

THE IMPACT OF GOOD CORPORATE GOVERNANCE, BOARD GENDER DIVERSITY AND OPERATIONAL EFFICIENCY ON BANKING FINANCIAL PERFORMANCE

Baiq Irmawati¹⁾, Restu Alpiansah²⁾, Raden Bagus Faizal Irany Sidharta³⁾

^{1) 2) 3)} Management Study Program, Faculty of Economics and Business, Universitas Bumigora Mataram, Indonesia

Corresponding author: baiqirma108@gmail.com

Abstract

This study is motivated by the fluctuating financial performance of banking companies in Indonesia during the research period. This condition reflects inconsistencies between the implementation of corporate governance, board gender diversity, and operational efficiency toward company profitability. This study aims to analyze the effect of Good Corporate Governance (GCG), Board Gender Diversity, and Operational Efficiency on financial performance proxied by Return on Assets (ROA). The research objects are banking companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

This research employs a quantitative approach with an associative research design. The data used are secondary data obtained from companies' financial statements and annual reports. The sample was determined using purposive sampling techniques, while the analytical method applied is panel data regression. The research testing includes selecting the best model, conducting classical assumption tests, and hypothesis testing.

The results indicate that partially, Good Corporate Governance and Board Gender Diversity do not have a significant effect on Return on Assets (ROA). Meanwhile, Operational Efficiency has a significant effect on the financial performance of banking companies. Simultaneously, all independent variables significantly affect financial performance.

The findings suggest that operational efficiency is the dominant factor in improving banking profitability. The implementation of corporate governance and board gender diversity still require optimization to provide a more substantial contribution to financial performance improvement.

Keywords: Financial Performance, Good Corporate Governance, Board Gender Diversity, Operational Efficiency

Introduction

The banking sector plays a strategic role in the economy as a financial intermediary that collects funds from the public and redistributes them through loans and other financial services (Ningsih & Dewi, 2020). As one of the pillars of the national financial system, private banks are required to manage their assets effectively to generate optimal profits. Therefore, financial performance is an important indicator for evaluating a bank's effectiveness in utilizing its resources. In this study, financial performance is measured using Return on Assets (ROA) because it reflects a company's profitability and efficiency in managing its total assets (Asfarina et al., 2024).

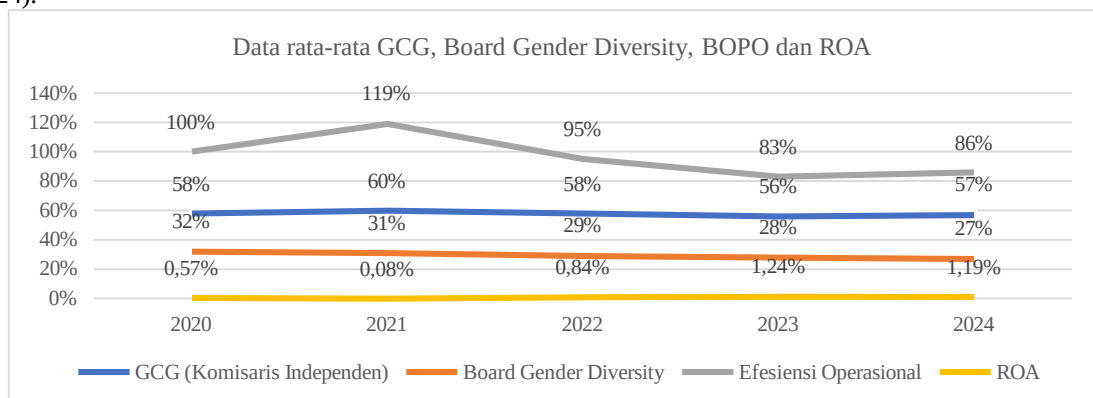


Figure 1. Average ROA, GCG, Board Gender Diversity and Operational Efficiency

Source: Data Processed by Researcher, February 2026

The financial performance of private banking companies listed on the Indonesia Stock Exchange fluctuated during the 2020–2024 period. The decline in ROA in 2021 was mainly caused by the continued impact of the COVID-19 pandemic, which increased operating expenses and reduced interest income (Daulay et al., 2025). Although banking companies strengthened the implementation of Good Corporate Governance in response to regulatory requirements (OJK, 2021), ROA declined again in 2024 due to rising funding costs, narrowing net interest margins, and increasing operating expenses amid global economic uncertainty (OJK, 2024). These conditions indicate that improving banking profitability remains a challenge and may be influenced by several internal factors.

