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The Influence of Board of Commissioners' Characteristics On Firm Value: A Study Of Banking Listed On The Indonesian Stock Exchange

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Abstract
This study aims to empirically test the effect of board of commissioners' characteristics on firm value in Indonesian banking companies listed on the Indonesia Stock Exchange during the 2020-2022 period. The characteristics of the board of commissioners were measured using the competence of the board of commissioners, the proportion of independent board of commissioners and the presence of women on the board of commissioners, while the value of the company was measured using Tobin's Q. This study uses a purposive sampling technique, so that a sample of 38 companies was obtained with a total of 114 observations. Findings from this study indicate that the board of commissioners' competence is positively associated with firm value. However, the proportion of independent commissioners is not significantly correlated with firm value. Moreover, the presence of women commissioners is negatively related to firm value.

Introduction

Every company must intention an optimal strategy to survive in a competitive global market. Failure to compete can lead to a decline in firms' value (Musallam, 2020). Investors can use firms' value as an indicator to assess the company's prospects (Kabir, Saona & Azad, 2023). One method to achieve this is through implementing good corporate governance practices (Asare et al., 2023). The implementation of good corporate governance reflects the company's commitment to the interests of stakeholders (Rezaee et al., 2020).

The implementation of good corporate governance does not always proceed smoothly. As seen in the case of PT Soechi Lines Tbk (SOCI), in the third quarter of 2018, there was a correction in its net profit from US$16.41 million to US$6.81 million. This was caused by a decline in revenue and accompanied by an increase in the company's financial expenses. PT SOCI has a board of commissioners that is sufficient for overseeing its business operations, and given the company's age, they should be experienced in providing solutions to mitigate the decline in the company's value (Suzan & Ardianto, 2021).

Effective corporate governance necessitates a well-defined organizational structure within a company. The board of commissioners is a critical component of this structure. The board of commissioners oversees the activities carried out by the company (Widnyana et al., 2020). Several factors contribute to the effectiveness of the board of commissioners, including the commissioners' competencies, the presence of independent commissioners, and gender diversity on the board (Yulianti & Cahyonowati, 2023).

The first factor is competency. The competency of the board of commissioners is expected to reduce agency conflicts arising from differing views between investors and management. According to Carpenter & Westphal (2021), Al-Matari (2022), and Dashtbayaz et al. (2020), the presence of a board of commissioners with adequate qualifications will have a positive impact on the company through a combination of expertise and capabilities that support the decision-making process. However, different research results obtained by Hartoko & Astusi (2021) show that the accounting competency of the board of commissioners does not affect firm value."

The second factor is independent commissioners, are considered as the supervisory board in enhancing the corporate governance system (Abbas & Frihatni, 2023). Independent commissioners aim to support long-term strategies and evaluate their implementation. Research conducted by Fitrianingsih & Asfaro (2022) shows that independent commissioners have a positive impact on the value of banking companies. These results are in line with the research of Intia & Azizah (2021), which indicates that independent commissioners also influence firm value.

Another factor is the presence of women on the board of commissioners. Women tend to be more cautious compared to men (Kharis & Nugrahanti, 2022). The presence of women on the board of commissioners has the potential to reduce internal conflicts (Thoomaszen & Hidayat, 2020). Research conducted by Assenga et al. (2018), Zhao & Abeysekera (2023), and Ozdemir (2020) shows that the presence of women on boards has a positive impact on company value. Conversely, research by Kabir et al. (2023) indicates that gender diversity on the board of commissioners has a negative impact on company value when measured using ROA and ROE.

The object used in this study is banking companies. This is because the banking sector functions as an institution that provides financial services to the public and acts as an agent of trust. The public trusts this institution as an intermediary in economic transactions; therefore, the banking sector should have a good financial condition.

According to Jensen & Meckling (1976), agency theory refers to the relationship between a principal and an agent. In modern economies, there is a separation of ownership and corporate governance tasks. This separation, based on agency theory, posits that principals delegate management of the company to professional managers, expecting them to enhance profitability and increase company value (Widnyana et al., 2020). Agency theory is the most widely used theory in corporate governance research (Lesmono & Siregar, 2021). Shareholders are interested in increasing profitability and receiving high dividends, while managers tend to want to meet their own economic and psychological needs. Agency theory focuses on designing contracts between these parties to minimize conflicts of interest (Ozdemir, 2020). Effective corporate governance practices can mitigate these conflicts.

