



RESEARCH ARTICLE

# The Influence of Age, Tenure, Education and Gender of the Corporate Secretary on Company Performance on the IDX

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## Abstract

Financial Services Authority Regulation Number 35 of 2014 states that a company secretary is mandatory for public companies. they will realize GCG and be responsible for the processes and performance of the board of directors and firm performance. Literature on the influence of corporate secretaries on firm performance is limited. However, based on upper echelon theory, the characteristics of the company secretary need to be considered because they describe their performance and their effect on firm performance. Therefore, this study aims to examine the influence of company secretary characteristics on firm performance. The sample used was companies registered on the BEI for the 2018-2022 period with 944 observations. The results of multiple linear regression analysis show that age and education have an effect on firm performance, while tenure and gender have no effect on firm performance. The results add to the literature on the characteristics of corporate secretaries and firm performance, and provide important information that corporate secretaries need to pay attention to.

**Keyword:** Characteristics; Company secretary; Firm performance

## Introduction

The Corporate Secretary is a company organ that must be included in Good Corporate Governance (GCG) for companies listed on the Stock Exchange (Suri & Hadad, 2014). This shows how important the Corporate Secretary is in the company, especially in realizing effective GCG to stop management's opportunistic tendencies (Larcker & Tayan, 2016). The company secretary is the party who helps the company directors run their duties smoothly. In the organizational structure, the company secretary is under the directors, so the company secretary is appointed and reports directly to the directors. The existence of the company secretary itself is to bridge communication between the company and its stakeholders (Kartikarini & Mutmainah, 2013). To ensure good company performance, the company secretary is responsible for the processes and performance of the Board of Directors (McNulty & Stewart, 2015). The company secretary also often advises the Board of Directors and Board of Commissioners regarding regulations, lists of regulations and laws (Suri & Hadad, 2014).

Corporate secretaries still do not receive proper attention in research related to company performance. This is proven by the lack of literature discussing the influence of company secretaries on company performance. In fact, the company secretary is the actor closest to the board of directors who performs a very important supporting function for the company (McNulty & Stewart, 2015). It is impossible for the Board of Directors to work well without the help of a secretary who helps organize all the company's tasks and provides a clear picture of what the Board of Directors must do (Al-Matar et al., 2014).

Peng et. al (Peng et al., 2019) conducted research with Chinese company data and stated that corporate secretary

compensation is related to the quality of company disclosure and reduces agency costs. Furthermore, research conducted by Xing et. al. (Xing et al., 2019) using Chinese company data also found that secretary equity ownership can reduce the risk of corporate litigation and increase corporate social responsibility. Several other studies also state that the Corporate Secretary has an influence on financial performance (Khaira Afiani & Bernawati, 2019), company performance (Setyaningrum, 2019; Wang et al., 2019), and the effectiveness of directors (Wang et al., 2019).

To carry out tasks that are directly related to the responsibilities of the Board of Directors, a Secretary must be professional, intelligent, knowledgeable and have skills in their field. Therefore, the characteristics of a secretary are very important (Suri & Hadad, 2014). As one example, a secretary with an economics and business background will have better knowledge about company finances and the ins and outs of the business world (Xing et al., 2019), so that they can provide input for business decision making. Therefore, it is important to pay attention to the characteristics of the company secretary which are closely related to the performance that will be provided for the company.

The characteristics of company secretaries that will be studied are new to this research. This is due to several reasons. First, previous research that discussed the relationship between corporate secretaries and performance only used the category of whether or not a corporate secretary was present in the company's annual report (dummy variable). In fact, according to upper echelons theory, the characteristics of the company secretary are the most important factors in describing their performance (Hambrick, 2007). Second, previous research discussing company characteristics that are linked to company performance is still very limited. This is known based on searches carried out on research publication databases such as Google Scholar and Scopus with the keywords "corporate secretary", "corporate performance", "financial performance", "corporate secretary", and "firm performance". Therefore, research conducted to determine the influence of company secretary characteristics on company performance is still very necessary.

