The impact of CEO gender and educational background on capital structure

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Article info	Abstract
	This study aimed to investigate how CEO gender and educational background influence capital structure decisions in Indonesia. This study uses panel data from the Indonesia Stock Exchange in the 2018—2022 period. This study utilized a purposive sampling technique to obtain 335 firm-year observations. The results indicated a significant impact of CEOs from renowned universities and with high levels of education in shaping the company's capital structure. Furthermore, CEO gender does not have a significant influence on capital structure.

JEL classifications: G30, G32

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1. Introduction

The decision on the corporate capital structure is crucial in navigating financial challenges as it profoundly influences the company's capacity to manage risks and attain long-term financial objectives (Muslimah et al., 2020). An optimal capital structure can provide a competitive advantage and financial stability (Octavus & Adiputra, 2020). For investors, attention to the capital structure is highly significant in evaluating the financial position of a company. Through an appropriate capital structure policy, information about the risks and investment opportunities in a particular company can be communicated to investors. The level of interest and confidence among investors in investing in an institution can be influenced by the CEO's ability to make efficient decisions regarding the company's capital structure.

The role of the CEO is crucial in capital structure decisions. As the primary leader of the company, the CEO has control over the overall success of the organization (Putra & Bimo, 2022). They bear responsibility for financial strategy and are empowered to determine the capital structure policy that best suits the company's needs. Nevertheless, it is essential to note that the gender role and educational background of the CEO can influence their perspectives and preferences when making decisions regarding the capital structure (Suherman et al., 2023).

Primarily, the gender of the CEO plays a crucial role in financial decision-making. According to Setiawan and Navianti (2020), there are differences in financial behavior and preferences between men and women. Women in leadership tend to be more conservative in risk-taking and focus on long-term goals. In contrast, according to De Silva and Banda (2022), men are more inclined to take risks aggressively and concentrate on short-term objectives. Suherman et al. (2021) stated that female CEOs tend to avoid risks and are sensitive to risky actions that could potentially jeopardize the financial condition of the company. These differences can impact CEO decisions regarding the use of debt or equity. Female CEOs may prefer a more conservative capital structure policy, relying on their own capital to mitigate financial risks. In contrast, male CEOs might be more willing to take risks by utilizing more debt for tax advantages or growth prospects (Minh Ha et al., 2021).

Secondly, the educational background of the CEO plays a crucial role in capital structure decisions. According to Chua et al. (2020), CEOs with higher education tend to be less risk-averse. Meanwhile, Ghardallou et al. (2020) suggested that CEOs with educational backgrounds in finance, business administration, economics, or accounting can enhance financial performance. CEOs with such educational backgrounds possess a better understanding of financial instruments, risk analysis, and the financial impact of different capital structure decisions. According to Suherman et al. (2023), CEOs with higher education have knowledge, perspectives, and abilities to comprehend technical concepts. Consistent with the upper echelon theory by Hambrick and Mason (1984), they can leverage this knowledge to make more informed and calculated judgments when facing financial challenges.

CEOs with education from prestigious universities can be leaders who benefit from profound knowledge and understanding of sound financial management and business strategies (Rakhmayil & Yuce, 2009). They possess strong academic knowledge in finance, accounting, or business management. With their skills and expertise, they are well-equipped to handle financial challenges at the corporate level due to their extensive experience and knowledge (Suherman et al., 2023).

Research findings on the impact of CEO gender on capital structure decisions, as conducted by Diantini (2022), García & Herrero (2021), and Setiawan & Navianti (2020),

revealed a significant negative correlation between female CEOs and debt usage, indicating a tendency for women to make more risk-averse decisions. However, studies by Hayong & Pandin (2023), Kaur & Singh (2020) and Septiawan et al. (2022) showed a non-significant negative impact on capital structure.

On the other hand, research on the influence of CEO education on capital structure decisions, as conducted by Grabinska et al. (2021), Lin et al. (2020), Minh Ha et al. (2021), Rakhmayil & Yuce (2009), and Ting et al. (2015), indicated that CEOs with higher education, Master of Business Administration degrees, and graduation from prestigious universities have a significant positive impact on leverage. However, studies by De Silva and Banda (2022) and Kaur and Singh (2020) suggested a non-significant influence on capital structure.