According to upper echelons theory, those in high-level positions within a company are considered the most critical decision-makers. Therefore, the board of commissioners must possess favorable characteristics as they are responsible for managing the company (Hambrick & Mason, 1984). This theory also posits that the background of board members significantly influences a company's decisions and management (Hambrick & Mason, 1984). Zein (2016) argues that the board of commissioners plays a crucial role in strategic decision-making and resource allocation. Upper echelons theory can be used to explain that leaders are influenced by their knowledge, beliefs, and individual characteristics. This study aims to support upper echelons theory by hypothesizing that the competence of board members and the presence of women on the board will influence corporate decisions.

According to Aldrich & Pfeffer (1976), resource dependence theory is the key to a company's success and shows that companies depend on their organizational environment to obtain resources. This theory suggests that the board of directors plays a crucial role in facilitating resources and enhancing company value (Zhao & Abeysekera, 2023). To maximize performance, companies must have resources such as a board of commissioners with expertise in their field, independent board members, and the presence of women on the board of commissioners (Kabir et al., 2023).

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Corporate governance is a concept that refers to the structure, systems, and and steps implemented by a company to increase company value (Harinurdin & Safitri, 2023). The Forum for Corporate Governance in Indonesia (FCGI) defines corporate governance as the system that controls a company, facilitating interactions between internal and external stakeholders regarding their rights and responsibilities. According to the FCGI, the purpose of corporate governance is to create added value for stakeholders.

Under Indonesian Law No. 40 of 2007 on Limited Liability Companies (PT), the role of the board of commissioners in implementing corporate governance is to oversee and provide input to the directors, ensure accountability, and monitor the company's management (Hartoko & Astusi, 2021). The board of commissioners is a body responsible for overseeing and providing guidance to the board of directors. Although the board of commissioners does not have direct authority over the company, its primary function is to monitor the completeness and quality of the performance reports submitted by the board of directors (Dian & Manurung, 2022). The supervisory role of the board of commissioners is an implementation of the agency theory concept (Gunawan et al., 2019).

Firm value is the result of a certain process that is measured over a certain period and can be used to assess a company's success in generating profits (Anita, 2018). In today's competitive era, firm value is crucial for enhancing a company's competitiveness. According to Narosa (2021), firm value reflects how successfully a company's programs achieve its goals, vision, and mission. Firm value can be measured through financial perceptions to know the results that have been achieved by the company. In this study, firm value is measured using Tobin's Q, which is a financial metric that compares two valuations of the same asset. Tobin's Q is the ratio of the market value of a company's assets, measured by the market value of outstanding shares and debt (enterprise value), to the replacement cost of the company's assets (Fiakas, 2005). If Tobin's Q is high, it indicates great growth potential and has substantial intangible assets (Rengga & Sukamulja, 2013).

Commissioners with high knowledge contribute more and are more productive, thereby generating higher performance innovations (Bernile et al., 2018). Competent board of commissioners can enhance operational efficiency, company knowledge, and capabilities, which in turn can improve market performance. According to agency theory, the competence of the board of commissioners helps minimize conflicts between principals and agents. Upper echelons theory encourages companies to identify and strengthen their existing competencies. Commissioner competencies are related to their knowledge, experience, and strategic ability to understand and manage the company.

Septiana & Puspawati (2022) argue that the presence of a board of commissioners increases oversight and provides alternative policies, thereby potentially increasing firm value. Research by Suherman et al. (2023), Dashtbayaz et al. (2020), Al-Matari (2022), and Yulius (2021) indicates that the educational background of commissioners influences firm value. Therefore, it can be hypothesized for further testing:

H_1: The competence of the board of commissioners positively influences firm value.

The presence of independent commissioners theoretically affects firm value, as their oversight is deemed more effective and less influenced by internal interests (Rengganis et al., 2019). Independent commissioners can enhance transparency, accountability, and more effective decision-making processes within the company, contributing to improved performance. According to agency theory, a higher proportion of independent commissioners is more effective in managing and controlling the company (Fajarwati & Witiastuti, 2022). Additionally, compliance with government regulations, the presence of independent commissioners also serves to reduce agency problems.

