Gender diversity board → Earnings Quality	8,676*	0.061	Significant

Based on the results that have been obtained above, further testing is carried out on several hypotheses that have been formed previously. The test results are as follows.

**H1 :Value Added Capital Employed(VACA) has a positive effect on earnings quality.** The test results show that the variable value added capital employed has a t value of 0.001 or  $0.001 < 1.963$ . These results indicate that the value added capital employed variable does not significantly affect the company's earnings quality, so this result means that H1 is rejected. **H2 :Value Added Human Capital (VAHU) has a positive effect on earnings quality.** The test results show that the variable value added human capital has a t-count value of 0.614 or  $0.614 < 1.963$ . These results indicate that the value added human capital variable is proven to not significantly affect the company's earnings quality, thus, this conclusion means that H2 is rejected. **H3 :Structural Capital Value added (STVA) has a positive effect on earnings quality.** The test results show that the variable structural capital value added has a t-count value of 0.625 or  $0.625 < 1.963$ . These results indicate that the structural capital value added variable is proven to not significantly affect the quality of company earnings, so this conclusion means that H3 is rejected.

**H4 : Gender equality strongly intervenes intellectual capital on earnings quality.**The test results show that the gender equality variable has a t value of 8.676 or  $8.676 > 1.963$ . These results indicate that the gender equality variable is proven to be significantly capable of intervening the strong influence of intellectual capital on the company's earnings quality, thus, this conclusion means that H4 is not rejected.

#### 4.1 Discussions

Several companies in Indonesia do not fully understand intellectual capital information, so that the reporting and disclosure tends to be less than optimal. Therefore, the alternative offered to facilitate the information needs of capital market players on intellectual capital is to improve the quality of information



transparency by expanding Intellectual Capital Disclosure voluntarily. Until now, the dissemination of information regarding intellectual capital or known as Intellectual Capital Disclosure (IC Disclosure) is still voluntary, so that the awareness of companies to increase information disclosure to meet the needs of capital market players is an important thing to pay attention to.

One type of diversity that is commonly found in companies is gender diversity. Diversity is believed to create varied cognitive styles, so as to be able to enrich policy alternatives, in order to support the quality of a decision (Jia, 2019; Muller-Kahle & Lewellyn, 2011; Mustafa et al., 2020; Riyadh et al., 2019; Salleh et al., 2012). The existence of the female board of directors and commissioners greatly affects the extent of voluntary disclosure, especially the IC Disclosure carried out by a company. This diversity emphasizes the existence of a female board of directors and commissioners in the company. This is because, women are believed to have a tendency to like to do analysis, where the strategy they set is believed to have been based on careful consideration and is able to deliver performance in a better direction. (Baroroh, 2014), so that in the end it will encourage the disclosure of intellectual capital information. However, when the company has reached a certain level of success, the female board of directors and commissioners often show caution in making decisions and tend to limit the disclosure of some important information in order to minimize potential losses. However, the expertise of both male and female board of directors has its own advantages and disadvantages, but they are equally important to ensure the achievement of the company's financial goals and its business impact on stakeholders.

## V. CONCLUSION, LIMITATIONS, AND FUTURE RESEARCH

The results of the data analysis test that have been carried out have found several things, such as value added capital employed (VACA), value added human capital (VAHU), and structural capital value added (STVA) which are proven to not significantly affect the company's earnings quality. Meanwhile, gender equality is proven to be significantly capable of intervening the strong influence of intellectual capital on the quality of company earnings. Gender equality in this study is not to give better results between male and female members of the board of commissioners,

The limitation of this research is that the type of diversity used is only limited to gender diversity. The next researcher can expand the scope of diversity, such as the experience of the board while working in other companies which of course plays a role in increasing the skills and knowledge of decision-making of a board of commissioners.

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