Prior research has predominantly focused on exploring the general impact of CEO education on corporate capital structure without considering specific educational differences among CEOs, such as degrees in finance, economics, or graduation from prestigious universities, and how these factors may influence capital structure decisions. Therefore, it is essential to conduct research on how CEO education and CEO gender influence capital structure decisions. Investors and decision-makers stand to benefit from understanding how the educational background and gender roles of CEOs can impact financial preferences and strategies to address financial challenges.

The novelty of this research is evident in the use of CEO education measurement, which consolidates four proxies from several preceding studies, including the CEO's educational level, the CEO's highest degree from a prestigious foreign university, the CEO's highest degree from a renowned domestic university, and the CEO's educational background in the fields of economics, finance, and business. This comprehensive approach provides a more nuanced understanding of the CEO's educational qualifications.

2. Literature review

2.1. Upper echelons theory

In the corporate business environment, the image of a company as a reflection of top management plays a crucial role in determining the direction and performance of the organization. The upper echelons theory (UET) is a theoretical framework that, according to Hambrick and Mason (1984), posited that the personal characteristics, background, and values of top managers (including CEOs and other top executives) can influence decision-making processes and organizational outcomes. A CEO is influenced by their skills, beliefs, and personal characteristics, leading to variations in decision-making and responses among different CEOs. CEO's personal characteristics include gender, education, and age (Suherman et al., 2023).

The management perspective indicates a relationship between the level of education and knowledge, cognitive complexity, openness to change, tolerance for ambiguity, and the tendency in risk-taking (Acar, 2016). Higher education with good facilities provides a greater level of knowledge. Greater knowledge can be associated with more effective strategies and more efficient business management. Educational achievement also reflects the level of complexity in cognitive schemes. Cognitive needs play a crucial role in strategic decision-making, as individuals with high cognitive levels have an inherent drive to construct situations in a meaningful and integrated manner. This indicates that they are inclined to take a more comprehensive approach in the decision-making process (Carr et al., 2021).

2.2. Hypotheses development

Culture and social environment play a crucial role in the dynamics between CEO gender and corporate capital structure decisions. Social norms and gender stereotypes in the business world can provide different perspectives on the roles and leadership of women. Research by Lever (1976) indicated that observed differences in the development of males and females underlie their personality traits. Research on this theory indicates that differences in how males and females interact with their environment can influence their perceptions. Males often engage in outdoor play and participate in competitive games, promoting the development of strong leadership skills, a liking for competition, and the ability for males to be more willing to take risks.

Due to these differences, male and female leaders exhibit variances in risk-taking behavior, both in personal aspects and managerial decision-making (Buchdadi et al., 2023). Women tend to have a higher desire for stability than men and feel less confident in taking financial risks (Suherman et al., 2023). Female CEOs are inherently more conservative, and they are less likely to take higher financial risks as compared to male CEOs (Suherman et al., 2021). Previous studies conducted by Diantini (2022), García & Herrero (2021), and Setiawan & Navianti (2020) have proven that gender significantly influences capital structure decision-making, although this contradicts with the findings of Hayong & Pandin (2023), Kaur & Singh (2020) and Septiawan et al. (2022). Therefore, the hypothesis one is formulated as follows:

H1: Female CEOs have a significant and negative effect on capital structure

According to Chua et al. (2020), CEOs with higher education levels exhibit a willingness to face risks. Meanwhile, CEOs with educational backgrounds in finance, business administration, economics, or accounting can enhance financial performance (Ghardallou et al., 2020). CEOs with such educational backgrounds possess a strong understanding of risk analysis and the financial impact of capital structure decisions. Suherman et al. (2023) also suggested that CEOs with higher education have the knowledge, perspective, and capability to comprehend technical concepts.

