

THE EFFECT OF WOMEN EXECUTIVE ON BANK PERFORMANCE (STUDY ON BANKING FIRMS LISTED IN INDONESIA STOCK EXCHANGE IN THE PERIOD OF 2010 – 2019)

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Abstract

This study aims to determine the effect of Women Executive on the bank performance of banking firms listed in the Indonesia Stock Exchange period of 2010- 2019. Independent variables used in this study are women executive who is measured with female CEO. The dependent variable used in this study is bank performance measured with Return on Asset (ROA) and Return on Equity (ROE). This study also uses control variables including the board of commissioner size, the proportion of foreign commissioner, the proportion of independent commissioner, firm size, firm growth, dividend policy, firm age, Net Performing Loan (NPL), and Loan to Deposit Ratio (LDR). The data used in this study is taken from the annual report of banking firms that are listed on the Indonesia Stock Exchange during 2010-2019. The sampling method of this study is purposive sampling. The research model used is unbalanced panel data with Random Effect Model approach. The results obtained from this research are that female CEOs have a significant effect on ROE but do not significantly affect ROA.

Keywords: Women Executive, Female CEO, Bank Performance.

INTRODUCTION

The banking sector has become the backbone of the economy, and its existence is increasingly important in any country in nation-building (Chandani et al., 2014). An important factor in the banking industry is that its business activities depend on investor funds; therefore, banking companies must maintain financial conditions or liquidity that can affect financial performance (Margaretha & Letty, 2001; Nugraha, 2017). This banking business position must be supported by a sound understanding and management of the bank to encourage the creation of an excellent financial system.

In carrying out the activities of business organizations, especially in the banking sector, it has been seen recently that the number of employees has become increasingly diverse in terms of age, ethnic background and gender. One of them is gender diversity which has become a topic of active policymaking in many countries (Meca & Ferrero, 2014). Gender diversity on the board of directors is an essential criterion for investment performance and institutional record-keeping (Green & HomRoy, 2018). Therefore, gender diversity in the board of directors and top management team has attracted the attention of researchers in recent decades (Darmadi, 2012).

Currently, there are many studies linking gender diversity to the financial performance of companies. As indicated by Carter et al. (2003), an essential factor in good corporate governance is the relationship between board diversity. Studies conducted by Smith et al. (2006), Chen et al. (2018) and Fan et al. (2019) also state the same thing, namely, the diversity of the board affects the company's performance.

The performance of a banking company in terms of diversity Gender has received substantial attention as corporate regulatory pressures increase to address the lack of representation of female executives in corporate leadership (Chen, Leung, and Evans 2018). The rapid increase in women holding high positions on management boards emphasizes the important role of female executives in corporate governance (Fan et al.,

2019). The representation of women on boards tends to be a more effective measure of board gender diversity and tends to affect firm performance more (Green and HomRoy 2018).

The presence of female executives in top management has a significant impact on the company, namely, the integration of women can have a positive impact on corporate governance through the inclusion of new skills, abilities and perspectives, forging new dimensions/dynamics in board deliberations, and greater sensitivity to constituents. More broadly, especially women (Jamali et al., 2007). The high representation of women on the management board also fosters a friendly corporate culture that can generate beneficial potential, such as efficient communication in corporate decision making. It has a more cooperative attitude than men (Sari, Wiralaga, and Warokka 2017). Thus, female leaders can utilize their skills and behaviours to benefit and improve company performance (Xing et al., 2020).

In addition, many female executives add value to the company through their intellectual and social abilities. Coupled with the finding of 500 companies with the promotion of women into strong executives have better financial performance (Ren and Wang 2011). Women also bring a unique management style and inclusivity that shapes the dynamics of the board and brings positive corporate value (Abdelzaher and Abdelzaher 2019).

Many previous studies have stated that there is a relationship between female executives and bank performance. According to Aluy et al. (2017), the presence of women on the management board has a positive and significant effect on banking financial performance. In the study, it was said that the presence of women on the board could affect performance by increasing the ROE value to bring the company towards a better direction. The study conducted by Abdelzaher & Abdelzaher (2019) stated that the percentage of women on the management board showed a positive and significant relationship to the company's financial performance. The study also stated that this significant effect shows the constant positive impact of the diversity of women on the company's ROE value.