Several factors are considered to influence banking financial performance, including Good Corporate Governance (GCG), board gender diversity, and operational efficiency. Good Corporate Governance is expected to strengthen corporate oversight and improve transparency and accountability (Anwar & Hidayat, 2021). Board gender diversity is believed to provide more diverse perspectives in strategic decision-making (Asfarina et al., 2024). Meanwhile, operational efficiency, measured by the Operating Expenses to Operating Income (BOPO) ratio, reflects a bank's ability to control operating costs, where a lower BOPO ratio indicates higher efficiency and greater profitability potential (Prasetyo, 2025).

Previous studies have reported inconsistent findings regarding the relationship between these variables and financial performance. Abdul Malik, (2022) found that Good Corporate Governance significantly affects financial performance, whereas Laksono & Kusumaningtias, (2021) reported no significant effect. Likewise, Labibah & Murwaningsari, (2025) found that board gender diversity positively affects financial performance, while Rahma et al., (2024) reported different results. Regarding operational efficiency, Nurdin et al., (2024) found a significant effect on financial performance, whereas Gabriella, (2024) found no significant effect. These inconsistent findings indicate a research gap that warrants further investigation in the context of private banking companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Based on the observed phenomenon and the identified research gap, this study aims to examine the effects of Good Corporate Governance, Board Gender Diversity, and Operational Efficiency on the Financial Performance of private banking companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

Literature Review

Agency Theory

Agency Theory, introduced by Jensen & Meckling, (1976), explains the contractual relationship between shareholders as principals and managers as agents. Differences in interests between the two parties may lead to agency conflicts because managers do not always act in the best interests of shareholders. Therefore, effective corporate governance mechanisms are required to reduce agency conflicts, improve transparency and accountability, and align managerial decisions with shareholders' interests.

Asymmetric Information Theory

Asymmetric Information Theory, introduced by Akerlof, (1970), explains the imbalance of information between company management and external parties, particularly investors. Management generally possesses more complete information regarding the company's financial condition than investors, creating information asymmetry that may influence investment decisions. Therefore, companies are expected to provide transparent and reliable information to reduce information asymmetry and improve stakeholder confidence.

Stakeholder Theory

Stakeholder Theory, introduced by Freeman, (1984), states that a company is responsible not only to shareholders but also to all stakeholders who influence or are influenced by its business activities. Therefore, companies are expected to balance the interests of stakeholders through responsible corporate governance, which ultimately supports long-term sustainability and financial performance.

Financial Theory

Financial Theory explains how companies manage financial resources efficiently to maximize firm value and achieve optimal financial performance. Effective financial management enables companies to allocate resources, control costs, and improve profitability. In the banking industry, efficient financial management is essential for maintaining sustainable performance and enhancing shareholders' value.

Research Method

This study employed a quantitative approach with an associative research design to examine the effects of Good Corporate Governance (GCG), Board Gender Diversity, and Operational Efficiency on the Financial Performance of private banking companies listed on the Indonesia Stock Exchange during 2020–2024. Secondary data were collected from the companies' annual reports and financial statements published on the Indonesia Stock Exchange website and the respective companies' official websites.

The population consisted of 41 private banking companies listed on the Indonesia Stock Exchange. Using purposive sampling, 20 companies that met the research criteria were selected, resulting in a total of 100 observations. Data were analyzed using panel data regression with EViews 10.