CEOs with degrees from prestigious universities also play a crucial role in shaping their perceptions when making capital structure decisions. They possess in-depth knowledge and understanding of effective financial management and corporate strategies. Their education from renowned universities provides them with a strong background in finance, accounting, or business management, enabling them to confront corporate financial challenges with solid experience and valuable insights (Hambrick & Mason, 1984; Kaplan & Minton, 1994). Previous studies conducted by Lin et al. (2020), Minh Ha et al. (2021), Rakhmayil & Yuce (2009), and Ting et al. (2015) demonstrated that educational attainment and graduates from prestigious universities significantly influence positive decision-making in the capital structure of companies. However, these findings were in contrast with the research conducted by De Silva & Banda (2022), and Kaur & Singh (2020). Thus, the hypothesis two is formulated as follows:

H2: CEO education has a significant and positive effect on firm capital structure

3. Research methods

3.1. Sample

The population in this study comprised companies listed on the Indonesia Stock Exchange (IDX). The research sample consisted of companies listed in the Kompas100 Index during the second semester of 2022. The data collection for this research utilized

purposive sampling, a limited quantitative sampling method determined by criteria set by the researcher (Table 1).

Table 1. Sample selection

	Sample criteria	Total
1.	Companies included in the Kompas100 Index on the Indonesia Stock Exchange 2022 Semester II	100
2.	Companies registered on the IDX after 2017.	(14)
3.	Companies that are delisted during the observation year.	(0)
4.	Financial companies	(13)
5.	Companies do not have complete data	(6)
6.	Samples	67
7.	Number of observations	335

3.2. Operationalization of research variables

This study included three types of variables: a dependent variable, independent variables, and control variables. Table 2 shows the variable operationalization.

3.3. Analysis method

The analysis in this research employed a panel data regression model, a regression methodology that integrates time series and cross-sectional data. The panel data regression equation models in this research were as follows:

$$(DAR_{it}, LR_{it}) = \beta_{0it} + \beta_1 CGEN_{it} + \beta_2 CEDU_{it} + \sum Control\ variables + e_{it} \qquad (1)$$

$$(DAR_{it}, LR_{it}) = \beta_{0it} + \beta_1 CGEN_{it} + \beta_2 WEDU_{it} + \sum Control\ variables + e_{it} \qquad (2)$$

$$(DAR_{it}, LR_{it}) = \beta_{0it} + \beta_1 CGEN_{it} + \beta_2 IEDU_{it} + \sum Control\ variables + e_{it} \qquad (3)$$

$$(DAR_{it}, LR_{it}) = \beta_{0it} + \beta_1 CGEN_{it} + \beta_2 ECO_{it} + \sum Control\ variables + e_{it} \qquad (4)$$

4. Results and discussion

4.1. Descriptive statistics

In this research, descriptive statistics were carried out on the research variables. Descriptive statistical analysis functions to provide an in-depth picture of the collected data, including parameters, such as average (mean), median, standard deviation, maximum value and minimum value. Information on the results of descriptive statistical tests from 335 observations from the 2018-2022 period in the research sample is shown in Table 3.

4.2. Multicollinearity test

The multicollinearity test is a statistical analysis that aims to assess whether there is a significant correlation between two or more independent variables in a panel data regression model. Table 4 shows that the value of each independent variable studied is < 0.8. This showed that there is no correlation between the variables in the research. Therefore, it can be concluded that there are no symptoms of multicollinearity in the data used.