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Resource dependence theory provides insight into how the proportion of independent commissioners can influence firm value from the perspective of the company's relationship with its environment, particularly its dependence on external resources. Research by Ozdemir (2020) shows that independent commissioners have a positive impact on Tobin's Q. This finding is supported by Alqatan et al. (2019), Ariani (2019), Susmanto, Daryanto & Sasongko (2021), and Apandi (2023), who demonstrate a positive effect of independent commissioners on firm value. Therefore, it can be hypothesized for further testing:

H_2: The proportion of independent board of commissioners positively influences firm value.

Women on the board of commissioners possess advantages over all-male boards, as they create favorable conditions that enhance commissioner performance in their duties. The cautious nature of women in their work can potentially improve a company's performance. According to agency theory, women on the board serve as supervisors within the organization and develop strategies for the company.

Based on resource dependence theory, the presence of women on the board has the potential to provide perspectives in strategic decision-making processes. Their presence aids in decision-making due to their cautious nature, tendency to avoid risks, and attention to detail (Kabir et al., 2023). The existence of a heterogeneous group fosters diverse communication and considerations from various perspectives, sparking active discussions on issues faced, ultimately leading to high-quality decisions (Singh, Das & Jha, 2023).

Women commissioners, characterized by their careful and diligent work ethic, are perceived to enhance company performance (Abbas & Frihatni, 2023). Research by Farooq & Ahmad (2023) demonstrates that gender diversity has a significant positive influence on firm value. Similar results from Arioglu (2020), Shahzad et al. (2020), Zhao & Abeysekera (2023), and Ozdemir (2020) indicate a positive impact of women's presence on board of commissioners on firm performance. Therefore, it can be hypothesized for further testing:

H_3: The presence of women on the board of commissioners positively influences firm value.

Methodology

The population for this study consists of banking companies listed on the Indonesia Stock Exchange during the period 2020-2022, totaling 45 companies. Nonprobability sampling with purposive sampling technique is used in this study, meaning samples are selected based on specific criteria (Sugiyono, 2019). The following criteria are used in sampling:

a. Banking companies listed on the Indonesia Stock Exchange during the period 2020-2022.
b. Banking companies that report financial statements in Indonesian rupiah during the period 2020-2022.
c. Banking companies that publish annual reports and provide all necessary data regarding the research variables: board of commissioners' characteristics, firm value, firm size, and return on assets.

Firm value can be understood as a depiction of a company's condition in a specific period obtained through analysis of its financial statements (Widnyana et al., 2020). In this study, firm performance is measured using Tobin's Q. Tobin's Q is a statistical representation serving as a proxy for firm value from an investor's perspective. As previously defined, Tobin's Q is the market value of firm's assets divided by the replacement value of those assets (Fiakas, 2005). Based on previous study by Ozdemir (2020), the formula to calculate Tobin's Q is:

$$\text{Tobin's Q} = \frac{MVS + MVD}{RVA}$$

where:
MVS = *Market value of all outstanding stock* (*closing price* x jumlah saham beredar)
MVD = *Market value of all debt* (Nilai buku dari total utang)
RVA = *Replacement value of all production capacity* (Nilai buku dari aset)

Competence is the ability to perform tasks relying on one's knowledge. The measurement of the competence of the board of commissioners is conducted by considering their educational background. While it is not mandatory for someone entering the business world to have education in business, commissioners with a background in economics and business are considered more effective in oversight (Anggraini et al., 2021). Following Octosiva et al. (2018), the formula to measure competence is:

$$\text{Competence} = \frac{\sum \text{Commissioner minimum S1 in Economics and Business}}{\sum \text{boards commissioner}}$$

Independent commissioners are board members who have no affiliations with management, other board members, or major shareholders, do not have business ties, and act independently for the interests of the company (Rahmini & Panggabean, 2020). Following Gafoor et al. (2018), the formula used to measure independent commissioners is:

$$\text{Independent Commissioners} = \frac{\sum \text{Independent Commissioners Board}}{\sum \text{Commissioners board}}$$

Currently, the composition of the board of commissioners is not only filled by men but also provides opportunities for women to hold positions in these roles. Women in the board are considered to have better skills than men, and their presence in the board promotes better performance (Irwansyah et al., 2020). Based on previous results by Liang et al. (2013), the formula used to measure the presence of women in the board of commissioners is:

$$\text{Women on Commissioners} = \frac{\sum \text{Women on Commissioners board}}{\sum \text{Commissioners board}}$$