This is also supported by a study conducted by Meca & Ferrero (2014) which states that the percentage of women on the management board has a positive effect on performance by increasing the company's ROA value. It is also supported by a study conducted by Green & HomRoy (2018) which states that the number of women on the management

board has a positive and very significant influence with a positive return on ROA. The number of women 6 in the management board on the company's performance has increased significantly compared to before. However, according to Darmadi (2012), Ghosh (2016), and Lim et al. (2019) shows the opposite result; namely, female executives are declared not to affect company performance because the presence of female executives does not increase the value of the company.

Meanwhile, the study conducted by Liu et al. (2014), Khan & Vieito (2013) and Yang et al. (2019) state that female CEOs have a positive and significant influence on the company's financial performance, which has a positive impact on the company's ROA and ROE values. According to Khan & Vieito (2013) and Huang & Kisgen (2013), the influence of female CEOs is positive and significant, which indicates that holding all other factors constant, ROA increases more if the firm is managed by female CEOs than male CEOs and female CEOs have more good career outcomes to improve company performance compared to male CEOs. In addition, the study found that women in top management generate better returns on equity and returns to shareholders. This is also supported by a study conducted by Green & Homroy (2018), which shows that female CEOs can affect a company's financial performance by returning a positive ROA value that has economic significance for the company. However, according to Xing et al. (2020); Smith et al. (2006); and Zeng et al. (2012), female CEOs have no significant effect on the company's financial performance because they do not provide a positive return on the company's ROA and ROE values To analyze the effect of the female executive on bank performance, we are using an unbalanced panel data of 41 bank firms from 2010 to 2019, we find that female executive are: 1) proxied by female CEOs has a positive significant on firm performance measured by ROE; 2) being proxied by female CEOs does not have associated with bank performance measured by ROA.

The paper is organized as follows; section 2 reviews the relevant theoretical concept, as well as development hypotheses. Section 3 elaborates on the research methods, data, sample, variables definition, and regression models. Section 4 presents the results and discussion. Section 5 summarizes the overall findings of the study as well as the potential exploration of future research.

LITERATURE REVIEW

Stakeholders Theory

Stakeholder theory states that a company's survival demands all the interests of all stakeholders (Freeman 1984). As such, stakeholder management demands that company boards pursue specific outcomes from a stakeholder group and optimize outcomes for all stakeholders. Meeting the needs and demands of various stakeholders requires maintaining positive relationships with those stakeholders (Rovers 2013). The presence of women on the board of directors can be considered a good indicator of social responsibility and a sign that the company is a 'stakeholder-oriented strategy' (Gómez et al., 2018). Women are more oriented towards relationship support and maintenance than men and focus on the needs of others before their own (Vinkenburg et al., 2011). Female directors or executives can also encourage a better understanding of customers' demands and needs, which is an important task to achieve corporate sustainability (Liu, Wei, and Xie 2014).

Agency Theory

Agency theory is the basis by which to understand the problem between corporate governance and earnings management. Problems regarding corporate governance arise because of differences in interests between owners of capital or shareholders (principal) and managers (agents) (Jensen & Meckling, 1976). Agency theory explains the relationship between shareholders (shareholders) as principals and management as agents. This theory states that shareholders (principals) have priorities to maximise firm value, but managers (agents), who make strategic decisions, can act in their favour and go against the common interests of the owners. Must be prevented from engaging in actions that pursue their individualistic goals and are economically detrimental to shareholders (Valls and Rambaud 2019).

According to agency theory, the effectiveness of board monitoring in inhibiting self-serving managerial behaviour depends on the independence and persistence of the board. Primary empirical evidence suggests that female directors are more independent and active supervisors, which benefits board oversight (Fan et al. 2019). Female directors tend to have more independent thinking than their male counterparts (Carter, Simkins, and Simpson 2003). Female directors allocate more effort to monitoring activities because

women are generally more risk-averse and less tolerant of opportunistic behaviour than men (Liu, Wei, and Xie 2014). Female directors have better attendance records than male directors, are more likely to attend monitoring committees and significantly increase CEO turnover under poor company performance (Adams and Ferreira 2009).