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The Corporate Secretary is an important company organ because his duties and responsibilities are directly related to the Board of Directors in accordance with Financial Services Authority Regulation Number 35 /POJK.04/2014 concerning Corporate Secretaries of Issuers or Public Companies. The main task of the corporate secretary is to assist the Directors and Board of Commissioners in implementing corporate governance. The Corporate Secretary has a big role in the process and effectiveness of the Board of Directors which will ultimately encourage the Board of Directors to realize good company performance (McNulty & Stewart, 2015). The Corporate Secretary often acts as an advisor to the Board of Commissioners and Board of Directors regarding regulatory requirements, lists of regulations and laws related to corporate governance (Suri & Hadad, 2014). The corporate secretary can play his role in providing clear information that does not contain elements of obfuscation and can be one of the determinants of good company performance (de Souza et al., 2019; Li, 2008; Xu et al., 2018).

Suri and Hadad (Suri & Hadad, 2014) state that the Corporate Secretary is a company organ that must be included in Good Corporate Governance (GCG) for companies listed on the Stock Exchange. This shows the importance of the role of the Corporate Secretary in the company, especially in realizing GCG that runs well. GCG is a mechanism that can suppress the opportunistic nature of management (Larcker & Tayan, 2016). When the opportunistic nature of management can be suppressed properly, the company's performance will be better (Sari et al., 2022).

McNulty and Stewart (McNulty & Stewart, 2015) state that the performance contribution of the Corporate Secretary can increase the effectiveness and efficiency of the performance of the Board of Directors. The importance of the contribution made by the Corporate Secretary requires him to have adequate abilities (Suri & Hadad, 2014). The presence of the Corporate Secretary who assists the Board of Directors directly (McNulty & Stewart, 2015) and is an important organ for forming GCG (Suri & Hadad, 2014), as well as the characteristics of the Corporate Secretary which are related to the condition of the company (Kwak et al., 2012; Peng et al., 2019; Xing et al., 2019) will provide its own value to company performance. Therefore, the research hypothesis set out in this study is as follows:

- H1. The age characteristics of company secretaries influence company performance.
- H2. The tenure characteristics of corporate secretaries influence company performance.
- H3. The educational characteristics of company secretaries influence company performance.
- H4. The gender characteristics of the company secretary influence company performance.

**Method**

This research uses secondary data obtained from the Annual Reports of Companies listed on the Indonesia Stock Exchange in 2018-2022. The research sample obtained was 944 observations (company-year).

The variable age characteristics of the Corporate Secretary (CSAge) is measured using a nominal scale based on the age of the Corporate Secretary up to the year in the company's annual reporting period. The Corporate Secretary's tenure characteristic variable (CSTen) is measured on a nominal scale based on the difference between the initial year of serving as Corporate Secretary and the year in the company's annual reporting period. The Corporate Secretary Education characteristic variable (CSEdu) is measured using a dummy variable, namely 1 for company secretaries who have an educational background in Economics, and 0 for other than Economics. The variable gender characteristics of the Corporate Secretary (CSGen) is measured using a dummy variable, namely 1 for company secretaries whose gender is female, and 0 for any gender other than female.

The dependent variable in this research is company performance which is measured using TobinsQ. Tobin's Q is used as a benchmark for market-based company performance for the

future (Rahman et al., 2019). Tobin's Q can provide better information because it includes all assets including debt and share capital of the company. All the assets used show that the company is not concentrated in just one type of stock, but rather in all types of investors in the form of shares or from creditors to support sources of financing for the company's operational activities.

Descriptive statistics are used in this research to find out about the description of the variables in the research. With these descriptive statistics, information can be obtained, namely: mean, standard deviation, maximum and minimum (Ghozali, 2013). Descriptive statistics are intended to determine the distribution and characteristics of data.