This study includes two control variables: ROA and firm size. Based on previous research, both variables can influence firm value

Result And Discussion

Results

The research population consists of 45 banking sector companies, and the sample was selected using purposive sampling technique. There are 38 companies selected as research samples, with details as follows:

Table 1. The Criteria for Sample Selection

No.	Criteria	
1	The number of banking companies listed on the Indonesia Stock Exchange (BEI) during the period 2020-2022	45
2	Companies with incomplete information regarding research variables	(5)
3	Companies that did not publish annual reports	(2)
	Total Sample	38
	Total observations (emiten-year)	114

Table 2. Descriptive Statistics

	TobinsQ	Competen-Ce	Indepen-Dence	Women	ROA	Firmsize
Mean	1.288860	0.499088	0.579368	0.149070	0.000614	13.75175
Median	0.980000	0.500000	0.600000	0.125000	0.010000	13.55000
Maximum	18.50000	1.000000	1.000000	1.000000	0.040000	15.30000
Minimum	0.610000	0.000000	0.250000	0.000000	-0.180000	12.30000
Std. Dev.	1.693472	0.213166	0.117280	0.185162	0.028387	0.725299
Skewness	9.385917	-0.088778	0.868901	1.973322	-3.279926	0.407440
Kurtosis	95.33362	3.051431	5.950017	9.101631	18.07136	2.266430
Jarque-Bera	42169.93	0.162314	55.68213	250.8280	1283.344	5.710241
Probability	0.000000	0.922049	0.000000	0.000000	0.000000	0.057549
Sum	146.9300	56.89600	66.04800	16.99400	0.070000	1567.700
Sum Sq. Dev.	324.0668	5.134697	1.554263	3.874183	0.091057	59.44465
Observations	114	114	114	114	114	114

Source: Processed Secondary Data, 2024

Table 3. Chow Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.296681	(37,71)	0.0000
Cross-section Chi-square	133.984234	37	0.0000

Source: Processed Secondary Data, 2024

The Chow test revealed that the fixed effect model was the most appropriate for this analysis. This conclusion is based on the cross-section F-statistic being significantly less than the 0.05 level, as shown in Table 3.

Table 4. Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	44.413443	5	0.0000

Source: Processed Secondary Data, 2024

The test was conducted to compare the fixed effect and random effect models. The results, as shown in Table 4, indicate that the fixed effect model is the more appropriate choice. This conclusion is based on the cross-section random effect being significantly less than the 0.05 level.

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Table 5. Multicollinearity Test

	Competence	Independence	Women	ROA
Competence				
Independence	0.118234			
Women	0.121082	0.217581		
ROA	0.042022	-0.051823	0.032991	
Firm Size	-0.043199	-0.158558	-0.074225	0.376685

Source: Processed Secondary Data, 2024

A multicollinearity test was conducted to check for correlations among the independent variables. If the correlation between independent variables is less than 0.8, the data is considered free from multicollinearity. Based on the test results, no correlation value between variables exceeded 0.8, indicating that there is no multicollinearity problem.

Table 6. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TobinsQ	0.294943	0.029649	9.947739	0.0000
Competence	-0.580662	0.238705	-2.432554	0.0166
Independence	0.022407	0.408712	0.054822	0.9564
Women	0.527164	0.272820	1.932278	0.0559
ROA	-1.172334	1.744773	-0.671912	0.5031
Firm Size	0.026058	0.017841	1.460555	0.1470

Source: Processed Secondary Data, 2024

In this test, if the independent variable significantly influences the dependent variable, it indicates the presence of heteroscedasticity. The test results show that all probability values are greater than 0.05, indicating that the regression model in this study does not exhibit heteroscedasticity.

Table 7. Simultaneous Significance Test (F-Test)

F-statistic	4.457922
Prob(F-statistic)	0.000000

Source: Processed Secondary Data, 2024

The F-test is used to determine whether the independent variables simultaneously influence the dependent variable. If the significance level of F is less than 0.05, it indicates that the independent variables have a significant effect on the dependent variable, or vice versa (Ghozali, 2016). Based on Table 7, the F-statistic value of 0.000000 is less than 0.05, indicating that the board of commissioners' characteristics, taken together, have a significant impact on firm value.