The representation of women on the board can increase the board's monitoring role (Frag and Mallin 2016). More diverse boards with different backgrounds are more independent and thus provide a better monitoring role (Carter, Simkins, and Simpson 2003). Other country case studies have also concluded that board gender diversity has a beneficial impact on firm performance (Álvarez, García-Sánchez, and Rodríguez-Dominguez 2010).

Resource Dependence Theory

Resource Dependence theory suggests that the performance of companies depends on the external resources of their environment to survive. This dependence poses a risk to company performance. To reduce dependence and uncertainty around it, company performance can develop linkages with external entities that control these resources (Pfeffer & Salancik, 1978)

Resource Dependence theory states that organizations operate in open systems that need to exchange and secure specific resources to survive, creating dependencies between the company and the corporate environment. (Gómez et al. 2018). According to this theory, boards have an essential function in facilitating access to essential resources that contribute to the company's success. (Álvarez, García-Sánchez, and Rodríguez-Dominguez 2010). Resource dependency theory suggests that directors provide four benefits to organizations: helpful information in the form of advice and advice; access to communication channels between the company and the environment; access to preferential resources; and legitimacy (Isidro and Sobral 2015).

To maximize these benefits, the board must include different members with different abilities. Diverse board members bring more significant resources to the company, reduce uncertainty, reduce external dependency and enhance reputation, all of which are linked to increased business performance and value (Alvarado, de Fuentes, and Laffarga 2017). The recruitment of women as board members shows that companies are looking for the best talent available and responds to the need to increase board diversity for better governance, thereby enhancing their reputation for performance (Gómez et al., 2018).

Women executive and bank performance

The growing number of female executives around the world demonstrates the importance of female leadership. The performance of female executives has been studied extensively for its unique characteristics, for example, risk aversion, conservative decision making, lack of self-confidence, and efficient monitoring. The presence of women was viewed positively by investors, who viewed it as a sign of equality. In addition, it increases the company's market value and increases the organisation's external legitimacy and reputation. (Valls and Rambaud 2019). The results show that the percentage of women on the management board significantly influences company performance because it can offer high returns on the side] and ROA (Liu, Wei, and Xie 2014). Likewise, the research results conducted by Khan & Vieito (2013) states that female CEOs have a positive and significant effect on the return on company ROA. The higher the ROA, the better the position of the company owner, which will lead to an increase in share prices and corporate value that are profitable for the company and shareholders (Aluy, Tulung, and Tasik 2017).

The presence of female leaders in top management is more likely to impact a company when more women are on the board for at least two reasons. First, the high representation of women on the board fosters a friendly corporate culture. It can lead to efficient communication in corporate decision making, and women are more likely to utilize their expertise and favourable behavioural traits to improve company performance. Second, the psychological literature shows that women are generally more cooperative than men (Gómez et al., 2018).

RESEARCH METHOD

Figure 1 presents the research model of our study. To investigate further we used women executive which were converted into proxies. The independent variable of women executive is measured by female CEO. The dependent variable of bank performance is measured into two variables: 1) ROA and 2) ROE.



Figure 1. Research model used in this study

Hypothesis proposed in this study is as follows:

H1: Women executives have a positive and significant effect on the performance of banking companies listed on the Indonesia Stock Exchange (IDX) for the 2010-2019 period.

Data and sample

This study investigates women executives affect bank performance. The sample in this study were banking companies in Indonesia. The initial sample of the study consisted of banking companies listed on the Indonesia Stock Exchange (IDX) for the period from 2010 to 2019. Using secondary data, annual reports are used for research purposes in bank companies listed on the IDX in 2010 - 2019.