Table 2. Variable operationalization

Variables	Definition	Formula	Data form	Previous studies
Dependent variables				
DAR	Debt to assets ratio	$\dfrac{\text{Total liabilities}}{\text{Total assets}}$	Continuous	(De Silva & Banda, 2022)
LR	Leverage ratio	$\dfrac{\text{Total assets}}{\text{Total equity}}$	Continuous	(Pham, 2020)
Independent variables				
CGEN	CEO gender	1 if the CEO is female, 0 if the CEO is male	Binary	(Setiawan & Navianti, 2020)
CEDU	CEO education	1 if the CEO has completed postgraduate studies, 0 if otherwise	Binary	(Suherman et al., 2023)
WEDU	The CEO graduated from a world-renowned foreign university	1 if the CEO last education comes from a foreign university ranked in the top 250 in the world according to QS WUR 2022, 0 if otherwise	Binary	(Hall, 2020)
IEDU	CEO graduated from a well-known Indonesian university	1 if the CEO last education comes from an Indonesian university ranked in the top 10 in Indonesia according to QS WUR 2022, 0 if otherwise	Binary	(Hall, 2020)
ECO	The CEO graduated from economics, finance and business	1 if the CEO has a degree in economics, finance, and business, 0 if otherwise	Binary	(De Silva & Banda, 2022)
Control variables				
FA	Firm age	Ln(Company age measured in years from the date of establishment)	Continuous	(Kaur & Singh, 2020)
FS	Firm size	Ln(Total assets)	Continuous	(De Silva & Banda, 2022)
ROA	Return on assets	$\dfrac{\text{Net income}}{\text{Total assets}}$	Continuous	(Minh Ha et al., 2021)
CAGE	CEO age	CEO's age in financial reporting year	Continuous	(Minh Ha et al., 2021)
CTEN	CEO tenure	Number of years during which the CEO was appointed as CEO of the company under study	Continuous	(Kaur & Singh, 2020)

4.3. Results

Hypothesis testing was conducted by using a balanced panel data with probabilities smaller than the specified significance level α (0.01; 0.05; 0.1). From the analysis results listed in Table 5, it can be identified that the regression coefficients for CEO Gender were 0.024, 0.040, 0.030, 0.015, and 0.028, with corresponding probabilities of 0.495, 0.247, 0.357, 0.660, and 0.400, all of which were greater than α (0.1). Therefore, it can be concluded that CEO gender correlated positively but insignificantly with DAR. This indicated that CEO gender did not affect the capital structure decisions of the company as proxied by DAR.

The regression coefficients for CEO education, measured by the CEO's education level (CEDU), were 0.042 and 0.020. Meanwhile, their probabilities were 0.075 and 0.352, with DAR1 model being less than α (0.1) and DAR2 model being greater than α (0.1). Based on these results, it can be concluded that in DAR1 model, there is an indication that CEO education had a significant impact on the capital structure measured by DAR, given that the probabilities were close to the significance level of 0.1. However, in DAR2 model, there was no significant indication, as the probabilities were greater than the significance level α (0.1).

Table 3. Descriptive statistics

Variable	Obs	mean	Sd	Median	Min	max
DAR	335	0.47	0.21	0.47	0.09	1.03
LR	335	2.25	2.47	1.89	-33.93	10.87
CGEN	335	0.05	0.22	0	0	1
CEDU	335	0.46	0.5	0	0	1
WEDU	335	0.19	0.4	0	0	1
IEDU	335	0.15	0.36	0	0	1
ECO	335	0.65	0.48	1	0	1
CAGE	335	55.34	8.41	56	35	83
FA	335	3.57	0.54	3.64	1.79	4.76
FS	335	27.88	5.43	30.27	13.96	33.66
ROA	335	0.07	0.09	0.05	-0.19	0.45
CTEN	335	5.7	6.3	4	0	37

Table 4. Pearson correlation

	CGEN	CEDU	WEDU	IEDU	ECO	CAGE	FA	FS	ROA
CEDU	0.032								
WEDU	-0.045	0.290***							
IEDU	0.205***	-0.057	-0.208***						
ECO	-0.114**	0.455***	0.235***	-0.122**					
CAGE	-0.050	-0.073	-0.388***	0.073	-0.274***				
FA	0.033	0.234***	-0.022	0.155***	-0.003	0.028			
FS	-0.053	-0.109**	-0.171***	0.069	-0.338***	0.203***	0.117**		
ROA	0.099*	0.073	0.051	-0.017	0.061	0.019	0.150***	0.014	
CTEN	-0.017	-0.171***	-0.155***	-0.111	-0.299***	0.285***	-0.042	0.082	-0.025

***p<0.01, ** p<0.05, and *p<0.1 indicate statistical significance at the 1%, 5% and 10% level.

The regression coefficients for CEO education, measured by the CEO's last education from a world-renowned foreign university (WEDU), were 0.022 and 0.008. Similarly, their probabilities were 0.411 and 0.744, both of which were greater than the significance level α (0.1). From these results, it can be concluded that CEO education, measured by the CEO's last education from a world-renowned foreign university, did not have a significant impact on the capital structure measured by DAR.