Table 8. Test of Coefficient of Determination

Root MSE	0.884073	R-squared	0.725054
Mean dependent var	1.288860	Adjusted R-squared	0.562410
S.D. dependent var	1.693472	S.E. of regression	1.120241
Akaike info criterion	3.345833	Sum squared resid	89.10078
Schwarz criterion	4.377908	Log likelihood	-147.7125
Hannan-Quinn criter.	3.764694	F-statistic	4.457922
Durbin-Watson stat	3.420594	Prob(F-statistic)	0.000000

Source: Processed Secondary Data, 2024

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The coefficient of determination is used to measure the extent to which the independent variables can comprehensively explain the dependent variable. The higher the R-squared value, the greater the ability of the independent variables to explain the dependent variable. Based on Table 8, the Adjusted R-Squared value of 0.56, indicates that 56% of the variation in the dependent variable, or firm value, is explained by the independent variables in this study.

Tabel 9. Parsial Test (t Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.186235	14.29596	-0.082977	0.9341
Competence	8.075835	1.282774	6.295603	0.0000
Independence	-2.048421	1.781565	-1.149787	0.2541
Women	-6.941243	1.263717	-5.492719	0.0000
Firm size	0.048233	1.057637	0.045604	0.9638
ROA	4.527371	6.053966	0.747836	0.4570

Source: Processed Secondary Data, 2024

These findings demonstrate that the current study supports the first hypotesis: the board of commissioners' competence has positive effect on firm value. Based on the t-test, the board of commissioners' competence has a coefficient of 8.075835 with a probability value of 0.0000 < 0.05. It can be concluded that H1 is supported. Meanwhile, the independent commissioners do not have a significant influence on firm value and the women presence on the board of commissioners has negative effect on firm value. Therefore, H2 and H3 were not supported. Furthermore, the research findings indicate that both ROA and company size have no significant impact on firm value.

Discussions

The competence of the board of commissioners has a significant positive influence on firm value. This research finding strengthens the agency theory, which explains that the principal employs an agent, in this case the board of commissioners, to manage the company with the aim of achieving optimal performance. Based on upper echelons theory, the board of commissioners, occupying a strategic position within the company, can oversee and advise on company operations. The board of commissioners with good competence can bring experience, knowledge, and networks. The presence of a competent board of commissioners, especially in the fields of economics and business, is considered capable of increasing firm value. Competence leads to a better understanding and comprehension of the company's condition.

A higher educational background also serves as a foundation that can be used to achieve goals using various strategies, as commissioners with understanding and knowledge from their education will be applied in the company. Highly educated commissioners will be more rational in the process of collecting and processing the information they have so that it can be used to analyse various problems and decide on the right strategy for the company, which is expected to increase the company's value.

This research supports previous research conducted by Suherman et al. (2023) and Dashtbayaz et al. (2020), which showed that the education of the board of commissioners has an impact on firm value. The results are in line with research conducted by Al-Matari (2022), which shows that there is a positive and significant relationship between the competence of the board of commissioners and firm value. The results of this study differ from those of Yulius (2021), which showed that the education level of the board of commissioners has a positive effect on ROE but a negative effect on Tobin's Q.

From the research results, it can be concluded that the competence of the board of commissioners is considered an important component of the board's characteristics. This finding supports the view that a commissioner with a relatively better education has a broader awareness and a more organized understanding of the organization and is wise in handling problems, so that the resulting firm value is more maximal. In addition, the research results recommend that board members should have the appropriate academic qualifications, professional and personal skills related to the company's current and future business.

The research results indicate that the presence of independent commissioners does not significantly affect firm value. The results obtained are likely since a large number of independent commissioners can create communication challenges and there are board members who become free riders (Yulius, 2021). The more independent board members there are, the more their presence tends to be merely symbolic or a formality. Some studies have stated that a limited number of independent board members is considered more effective in handling communication problems and more effective in working, which will eventually increase firm value (Haider et al., 2015).

In addition, it may be due to the presence of independent commissioners often being considered a formality to meet regulations. The presence of independent board members does not always mean effective oversight or utilizing independence to oversee the managements. The involvement of independent commissioners in decision-making is also often limited, so its impact on the decision-making process can be limited. Politically connected independent commissioners also have an impact on firm value. Often in Indonesia, companies give positions to someone not only based on their abilities, but also as a form of respect (Kusumastuti et al., 2007). The selection of independent commissioners pays less attention to integrity and competence.