We used a purposive sampling method to maintain the same number of observations during the observed years. Therefore, we cut 41 companies with conflicting information (unbalanced) during the observation period covering 2010 - 2019. With the criteria used in determining the sample: 1) the sample must be actively registered on the IDX 2010 to 2018; 2) the sample operates in a banking sector company; 3) the sample publishes an annual report by presenting the complete data. A more detailed sample distribution is presented in Table 1.

Table 1. Sample selection criteria

| | Criteria | Total |
|----------|--------------------------------------------------------------------------------------------------------------------|--------------|
| 1 | Banking sector companies that issued consecutive financial reports for at least one year in the period 2010 – 2019 | 41 |
| | Total sample used | 41 |

Variable measurement

Dependent variables

The dependent variable is firm performance. In this study, we employ 2 (two) measures of firm performance (ROA, ROE) by referring to the studies of Liu, Wei, and Xie (2014), Huang and Kisgen (2013) and Ahmadi, Nakaa, and Bouri (2018). 1) ROA is the profitability ratio that measures the company's ability to generate profits from the use of all its resources or assets (Tristingtyas and Mutaher 2016); (2) ROE to measures the company's ability to generate profits from shareholders' investment in the company (Saidu 2019).

Independent variables

The leading independent variable of this study is the women executive. Adopting the measures used by the study of Suherman et al. (2021), we created a dummy variable labelled as GEND1, in which we mark one of the companies have female CEOs and 0 otherwise.

Control variables

We recognize that our proposed empirical model is free of endogenous problems. To anticipate this, we include a control variable to avoid biased estimation. These control variables are board of commissioner size, the proportion of foreign commissioner, the proportion of independent commissioner, firm size, firm growth, dividend policy, firm age, Net Performing Loan (NPL), and Loan to Deposit Ratio (LDR). We meticulously selected our control variables by referring to prior studies (Liu, Wei, and Xie, 2014; Huang and Kisgen, 2013; Ahmadi, Nakaa, and Bouri, 2018; and Kaur and Singh, 2018) in related topics.

Table 2. Variable definition

| No | Variable | Definition | Formula | Data Form |
|---------------------------|-----------------|-------------------|-------------------------------------------|------------------|
| Dependent Variable | | | | |
| 1 | ROA | Return On Asset | $\text{Net Income} / \text{total asset}$ | Continuous |
| 2 | ROE | Return On Equity | $\text{Net Income} / \text{total equity}$ | Continuous |

**Main
independent
variables of
interest**

| No | Variable | Definition | Formula | Data Form |
|--------------------------|----------|--------------------------------------------|--------------------------------------------------------------|------------|
| 1 | GEND1 | Female CEO | 1 if the CEO is female, and 0 otherwise | Binary |
| Control Variables | | | | |
| 1 | BCOM | Board of commissioner size | Number of members of the company's board of commissioners | Continuous |
| 2 | FOREIGN | the proportion of foreign commissioner | Number of foreign commissioners | Continuous |
| 3 | INDEN | the proportion of independent commissioner | Number of independent commissioners | Continuous |
| 4 | FSIZE | firm size | the natural logarithm of total assets | Continuous |
| 5 | FGROWTH | firm growth | calculated in years since the year the firm was incorporated | Continuous |
| 6 | DIV | dividend policy | 1 if the firm paid the dividend, 0 otherwise | Binary |
| 7 | FAGE | firm age | calculated in years since the year the firm was incorporated | Continuous |

| No | Variable | Definition | Formula | Data Form |
|----|----------|-----------------------|----------------------------------------|------------|
| 8 | NPL | Net Performing Loan | Bad credit to the total credit granted | Continuous |
| 9 | LDR | Loan to Deposit Ratio | total credit to total equity | Continuous |

Regression model

To estimate the relationship between women executive on the performance of banking firms listed in Indonesia Stock Exchange period of 2010- 2019, we adopted a panel data regression analysis by combining time-series (ten years) and cross-sectional (41 companies) data. The relationship between women executive and company performance was investigated through panel data regression with the following equation model:

$$BP = \beta_0 + \beta_1 GEND1_{it} + \beta_6 BCOM_{it} + \beta_8 FOREIGN_{it} + \beta_9 INDEN_{it} + \beta_{10} FSIZE_{it} + \beta_{11} FGROW_{it} + \beta_{12} FDIV_{it} + \beta_{13} FAGE_{it} + \beta_{14} LDR + \beta_{15} NPL_{it} + e_{it}$$

Where: The dependent variable is the company's performance as measured by two models: ROA is the ratio of net income divided by total assets; ROE_{i,t} is the ratio of net income divided by total shareholder equity. Subscribe I for the company (i), and subscript t indicate period (t). As previously described in the variable definition, GEND1 replace the main independent variables of women executive.