The regression coefficients for CEO education, measured by the CEO's last education from a renowned Indonesian university (IEDU), were 0.065 and 0.048. Similarly, their probabilities were 0.033 and 0.097, both of which were less than the significance level α (0.1). From these results, it can be concluded that CEO education, measured by the CEO's last education from a renowned Indonesian university, had a significant impact on the capital structure measured by DAR.

The regression coefficients for CEO education, measured by the CEO having a degree in economics, finance, and business (ECO), were -0.028 and -0.016. Similarly, their probabilities were 0.186 and 0.427, both of which were greater than the significance level α (0.1). From these results, it can be concluded that CEO education, measured by the CEO having a degree in economics, finance, and business (ECO), did not have a significant impact on the capital structure measured by DAR.

Table 5. DAR model regressions

Variables	DAR				
	1	2	3	4	5
CGEN	0.024	0.040	0.030	0.015	0.028
	(0.495)	(0.247)	(0.357)	(0.660)	(0.400)
CEDU	0.042*	0.020			
	(0.075)	(0.352)			
WEDU	0.022		0.008		
	(0.411)		(0.744)		
IEDU	0.065**			0.048*	
	(0.033)			(0.097)	
ECO	-0.028				-0.016
	(0.186)				(0.427)
CAGE	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.379)	(0.481)	(0.340)	(0.303)	(0.296)
FA	-0.442***	-0.420***	-0.414	-0.424***	-0.413***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
FS	0.184***	0.180***	0.182***	0.182***	0.185***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
ROA	-0.529***	-0.542***	-0.550***	-0.527***	-0.534***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
CTEN	0.004**	0.004**	0.004*	0.004**	0.004
	(0.058)	(0.043)	(0.052)	(0.036)	(0.103)
Constant	-3.043***	-3.023***	-3.070***	-3.034***	-3.133***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	335	335	335	335	335
Number of firm	67	67	67	67	67
F-test	0.000	0.000	0.000	0.000	0.000
R-Squared	0.337	0.321	0.319	0.326	0.320

***$p<0.01$, ** $p<0.05$, *$p<0.1$ indicates statistical significance at the 1 percent level, 5 percent and 10 percent

Table 6. LR model regressions

Variables	LR				
	1	2	3	4	5
CGEN	0.493	0.643	0.571	0.433	0.776
	(0.509)	(0.378)	(0.411)	(0.568)	(0.287)
CEDU	0.590	0.596*			
	(0.135)	(0.093)			
WEDU	-0.563		-0.419		
	(0.230)		(0.364)		
IEDU	0.575			0.547	
	(0.245)			(0.274)	
ECO	0.446				0.627
	(0.296)				(0.106)
CAGE	0.021	0.027	0.019	0.023	0.032
	(0.343)	(0.200)	(0.376)	(0.281)	(0.130)
FA	-0.153	-0.092	0.036	-0.015	0.030
	(0.654)	(0.787)	(0.915)	(0.964)	(0.927)
FS	0.017	0.013	0.002	0.002	0.022
	(0.630)	(0.710)	(0.960)	(0.948)	(0.516)
ROA	-2.078	-2.170	-1.911	-1.869	-2.288
	(0.233)	(0.214)	(0.278)	(0.288)	(0.189)
CTEN	-0.002	-0.013	-0.021	-0.016	-0.009
	(0.933)	(0.641)	(0.466)	(0.592)	(0.763)
Constant	0.785	0.680	1.306	1.097	-0.461
	(0.685)	(0.689)	(0.471)	(0.531)	(0.801)
Observations	335	335	335	335	335
Number of firm	67	67	67	67	67
F-test	0.360	0.495	0.752	0.709	0.506
R-Squared	0.033	0.019	0.013	0.014	0.019