Financial Performance

Financial Performance refers to a company's ability to generate profits through the efficient utilization of its assets. In this study, financial performance was measured using Return on Assets (ROA), which reflects management's effectiveness in generating net income from total assets.

$$\text{ROA} = \text{Net Income} / \text{Total Assets} \times 100\%$$

A higher ROA indicates better financial performance

Good Corporate Governance (GCG)

Good Corporate Governance (GCG) is a corporate governance mechanism that emphasizes the principles of transparency, accountability, responsibility, independence, and fairness. In this study, GCG was measured using the proportion of Independent Commissioners.

$$\text{Independent Commissioners} = \text{Number of Independent Commissioners} / \text{Total Board of Commissioners} \times 100\%$$

A higher proportion of independent commissioners indicates stronger corporate oversight.

Board Gender Diversity

Board Gender Diversity represents the proportion of women serving on the board of directors. Greater gender diversity is expected to provide diverse perspectives in strategic decision-making and enhance board effectiveness.

$$\text{Board Gender Diversity} = \text{Number of Female Directors} / \text{Total Board of Directors} \times 100\%$$

A higher ratio indicates greater female representation on the board of directors

Operational Efficiency

Operational Efficiency reflects a bank's ability to manage operating expenses relative to operating income. This study measured operational efficiency using the Operating Expenses to Operating Income (BOPO) ratio.

$$\text{BOPO} = \text{Operating Expenses} / \text{Operating Income} \times 100\%$$

A lower BOPO ratio indicates better operational efficiency, whereas a higher BOPO ratio reflects lower efficiency.

Results and Discussions

Descriptive Statistics

Table 1. Descriptive Statistics of Research Variables

	Y	X1	X2	X3
Mean	0.783700	0.578000	0.293000	0.9237000
Median	1.090000	0.585000	0.250000	0.850000
Maximum	6.190000	1.000000	0.750000	4.280000
Minimun	-11.27000	0.330000	0.100000	0.340000
Std. Dev.	2.459549	0.089477	0.149872	0.506690
Observations	100	100	100	100

Source: Data processed with EViews 10, February 2026

Table 1 presents the descriptive statistics of the research variables, including Financial Performance (ROA), Good Corporate Governance (GCG), Board Gender Diversity, and Operational Efficiency (BOPO). The table provides information on the distribution of the data through the mean, median, maximum, minimum, and standard deviation values, as well as the total number of observations. Overall, the descriptive statistics provide an overview of the characteristics of the research data and indicate that the dataset is suitable for further panel data regression analysis.

Chow Test

Table 2. Chow Test

Effects Test	Statistic	d.f	Prob.
Cross-section F	0.322606	(13,25)	0.9815
Cress-section Chi-square	6.513500	13	0.9255

Source: Data processed with EViews 10, February 2026

Model selection was performed using the Chow test to identify the most appropriate panel data regression model between the Common Effect Model (CEM) and the Fixed Effect Model (FEM). Probability values reported in Table 2 exceed the 0.05 significance level, indicating that the Common Effect Model (CEM) is the appropriate model for estimating the regression. Consistent with Sriyana, (2014), selection of the Common Effect Model through the Chow test eliminates the need for subsequent model selection procedures, such as the Hausman Test and Lagrange Multiplier Test.

Multicollinearity Test

Table 3. Multicollinearity Test

Variabel	Centered VIF
C	NA
X1	1.134580
X2	1.081774
X3	1.097735

Source: Data processed with EViews 10, February 2026

Multicollinearity testing was conducted to determine whether the independent variables were highly correlated. According to Ghazali, (2021), a regression model is considered free from multicollinearity when the Variance Inflation Factor (VIF) value is less than 10.. As shown in Table 3, all independent variables have centered VIF values below 10, indicating that no multicollinearity exists and the regression model is suitable for further analysis.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Test: White			
F-statistic	0.257824	Prob.F (9,90)	0.9840
Obs*R-squared	2.513433	Prob. Chi-Square (9)	0.9805
Scaled explained SS	7.055842	Prob.Chi-Square (9)	0.6313

Source: Data processed with EViews 10, February 2026

Heteroscedasticity was examined using the White test to assess whether the residual variance remained constant across observations. Ghazali, (2021)states that a good regression model should not exhibit heteroscedasticity because unequal residual variances may reduce the efficiency of the estimated coefficients. Results presented in Table 4 show that the Obs*R-squared probability exceeds the 0.05 significance level. This finding indicates the absence of heteroscedasticity, confirming that the regression model satisfies the classical assumption and is appropriate for panel data regression analysis.