The data analysis used to test the hypothesis in this research is multiple regression analysis. Sekaran and Bougie (Sekaran & Bougie, 2016) state that multiple regression analysis is generally the same as simple regression, namely to determine the effect of independent variables on the dependent variable, but the number of independent variables in multiple regression is usually more than one. Multiple regression analysis was chosen because the number of independent variables in this study was more than one.

$$\text{Tobins'Q} = \alpha + \beta_1\text{CSAge} + \beta_2\text{CSTen} + \beta_3\text{CSEdu} + \beta_4\text{CSGen} + \epsilon$$

(1)

Information:

- $\alpha$  : Konstanta
- $\beta$  : Koefisien Regresi
- Tobins'Q : Company performance
- CSAge : Age of the Company Secretary
- CSTen : Corporate Secretary Tenure
- CSEdu : Corporate Secretary Education
- CSGen : Gender of Company Secretary

**Results And Discussion**

Based on a research sample of 944 observations, the descriptive analysis test results were obtained in Table 1.

**Table 1. Descriptive Analysis Test Results**

Variabel	Minimum	Maximum	Mean	Std. Deviasi
Tobins'Q	0,28	15,67	1,87	2,03
CSAge	22	77	46,93	8,68
CSTen	1	29	4,83	4,84
CSEdu	0	1	0,60	0,49
CSGen	0	1	0,30	0,46

The results of the descriptive analysis test show that the company performance variable measured using Tobins'Q shows a minimum value of 0.28, a maximum of 15.67, an average of 1.87, and a standard deviation of 2.03. The average age of company secretaries is 46.93 years, which indicates that they are approaching old age, while the average tenure of company secretaries is 4.83 years, which indicates that the average tenure or length of service for company secretaries in this study is relatively long. Table 1 shows that there is a sample showing newly appointed company secretaries during the research period, namely 1 year.

**Table 2. Frequency of Education and Gender of Corporate Secretaries**

CSEdu	Frekuensi	Persentase	Valid Persentase	Cumulatif Persentase
Valid	0	373	39.5	39.5
	1	571	60.5	100.0
	Tota	944	100.0	100.0
<b>CSGen</b>				
Valid	0	659	69.8	69.8
	1	285	30.2	100.0
	Tota	944	100.0	100.0

Company secretary education data shows that 60.5% of company secretaries have an educational background in economics, namely 571, while the remaining 373 (39.5%) have an educational background other than economics. Data on the gender of company secretaries shows that the majority of company secretaries are non-female (69.8%), while 285 corporate secretaries are female (30.2%).

The F test stage shows that the sig value is smaller than 0.05 (0.007), which indicates that the research model is appropriate and accepted. The R-Square value is 0.15 (15%) which shows that the independent variable in this study can explain 15% of the dependent variable, while the remaining 75% is explained by other variables and error.

**Table 3. Results of Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients B	T	Sig.
(Constant)	2,833	7,27	0,000
CSAge	-0,023	-	0,006
		2,76	
CSTen	-0,012	-	0,418
		0,81	
CSEdu	0,225	1,66	0,096
CSGen	0,087	0,59	0,558
Adjusted R Square	0,148		
Sig. F	0,007		

The results of hypothesis testing using multiple linear regression analysis show that the age of the company secretary has a negative and significant effect on company performance. This can be seen from the Sig value. The result obtained was 0.006 (<0.05) and indicated that research hypothesis 1 was accepted. The upper echelons theory has stated firmly that the characteristics of a person can describe the resulting performance, including age characteristics. However, the results of this study are different from previous research which has documented that increasing age should be able to increase the resulting performance (Gyapong & Afrifa, 2019; Xu et al., 2018).

The research results provide interesting information that increasing the age of the company secretary actually causes his performance to decline, which can be seen from the negative coefficient value. The results of the descriptive analysis presented previously show that the average age of research secretaries is 46.93 years. According to the Indonesian Ministry of Health (2009), the figure is 46.93 in the age range of the elderly category. Research in health has provided a lot of evidence that the older a person gets, the more that person's cognitive abilities will decline (Kuppens, 2012; MacDonald & Weisbach, 2004; Salthouse, 2000). If related to the findings of this research, it is natural that the older the company secretary gets, the performance produced by the company secretary will also decrease, which in the end will have an impact on its main function of providing input and so on for company managers.