These results are supported by research conducted by Junus et al. (2022) which shows that politically connected independent commissioners have a negative relationship with firm value. Research conducted by Goel et al. (2023), Garcia Martín & Herrero (2018), and Fadillah (2017) shows that independent commissioners do not affect firm value. However, these results differ from the findings of Ozdemir (2020), Alqatan et al. (2019), and Ariani (2019) which show that independent commissioners have a positive effect on company financial performance.

Research results indicate that the presence of women on the board of commissioners has a negative impact on firm value. This is likely since the presence of women tends to result in riskier decisions, as they tend to make decisions based on an intuitive perspective (Romero et al., 2017). An intuitive perspective can be said to be a perspective with a pattern of behavior towards a particular event that is not learned by humans and is reflexive and acquired through heredity (Jalaluddin & Abdullah, 2012). Investors perceive that the presence of women on the board of commissioners is less competent in making strategic business decisions or financial management compared to male board members, so this can reduce the value of the company.

This negative influence is caused by women being more risk-averse than men, and in addition, the proportion of female commissioners is still too small so that they are still outvoted in company decision-making (Deore et al., 2021). These results are suspected to be caused by the low representation of women in corporate governance in Indonesia. In addition, another factor is that women often have dual roles, both as housewives and career women, which may affect their performance in such positions (Kusuma et al., 2018). The board of commissioners is a strategic element in a company that must have the power to oversee the board of directors or company management, so this role becomes ineffective when there are women on the board of commissioners, because women tend to avoid conflict.

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Research conducted by Farell & Hersch (2005) shows that the percentage of women does not have a significant difference because women tend to follow the groupthink phenomenon that exists on the board. Groupthink is a condition in which the decision-making process and thinking practices hinder individual responsibility and creativity, so that in the end it will not bring change to the company.

Bohorquez et al. (2018) state that the presence of female commissioners on the board can lead to inefficiencies in decision-making that can potentially harm the company. This may occur because an increase in the proportion of women results in a higher level of heterogeneity on the board, thus reducing efficiency in the decision-making process and leading to a decline in performance. The negative impact of the proportion of female commissioners on firm value may be based on high agency costs due to agency conflict, where the appointment of female commissioners can lead to inefficiencies in decision-making.

These results are in line with research by Kabir et al. (2023) which shows that gender diversity on the board of commissioners has a negative impact on ROA and ROE. Widhiastuti et al. (2020) show that female board of commissioners have a weak role in increasing firm value. According to Abbas & Frihatni (2023), companies that employ both women and men (gender diversity) on the board of commissioners tend to have difficulty increasing firm value than companies that only employ men (non-gender diversity). However, the results of this study differ from the findings of Arioglu (2020), Shahzad et al. (2020), Zhao & Abeysekera (2023), and Ozdemir (2020) which show that there is a positive and significant relationship between the presence of women on the board of commissioners and firm value.

Conclusions

The competence of the board of commissioners has a significant positive influence on the value of banking companies. This is because highly educated commissioners will be more rational in analysing problems and making the right decisions for the company. The proportion of independent commissioners does not affect the value of the company. This is likely because the large number of independent commissioners can create communication challenges, there are free riders, and political connections. The presence of women on the board of commissioners has negative effect on firm's value. The board of commissioners is a strategic element in a company that must have the power to oversee the board of directors or company management, so this role becomes ineffective when there are women on the board of commissioners.

Limitations

This study does not cover all elements of corporate governance by the board of commissioners. Future researchers are expected to add other variables such as the age of the board, the presence of foreign commissioners, experience, and other variables related to the characteristics of the board of commissioners. Future researchers are advised to consider adding research objects such as non-bank financial sector companies or other sectors

Research Contribution

The research findings indicate that the competence of the board of commissioners is crucial for the Indonesian banking industry. The banking business, which is closely related to financial aspects and has significant risks, requires competent resources in this area. Banks should not engage commissioners merely based on reciprocity, fame, or political connections. Futhermore, the board of commissioners is a strategic element in a company that must have the power to oversee the directors or company management. Women are more likely to avoid conflict. Therefore, companies should carefully consider the composition of women on their boards of commissioners.

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