***$p<0.01$, ** $p<0.05$, *$p<0.1$ indicates statistical significance at the 1 percent level, 5 percent and 10 percent

From the analysis results presented in Table 6, it can be identified that the regression coefficients for CEO Gender were 0.493, 0.643, 0.571, 0.433, and 0.776, with probabilities of 0.509, 0.378, 0.440, 0.568, and 0.287, all of which were greater than α (0.1). Therefore, it can be concluded that CEO gender positively and insignificantly correlated with LR. This indicated that CEO gender did not influence the capital structure decisions of the company as proxied by LR.

The regression coefficients for CEO education, measured by the CEO's education level (CEDU), were 0.590 and 0.596. Meanwhile, their probabilities were 0.135 and 0.093, with LR1 model being greater than α (0.1) and LR2 model being less than α (0.1). Based on these results, it can be concluded that in LR2 model, there is an indication that CEO education had a significant impact on the capital structure measured by LR, given that the probabilities were close to the significance level of 0.1. However, in LR1 model, there was no significant indication, as the probabilities were greater than the significance level α (0.1).

The regression coefficients for CEO education, measured by the CEO's last education from a world-renowned foreign university (WEDU), were -0.563 and -0.419. Similarly, their probabilities were 0.230 and 0.364, both of which were greater than the significance level α (0.1). From these results, it can be concluded that CEO education, measured by the CEO's last education from a world-renowned foreign university, did not have a significant impact on the capital structure measured by LR. The regression coefficients for CEO education, measured by the CEO's last education from a renowned Indonesian university (IEDU), were 0.575 and 0.547. Similarly, their probabilities were 0.245 and 0.274, both of which were less than the significance level α (0.1). From these results, it can be concluded that CEO education, measured by the CEO's last education from a renowned Indonesian university, had a significant impact on the capital structure measured by LR.

The regression coefficients for CEO education, measured by the CEO having a degree in economics, finance, and business (ECO), was 0.446, and in the subsequent model, 0.627. Similarly, their probabilities were 0.296 and 0.106, both of which were greater than the significance level α (0.1). From these results, it can be concluded that CEO education, measured by the CEO having a degree in economics, finance, and business (ECO), did not have a significant impact on the capital structure measured by leverage ratio (LR).

4.4. Discussion

Based on the data presented in Table 5 and Table 6, regression analysis indicated that the presence of female CEOs did not have a significant impact on the decision of capital structure, as measured by DAR and LR. This finding is consistent with research conducted by Hayong & Pandin (2023), Kaur & Singh (2020), and Septiawan et al. (2022). The study explained that there is no significant relationship between the gender of the CEO and the debt level (Hayong & Pandin, 2023). Additionally, Kaur and Singh (2020) stated that there is no significant difference between men and women in their efforts to obtain funding through debt to sustain business operations. Furthermore, gender is not considered a significant factor in predicting financial performance or financial leverage.

Suhapti (1995) proposed the view that differences in behavior between women and men are not solely caused by biological factors, but are more shaped by social and cultural norms. This idea is supported by Lorber (1994), who stated that the concept of gender goes beyond biological differences between males and females and is more of a social construct influenced by environment, culture, and prevailing social norms.

Thus, if women and men are treated equally, it can be expected that there will be no significant differences in their behavior.

From the perspective of corporate capital structure, Suhapti (1995) and Lorber (1994) highlighted that a female and male CEO with similar educational backgrounds and experiences tend to have aligned preferences regarding capital structure. Therefore, the upper echelons theory asserts that focusing on more complex and unique personal factors for each individual, rather than just considering general characteristics like gender, can provide deeper insights into the decision-making processes related to corporate capital structure.

Regression analysis results indicated that CEO education, represented by the CEO's education level being a Master's or Doctorate degree and the CEO graduating from a renowned Indonesian university, has an impact on the decision of capital structure, as measured by DAR and LR. This finding is consistent with studies conducted by Lin et al. (2020), Rakhmayil & Yuce (2009), and Ting et al. (2015).