Panel Data Regression Results

Table 5. hypothesis test results

Variabel	Coefficient	Std. Error	t--Statistic	Prob.
C	5.025281	0.715788	7.020631	0.0000
X1	-0.394647	1.204339	-0.327687	0.7439
X2	0.152848	0.707333	0.216090	0.8294
X3	-4.393482	0.213470	-20.58125	0.0000

Source: Data processed with EViews 10, February 2026

Table 6. Simultaneous Test (F-test)

Prob (F-statistic)	0.000000
--------------------	----------

Source: Data processed with EViews 10, February 2026

$$Y=5.025281-0.394647X_1+0.152848X_2 -4.393482X_3+e_{it}$$

Good Corporate Governance on Financial Performance

Good Corporate Governance (GCG) does not have a significant effect on Financial Performance, with a significance value of $0.7439 > 0.05$, indicating that H1 is rejected. Results indicate that GCG has not significantly affected ROA because its implementation in the banking sector remains primarily oriented toward regulatory compliance and adherence to the requirements of the Financial Services Authority (OJK). In addition, the presence of independent commissioners has not been sufficient to optimize the effectiveness of corporate oversight. Post-pandemic banking conditions also encouraged banks to prioritize operational stability and risk management.

Board gender diversity on Financial

Board Gender Diversity does not have a significant effect on Financial Performance, with a significance value of $0.8294 > 0.05$, indicating that H2 is rejected. Results indicate that Board Gender Diversity has not significantly affected ROA because the proportion of female directors remains relatively low, limiting their ability to significantly influence the company's strategic decision-making.

Operational Efficiency

Operational Efficiency has a negative and significant effect on Financial Performance, with a significance value of $0.0000 < 0.05$, indicating that H3 is accepted. Results indicate that Operational Efficiency significantly affects ROA because the BOPO ratio measures a bank's operational efficiency. A higher BOPO indicates that operating expenses exceed operating income, resulting in lower profitability. Conversely, a lower BOPO reflects more efficient cost management, which contributes to higher ROA.

Good Corporate Governance on Financial Performance, Board gender diversity and Operational Efficiency on Financial

F-test results show a significance value of $0.000000 (< 0.05)$, indicating that H4 is accepted. Results indicate that Good Corporate Governance, Board Gender Diversity, and Operational Efficiency simultaneously have a significant effect on Financial Performance, indicating that these variables collectively explain the financial performance of banking companies.

Conclusion

Results demonstrate that Good Corporate Governance and Board Gender Diversity do not significantly affect Financial Performance, while Operational Efficiency has a significant negative effect on Financial Performance. Good Corporate Governance, Board Gender Diversity, and Operational Efficiency simultaneously have a significant effect on Financial Performance

