

The Effect of Good Corporate Governance on Bank Performance with Organizational Culture as a Moderating Variable: A Study at Bank BJB's Bogor Branch

Rachmat Budi Santoso^{1*}, Cecep Taofiqurrohman²

^{1,2}Universitas Ekuitas Indonesia, Indonesia

**Corresponding Author: Rbudhysantoso@gmail.com, cecep.taufiqurrohman@ekuitas.ac.id*

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ABSTRACT

This study aims to analyze the effect of Good Corporate Governance (GCG) on the performance of Bank BJB's Bogor Branch and to examine the role of organizational culture as a moderating variable. The study employed a quantitative approach with a saturated sample of 60 employees at Bank BJB's Bogor Branch. Data were collected using a questionnaire with a Likert scale and analyzed using descriptive statistics and Moderated Regression Analysis (MRA). The results indicate that the implementation of GCG falls into the high category, with an average score of 3.692 and a Respondent Achievement Level (RAL) of 73.83%. Organizational culture also falls into the high category with an average of 3.702 and a RAC of 74.04%, while branch performance achieved an average of 3.725 and a RAC of 74.50%. The test results indicate that GCG has a positive and significant effect on performance, with a regression coefficient of 0.985, a t-value of 9.928, and a significance level of <0.001. The coefficient of determination of 0.630 indicates that GCG explains 63.0% of the variation in performance. Organizational culture has a direct, positive, and significant effect on performance. However, the interaction between GCG and organizational culture does not have a significant effect on performance, with an interaction coefficient of -0.045, a t-value of -0.343, and a significance level of 0.733. Thus, organizational culture is not shown to moderate the relationship between GCG and performance. The findings indicate that GCG and organizational culture are best understood as two factors that contribute directly to organizational performance

INTRODUCTION

The banking industry holds a strategic position in the economy because it performs an intermediary function by mobilizing public funds and channeling financing to productive

sectors. This role means that banks are not only required to deliver strong performance but also to maintain public trust, manage risk, comply with regulatory requirements, and ensure the continuity of their operations.

The increasingly complex nature of the banking industry heightens the need for effective corporate governance. Digital transformation, increased competition, changes in customer behavior, and rising operational and technological risks require banks to have increasingly robust oversight and control systems. In this context, Good Corporate Governance (GCG) serves as a vital instrument to ensure that decision-making processes and business operations are conducted transparently, accountably, responsibly, independently, and fairly.

Conceptually, GCG can be linked to agency theory. Jensen and Meckling explain that the separation between ownership and management of an organization can lead to conflicts of interest and information asymmetry. Governance mechanisms are necessary to mitigate these issues through oversight, control, transparency, and accountability.

In the banking industry, agency problems are more complex because banks manage not only shareholders' funds but also depositors' funds and the interests of various stakeholders. Therefore, the quality of corporate governance is a critical factor in maintaining a bank's performance and sustainability.

Regional Development Banks (BPDs) have unique characteristics because, in addition to being commercially oriented, they also serve a strategic function in supporting regional economic development. Bank BJB, as one such BPD, is required to maintain a balance between achieving business targets, service quality, risk management, compliance, and the public interest.

At the branch level, the implementation of GCG is crucial because branches are the units that interact directly with customers and carry out various operational processes. Governance policies established at the corporate level must be translated into the behavior and activities of employees at the operational level.

The research data indicates fluctuations in the performance of Bank BJB's Bogor Branch during the 2021–2025 period. Achievements in third-party funds, loans, and revenue reached 102% in 2023 but declined to 97%, 97%, and 97%, respectively, in 2024, and to 92.50%, 92%, and 92% in 2025. Non-performing loans (NPLs) also improved through 2023 but rose again in 2024–2025. These conditions highlight the importance of strengthening corporate governance and internal organizational factors.

In addition to GCG, organizational culture is viewed as a factor that can influence organizational effectiveness. Organizational culture provides guidelines on how employees communicate, collaborate, make decisions, manage risks, serve customers, and follow procedures.

Theoretically, organizational culture can be positioned as a moderating variable because the effectiveness of formal GCG policies is determined not only by the existence of rules but

also by the values and behaviors that develop within the organization. A culture that supports integrity, professionalism, openness, cooperation, compliance, and risk awareness can theoretically strengthen the implementation of GCG.

However, previous research findings have not yielded consistent conclusions. Some studies indicate that organizational culture can strengthen the relationship between GCG and performance, while others suggest that certain governance mechanisms do not always have a significant impact. These differing results highlight a research gap regarding whether organizational culture truly functions as a factor that strengthens the relationship between GCG and performance or whether it exerts a direct, independent influence.

Based on this gap, this study aims to examine the effect of GCG on the performance of Bank BJB's Bogor Branch and the role of organizational culture in moderating the effect of GCG on performance.

METHOD

This study employs a quantitative approach with an explanatory design to examine the relationship between GCG, organizational culture, and performance. The research subject is Bank BJB's Bogor Branch. The study population consists of employees at Bank BJB's Bogor Branch. The sampling technique used was saturation sampling, meaning all members of the population who met the research criteria were included as respondents. The total number of respondents was 60 employees.