Hypothesis 2 states that the tenure characteristics of corporate secretaries influence company performance. Based on the results of multiple linear regression analysis, the Sig. The result obtained was 0.148 (>0.05), which means hypothesis 2 was rejected. The tenure characteristics of corporate secretaries have not been proven to have a significant effect on company performance.

The research results obtained are different from previous research that has been carried out. Previous research states that the speed of information exchange and achievement of organizational goals will occur along with the length of tenure held (Fallah & Mojarrad, 2019). Long tenure will be better able to understand company conditions, rules and regulations (Katmon et al., 2019), which in the end can improve the quality of disclosure and company performance (Donoher et al., 2007).

Descriptive analysis shows that the minimum tenure for a company secretary is 1 year, the maximum is 29, and the

average is 4.83 years. In the world of work, new employees will usually show maximum effort to prove that the company is not wrong in giving them the job, while employees who have worked for a long time will give maximum performance to show their loyalty to the company (Rivai, 2020; Yulianti, 2015; Yusran & Sodik, 2019). This argument is relevant to the research results obtained, company secretaries who have just worked and company secretaries who have worked for a long time will both give their best performance to provide data and information for managers which will ultimately influence the company's performance.

Hypothesis 3 of the study states that the educational characteristics of company secretaries influence company performance. The results of multiple linear regression analysis show that the Sig. 0.096 (<0.1) which means that the educational characteristics of the company secretary as measured using dummy variables have a positive and significant effect on company performance at the 10% level. Therefore, research hypothesis 3 is accepted.

Someone with an educational background in economics tends to make more decisions (Razali et al., 2016). The economic educational background possessed by the company secretary as the party whose task is to assist the board of directors, will be very useful for the decision-making process that will be taken by the board of directors (Lewis & Allen, 2017; Razali et al., 2016).

Hypothesis 4 of the study states that the gender characteristics of the company secretary influence company performance. The results of the multiple linear regression analysis test show a Sig. 0.558 (>0.05) which means that the hypothesis of 4 studies was rejected. The gender characteristics of the company secretary do not have a significant effect on company performance.

The gender of the company secretary does not have a significant effect on company performance. This shows that companies that have female company secretaries and companies that have male company secretaries have the same effect on company performance. One argument that can explain this finding is the argument presented by (Feldberg & Glenn, 1979) Feldberg and Glenn (1979) through a structural approach. The structural approach states that gender differences will not be taken into account when women and men enter a profession or job. This argument is built on the assumption that women and men will tend to have the same behavior in a job because of the socialization carried out in such a way about that job. Therefore, decisions and behavior in the world of work are very likely not to be determined by a person's gender (Nasution & Jonnergård, 2017).

A company is an organization that requires all its members to behave professionally and carry out their duties well (Evetts, 2003; Flynn et al., 2015). The professionalism demanded by companies will ultimately reduce the differences between male and female secretaries. Men and women must be able to carry out their duties well and cannot use gender as an excuse for good or bad performance (Ainun, 2019). Male company secretaries and female company secretaries have the same responsibilities and will tend to have the same behavior and responses due to socialization about the job to them.

## Conclusions

The characteristics of the company secretary's age and education influence company performance. The company secretary has an important role in influencing the company's performance because it is his job to assist the board of directors in the decision-making process. The tenure characteristics and gender of the company secretary do not have a significant effect on company performance. This shows that in the world of work, high professionalism is required, both between newly appointed secretaries and those who have served for a long time, as well as between male and female secretaries who are both required to provide their best performance to the company.

The R-Square value in this study was 0.148. This value is relatively low, so it is necessary to include other variables in the

research model that are theoretically related to company performance.

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## Ethical Considerations

## Conflict of Interest Statement

Authors are requested to disclose interests *that are directly or indirectly related to the work submitted for publication*. Interests within the last 3 years of beginning the work (conducting the research and preparing the work for submission) should be reported. Interests outside the 3-year time frame must be disclosed if they could reasonably be perceived as influencing the submitted work. Disclosure of interests provides a complete and transparent process and helps readers form their own judgments of potential bias. This is not meant to imply that a financial relationship with an organization that sponsored the research or compensation received for consultancy work is inappropriate.

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