The control variables sigma consisted of BCOM, FOREIGN, INDEN, FSIZE, GROWTH, DIV, FAGE, NPL and LDR.

RESULT AND DISCUSSION

Descriptive statistics. We begin discussing our findings by first presenting the descriptive statistics of our variables of interest. It is also worth reporting that our continuous variables have been winsorized to avoid the potential econometrical issues related to the extreme values (outliers) in our dataset. As a result, we provide the information based on the mean value, standard deviation, minimum, median, and maximum values of each variable.

Table 3 presents the essential information concerning descriptive statistics analysis. Summary of descriptive statistics of the variables used. We report that the four measures of firm performance show different mean scores. The average ROA was 0,014, and the ROE average was 0,089. The independent variable also shows interesting results. The proxy for female CEOs (GEND1) shows that of the 41 banking firms listed in the Indonesia Stock Exchange period of 2010- 2019, only 6.7 per cent (0.067) of women are CEOs.

Table 3. Descriptive statistics analysis

| | <i>Mean</i> | <i>Median</i> | <i>Min</i> | <i>Max</i> | <i>Std. Dev</i> | <i>Obs</i> |
|---------|-------------|---------------|------------|------------|-----------------|------------|
| ROA | 0,014 | 0,016 | -0,096 | 0,052 | 0,025 | 356 |
| ROE | 0,089 | 0,096 | -0,838 | 0,438 | 0,173 | 356 |
| GEND1 | 0,067 | 0,000 | 0,000 | 1,000 | 0,251 | 356 |
| BCOM | 0,428 | 0,429 | 0,267 | 0,583 | 0,064 | 356 |
| FOREIGN | 0,118 | 0,000 | 0,000 | 0,571 | 0,198 | 356 |
| INDEN | 0,567 | 0,571 | 0,000 | 0,800 | 0,124 | 356 |
| FSIZE | 31,124 | 0,571 | 27,909 | 34,723 | 1,745 | 356 |
| FGROW | 0,178 | 0,132 | -0,193 | 1,641 | 0,246 | 356 |
| DIV | 0,499 | 0,000 | 0,000 | 1,000 | 0,499 | 356 |
| FAGE | 3,646 | 3,761 | 1,386 | 4,635 | 0,531 | 356 |
| NPL | 0,017 | 0,013 | 0,000 | 0,050 | 0,013 | 356 |
| LDR | 0,844 | 0,857 | 0,488 | 1,399 | 0,138 | 356 |

Note: The continuous variables (ROA, ROE, BCOM, FOREIGN, INDEN, FSIZE, FGROW, FAGE, NPL, LDR) have been winsorized at 1 and 99 percent level

Correlation analysis. Table 4 presents the correlation analysis output. Based on the results in Table 4, there is no multicollinearity or no correlation coefficient between variables with a value of more than 0.8000; it can be concluded that there is no correlation between the independent variables used in this study.

Main analysis. The results of the regression test, which is the primary regression analysis. This research hypothesis assumes that female executives have a positive and significant effect on bank performance. Because the dependent variable (bank performance) is

divided into two indicators (ROA and ROE), the researcher made two sections to facilitate regression analysis with two different dependent variable proxies. The researcher tested the research hypothesis by providing empirical evidence about the relationship between female executives and bank performance. In the regression results section of the dependent variable with ROA proxy, it can be seen that the female CEO proxy (GEND1) for female executives shows a positive but not significant relationship with the first proxy of bank performance (ROA). In detail, the first proxy (GEND1) showed a positive result ($\beta = 0.0043$) but not significant ($p > 0.05$) with ROA.