References

- Abdul Malik, M. H. (2022). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Sektor Aneka Industri di Bursa Efek Indonesia. *Owner*, 6(3), 1629–1647. <https://doi.org/10.33395/owner.v6i3.919>
- Akerlof, g. A. (1970). The market for “lemons”: quality uncertainty and the market mechanism. *The quarterly journal of economics*, 80. <https://doi.org/https://doi.org/10.2307/1879431>
- Anwar, R., & Hidayat, D. R. (2021). Pengaruh Good Corporate Governance Dan Leverage Terhadap Profitabilitas Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia. *JEMBA : Jurnal Ekonomi Pembangunan, Manajemen Dan Bisnis, Akuntansi*, 1(2), 85–100. <https://doi.org/10.52300/jemba.v1i2.2987>
- Asfarina, A. E. D., Pratomo, D., & Zutilisna, D. (2024). Analisis Ukuran Dewan Direksi dan Gender Diversity Terhadap Kinerja Keuangan Perusahaan (Studi pada Perusahaan Sektor Industri Subsektor Farmasi yang Terdaftar di Bursa Efek Indonesia pada Tahun 2018– 2022). *Journal of Indonesia Business Research*, 2(2), 24–30. <https://doi.org/https://doi.org/10.25124/jibr.v2i2.8396>
- Daulay, A. H., Pembangunan, E., Ekonomi, F., & Madura, U. T. (2025). Rasio Kesehatan Bank dan Profitabilitas Bank Komersial di Indonesia : Strategi Optimal dalam Fungsi Perantara Perbankan Rasio Kesehatan Bank dan Profitabilitas Bank Umum di Indonesia : Strategi Optimal dalam Fungsi Intermediasi Perbankan. 16(4), 405–420. <https://doi.org/10.29244/jmo.v16i4.64894>

- Freeman, r. E. (1984). *Strategic management: a stakeholder approach*. Pitman publishing inc.
- Gabriella1, M. R. B. (2024). *Pengaruh efisiensi operasional, pertumbuhan penjualan, struktur modal dan ukuran perusahaan terhadap kinerja keuangan*.
<https://doi.org/https://doi.org/10.33373/bening.v1i12.6574>
- Ghozali, i. (2021). Aplikasi analisis multivariate dengan program spss 26. In *badan penerbit universitas diponegoro*.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial. *Journal of Financial Economics*, 3, 305–360. [https://doi.org/http://dx.doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/http://dx.doi.org/10.1016/0304-405X(76)90026-X)
- Labibah, H. S., & Murwaningsari, E. (2025). Pengaruh board gender diversity dan kualitas laba terhadap kinerja keuangan perbankan. *Jurnal Ekonomi Trisakti*, 5(2), 675–684.
<https://doi.org/10.25105/v5i2.23525>
- Laksono, B. S., & Kusumaningtias, R. (2021). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan dan Nilai Perusahaan Sektor Aneka Industri Tahun 2016-2018. *AKUNESA: Jurnal Akuntansi Unesa*, 9(2), 1–12. <https://doi.org/https://doi.org/10.26740/akunesa.v9n2.p%25p>
- Ningsih, S., & Dewi, M. W. (2020). *Analisis Pengaruh Rasio NPL, BOPO Dan CAR Terhadap Kinerja Keuangan Pada Bank Umum Konvensional Yang Terdaftar Di BEI*. Jap.
- Nurdin, R., Firdaus, V. F., & Rinaldi, R. (2024). Pengaruh Efisiensi Operasional Dan Kecukupan Modal Terhadap Kinerja Keuangan Perbankan Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2019-2022. *Ikraith-Ekonomika*, 8(2), 226–234. <https://doi.org/10.37817/ikraith-ekonomika.v8i2.4325>
- OJK. (2021). *Laporan Profil Industri Perbankan - Triwulan I 2021*.
- OJK. (2024). *Laporan Surveillance Perbankan Indonesia Tw Iv 2024*.
- Prasetyo, W. (2025). *Pengaruh Environmental, Social, and Governance (ESG) dan Efisiensi Operasional terhadap Kinerja Keuangan Perusahaan Perbankan yang Terdaftar di BEI pada Periode 2020–2023*.
<https://doi.org/https://doi.org/10.23887/jiah.v15i2.102379>
- Rahma, S. F., Abunawas, & Ramadhan, R. R. (2024). Pengaruh Diversity Gender, Kebangsaan Asing, dan Usia Dewan Direksi Terhadap Kinerja Keuangan Perusahaan Real Estate dan Infrastruktur yang Terdaftar di BEI Tahun 2015-2022. *Jurnal Ilmiah Mahasiswa Merdeka EMBA*, 3(2), 946–962.
<https://doi.org/https://doi.org/10.37859/merdekaemba.v3i2>
- Sriyana, j. (2014). *Metode regresi data panel*. Ekonisia.