CEOs with higher education levels generally have a broader social network, stronger information processing abilities, and better innovation and adaptation skills. As a result, CEOs with higher education levels tend to have higher confidence levels. To adapt to market changes, they may have a tendency to take higher risks, which can be reflected in higher DAR ratios (Lin et al., 2020). According to Rakhmayil and Yuce (2009), universities with a high reputation are expected to provide better education standards and greater networking opportunities. Thus, graduates from these universities are expected to have the capabilities to make better business decisions.

This situation aligns with the condition of CEOs whose last education is from renowned universities in Indonesia. CEOs with an educational background from prestigious institutions can optimize their connections and resources to influence the company's capital structure. Conversely, CEOs with education from world-renowned foreign universities may not have a significant relationship with the decision of capital structure. CEOs who graduated from renowned universities in Indonesia may have stronger connections with the local business environment and a better understanding of domestic market dynamics.

Furthermore, the confidence of CEOs in their abilities acquired from quality education and the university environment may also motivate them to take higher risks, especially in managing the asset-liability ratio (DAR). This confidence can be a key driver for CEOs to make bold decisions, including decisions to increase DAR as a strategy for growth and sustainability of the company. CEOs with degrees in economics, finance, and business show no systematic relationship with capital structure, indicating that the educational background of CEOs in business, accounting, and finance is not a concern for the company (De Silva & Banda, 2022).

This research contributed to the existing literature on the impact of CEO education within the framework of Upper Echelons Theory on corporate capital structure. With the findings generated, companies have the opportunity to be more meticulous in selecting CEOs with high levels of education or educational backgrounds from renowned institutions, possibly as a strategy to potentially enhance company performance. For investors, this research provided valuable guidance in making informed investment decisions, considering the CEO's educational background as a significant factor in their investment analysis. Thus, this research not only provided academic contributions but also has practical implications relevant to stakeholders in the capital market.

5. Conclusion

This study investigated the impact of CEO gender and CEO education on the capital structure of companies measured using Debt to Asset Ratio (DAR) and Leverage Ratio (LR) among companies listed on the Kompas 100 index in the Indonesia Stock Exchange (IDX). The research results indicated that CEO gender does not have a significant influence on decisions related to capital structure. This is because there is no significant difference between men and women in their efforts to obtain funding through debt to sustain the operational continuity of the company. Therefore, in this context, CEO gender is not proven to have an impact on the company's capital structure.

CEO education, proxied by CEOs with degrees in economics, finance, and business, does not affect the decision of capital structure. The education level of CEOs generally has a broader social network, stronger information processing abilities, and better innovation and adaptation skills. As a result, CEOs with higher education levels tend to have higher confidence levels. CEOs who graduated from renowned foreign universities do not have a significant relationship with the decision of capital structure, possibly due to a lack of understanding of the dynamics of the domestic market, making CEOs less confident in taking on debt. Conversely, CEOs with an educational background from prestigious institutions can optimize their connections and resources, making them confident in their abilities, which may also motivate them to take higher risks, especially in managing the asset-liability ratio (DAR).

There are several limitations that can be the focus for future researchers to consider. Several limitations in this study include the use of a limited sample from the Kompas100 index in the second semester of 2022 listed on the Indonesia Stock Exchange, restricting the generalizability of the research results to each sector and other countries. The limitation in the sample of female CEOs in this study is only 5%.

For future research, there are several recommendations that researchers could study further. Firstly, to consider using a sample of companies divided based on each industry sector. This aims to gain deeper insights into preferences related to the gender roles and educational backgrounds of CEOs in each sector. Secondly, future research could enhance understanding of the impact of CEO education by adding additional proxies, such as university department rankings of CEOs as part of their educational background. This step is expected to provide a more detailed perspective on the correlation between the specificity of CEO education and decisions related to corporate capital structure. Thirdly, subsequent research could add a larger sample, including domestic and international companies. By considering these factors, future research is expected to contribute more comprehensively to understanding the factors influencing corporate capital structure decisions.

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