Tabel 4. Correlation analysis output

| | <i>GEND</i> | <i>BCOM</i> | <i>FOREIGN</i> | <i>INDEN</i> | <i>FSIZE</i> | <i>FGROWTH</i> | <i>DIV</i> | <i>FAGE</i> | <i>LDR</i> | <i>NPL</i> |
|----------------|-------------|-------------|----------------|--------------|--------------|----------------|------------|-------------|------------|------------|
| <i>GEND</i> | 1 | | | | | | | | | |
| <i>BCOM</i> | 0,23*** | 1 | | | | | | | | |
| <i>FOREIGN</i> | 0,28*** | 0,22*** | 1 | | | | | | | |
| <i>INDEN</i> | -0,05 | -0,04 | -0,22*** | 1 | | | | | | |
| <i>FSIZE</i> | -0,1* | -0,20*** | 0,19*** | -0,1* | 1 | | | | | |
| <i>FGROW</i> | -0,01 | 0,03 | -0,07 | 0,06 | -0,16*** | 1 | | | | |
| <i>DIV</i> | -0,18*** | 0,03 | -0,19*** | -0,05 | 0,38*** | -0,02 | 1 | | | |
| <i>FAGE</i> | 0,15*** | 0,18*** | 0,26*** | -0,11** | 0,35*** | -0,07 | 0,22*** | 1 | | |
| <i>LDR</i> | 0,04 | 0,11** | 0,25*** | -0,07 | 0,22*** | -0,01 | 0,24*** | 0,22*** | 1 | |
| <i>NPL</i> | -0,1* | -0,04 | -0,08 | -0,02 | -0,29*** | -0,22*** | -0,28*** | -0,27*** | -0,06 | 1 |

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$ indicate statistical significance at the 1 percent, 5 percent and 10 percent level respectively (two-tailed).

This is because female CEOs have a tendency to avoid risk compared to male CEOs and this can have a less favorable impact on the company's ROA value.

Furthermore, to observe the consistency of this study, the second dependent variable (ROE) was tested. Different results were obtained by showing that the proxy for female executives (GEND1) showed a stronger positive ($\beta = 0.0796$) and significant ($p < 0.05$) with ROE. This is because female CEOs are able to increase profitable investment opportunities, resulting in more efficient company investment efficiency so as to increase the company's ROE value (Ghosh 2016).

Table 5. Panel data regression analysis using independent variables to explain the variation of contemporaneous ROA and ROE

| <i>Y</i> | <i>ROA</i> | <i>ROE</i> |
|---------------------|---------------|---------------|
| Pendekatan Model | Regresi 1 | Regresi 1 |
| | REM | REM |
| Intercept | (-0,0942) *** | (-0,8128) *** |
| | 0,000 | 0,000 |
| GEND | (0,0043) | (0,0796) ** |
| | 0,2680 | 0,0170 |
| BCOM | (-0,0249) | (-0,0616) |
| | 0,1100 | 0,6470 |
| FOREIGN | (-0,0144) *** | (-0,1679) *** |
| | 0,0090 | 0,0000 |
| INDEN | (0,0009) | (0,0255) |
| | 0,9000 | 0,6900 |
| FSIZE | (0,0034) *** | (0,0276) *** |
| | 0,0000 | 0,0000 |
| FGROWTH | (0,0067) * | (0,0183) |
| | 0,0780 | 0,5800 |
| DIV | (0,0076) *** | (0,0525) *** |
| | 0,0010 | 0,0060 |
| FAGE | (0,0029) | (0,0326) * |
| | 0,1370 | 0,0520 |
| LDR | (0,0109) | (-0,0212) |
| | 0,1180 | 0,7270 |
| NPL | (-0,6651) *** | (-3,5260) *** |
| | 0,0000 | 0,0000 |
| Adjusted R Square d | 0,4508 | 0,3229 |
| Obs | 356 | 356 |

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$ indicate statistical significance at the 1 percent, 5 percent and 10 percent level respectively (two-tailed). t values are available in parentheses

The researcher proposes a hypothesis that questions the relationship between female executives and bank performance using ROA and ROE proxies. Empirical evidence shows that female executives positively and significantly affect ROE but do not have a significant relationship with ROA. Thus, this study is supported by the growing literature on board diversity by providing empirical evidence on the relationship between female executives and bank performance. This study uses female CEOs as a proxy to measure female executives technically and then tests them on two measures of bank performance proxied by ROA and ROE.

