THE INFLUENCE OF BOARD SIZE AND WOMEN DIRECTORS ON THE
PERFORMANCE OF BANKING INDUSTRY: EVIDENCE FROM INDONESIA

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Abstract

Objective – The purpose of this thesis is to investigate whether the board of directors size and the existence of women directors on board influence the performance of banking industry in Indonesia.

Methods – The performance of banks is measured by Tobin’s Q and EV/EBIT, while the financial data are taken from financial report of 23 banks which are listed in IDX. Then the descriptive analysis, correlation test, and multiple regression analysis are used for data analyzing and hypotheses testing as well.

Result – From regression test, there is no significant relationship between board of directors size and both Tobin’s Q and EV/EBIT. While other results show the positive relationship between women directors on board and EV/EBIT, but there is no any significant relationship between women directors on board and Tobin’s Q.

Conclusion – The insignificant relationship between board size and both Tobin’s Q and EV/EBIT indicates that board size does not have influence to the performance of banks in Indonesia. In contrast, women directors on board may have influence to the performance of banks since the relationship with EV/EBIT is positively significant, while the insignificant relationship between women directors and Tobin’s Q may be caused by the small size of women directors in banking industry in Indonesia.

Keywords – Board Size, Women Directors, Tobin’s Q, EV/EBIT, Performance, Banking