The results showed that female CEOs did not significantly affect bank performance using ROA as a proxy. This result is in line with the research conducted by Xing et al. (2020) and Kaur & Singh (2018), who found that female CEOs did not affect ROA. This is because female CEOs tend to avoid risk compared to male CEOs, which can have a less favourable impact on the company's ROA value.

However, the results of research with other dependent variable proxies show the opposite significance. A female CEO (GEND1) has a positive and significant effect on bank performance (ROE). This result is in line with the research conducted by Ahmadi et al. (2018), which found that female CEOs have a positive and significant relationship with bank performance (ROE). This is because female CEOs can generate higher sales growth and can offer high returns on ROE positions in the company they occupy compared to male CEOs. Female CEOs can also increase profitable investment opportunities, resulting in more efficient investment efficiency (Ghosh 2016). These results are consistent with agency theory which states that the recruitment of women as board members indicates that companies are looking for the best available talent and respond to the need to increase the diversity of the board of directors for better governance, thereby increasing their reputation for performance and being able to provide high returns on company profits to increase the value of ROE. The resource dependence theory view also states that a more diverse board will become more independent, thereby providing a better monitoring role and having a beneficial impact on the company's ROE. (Carter et al., 2003, Ivarez et al., 2010). It is also supported by stakeholder theory which says that female directors or

executives can also encourage a better understanding of customer demands and needs; this is useful for company sustainability so that companies can generate higher ROE values (Liu, Wei, et al. and Xie 2014).

Sample average. Regarding the characteristics of the company, namely company size and its relationship with female CEOs, it was found that large companies, namely companies with size values above the total sample mean score (31.124) had more female CEOs compared to small companies, namely companies with size values below the average score. This shows that female CEOs in large companies have good performance to provide stability to the company and attract greater investor interest to improve company performance. This is indicated by the increase in the value of ROE in large companies during the tenure of a female CEO.

In addition, the characteristics of the company's age and its relationship with female CEOs found that the older companies with age above the sample mean score (3.646) had more female CEOs than younger companies with age below the sample mean score. This shows that female CEOs in older companies have capabilities in the management process. The company is more effective and can increase the rate of return on investment and thereby improve company performance. This is indicated by the high return on ROE values in old companies during their tenure by female CEOs.

This research is expected to help policymakers establish governance mechanisms and form formal regulations to encourage diversity in the management board by encouraging female executives in the executive ranks, given the empirical evidence showing how female executives can more efficiently manage company resources than males executives. Therefore, the gender gap in the composition of the executive ranks must also be reduced. Moreover, in developing countries, including Indonesia, female executives are still relatively rare.

CONCLUSION

This study was conducted to know the effect of female executives proxied by female CEOs on bank performance as proxied by Return on Assets (ROA) and Return on Equity (ROE) in banking companies listed on the Indonesia Stock Exchange (IDX) during the

2010 period. -2019. The conclusion obtained in this study is that female CEOs can be said to affect bank performance (ROE) in banking companies listed on the IDX for the 2010-2019 period. This happens because women are judged to be more able to offer high returns on ROE positions in the company compared to male CEOs and also generate higher sales. These results are consistent with agency theory, resource dependence theory and stakeholder theory which say that female CEO can improve their performance reputation and can provide high returns on company profits so that can increase the value of ROE.

However, when viewed from the ROA projection, it is stated that female CEOs do not influence bank performance because female CEOs are more likely to avoid risk than male CEOs. This means that female CEOs can be used as a reference for companies in selecting female candidates for CEO positions and information material for shareholders regarding investment decisions.

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