Data were collected via a questionnaire using a five-point Likert scale. The independent variable was GCG (X), the moderating variable was organizational culture (Z), and the dependent variable was branch performance (Y).

Instrument quality was assessed through validity and reliability tests. Validity was measured using the Corrected Item-Total Correlation with a cutoff of 0.30, while reliability was measured using Cronbach's Alpha.

Data analysis was performed using descriptive statistics and Moderated Regression Analysis (MRA). The analysis was conducted hierarchically using three models.

Model 1: $Y = \alpha + \beta_1 X + \varepsilon$

Model 2: $Y = \alpha + \beta_1 X_c + \beta_2 Z_c + \varepsilon$

Model 3: $Y = \alpha + \beta_1 X_c + \beta_2 Z_c + \beta_3 (X_c \times Z_c) + \varepsilon$

Organizational culture was declared a moderator if the interaction coefficient between GCG and organizational culture was significant at the 5% level.

4. RESULTS AND DISCUSSION

Variables	N	Minimum	Maximum	Mean	Std. Dev.	Category
GCG	60	2.50	4.90	3.692	0.541	High
Organizational	60	2.63	5.00	3.702	0.589	High

Culture						
Branch Office Performance	60	2.15	5.00	3.725	0.671	High

The descriptive statistics show that all three research variables fall into the high category. GCG scored an average of 3.692, organizational culture 3.702, and performance 3.725.

In GCG, the accountability dimension had the highest score of 3.750, while accountability was the dimension with the relatively lowest score of 3.638. In organizational culture, the consistency dimension had the highest score, while mission had the relatively lowest. Meanwhile, in performance, internal business processes received the highest score, and learning and growth received the lowest.

Variables	GCG	Organizational Culture	Performance
GCG	1.000	0.671	0.793
Organizational Culture	0.671	1.000	0.756
Performance	0.793	0.756	1.000

GCG has a positive correlation of 0.793 with performance, while organizational culture has a positive correlation of 0.756 with performance. The correlation between GCG and organizational culture is 0.671. These correlations provide an initial indication of a linear relationship but do not prove a causal or moderating effect.

Moderated Regression Analysis

Model 1: The Effect of GCG on Performance

Model 1 yields the equation $Y = 0.088 + 0.985X$. The GCG coefficient is 0.985, the t-value is 9.928, and the significance level is <0.001 . The R^2 value of 0.630 indicates that GCG explains approximately 63.0% of the variation in branch office performance. H1 is accepted.

Model 2: Adding Organizational Culture

Model 2 yields the equation $Y = 3.725 + 0.647X_c + 0.462Z_c$. GCG has a t-value of 5.511 with a significance level of <0.001 , while organizational culture has a t-value of 4.291 with a significance level of <0.001 . R^2 increased to 0.720, representing an increase of approximately 9.04 percentage points.

Model 3: Moderation Test

Model 3 yields the equation $Y = 3.735 + 0.646X_c + 0.460Z_c - 0.045(X_cZ_c)$. The interaction coefficient for $GCG \times$ organizational culture is -0.045 , with a t-value of -0.343 and a p-value of 0.733. Since the p-value is greater than 0.05, the interaction is not significant.

The inclusion of the interaction term only increased R^2 by 0.000587, or 0.0587%. H2 is not supported.

Hypothesis	Coefficient	t	Sig.	Decision
GCG → Performance	0.985	9.928	<0.001	Accepted
Organizational Culture → Performance	0.460	4.291	<0.001	Significant
GCG × Culture → Performance	-0.045	-0.343	0.733	Rejected

5. DISCUSSION

The Effect of GCG on Performance

The results of this study prove that GCG has a positive and significant effect on the performance of Bank BJB's Bogor Branch. These findings indicate that the better the implementation of transparency, accountability, responsibility, independence, fairness, and equality, the better the branch's performance.

These findings are consistent with the agency theory perspective. Good governance can reduce information asymmetry, clarify the division of authority, improve oversight, and strengthen organizational control. The R^2 value of 63.0% indicates a substantial contribution of GCG in explaining performance variation; however, there are still other factors outside the model.

The Direct Influence of Organizational Culture on Performance

Organizational culture was found to have a positive and significant effect on performance. This finding indicates that organizational culture is not merely a set of normative values but has a direct relationship with organizational achievement. A culture that fosters consistency, cooperation, adaptability, and a shared understanding of the mission can help employees carry out work processes in a more coordinated and goal-oriented manner.

Organizational Culture Does Not Moderate the Effect of GCG on Performance

The main finding of the study is that organizational culture was not found to moderate the relationship between GCG and performance. An interaction coefficient of -0.045 with a significance level of 0.733 indicates that changes in the level of organizational culture do not statistically alter the strength of the relationship between GCG and performance. The additional R^2 due to the interaction was only 0.0587%.

This finding is interesting because, theoretically, organizational culture is expected to strengthen the implementation of GCG. However, at Bank BJB's Bogor Branch,

organizational culture appears more as a factor that contributes directly to performance. Thus, GCG and organizational culture are better understood as two direct and additive channels of influence, rather than as a mutually reinforcing relationship through a moderating mechanism. Differences from previous studies may be attributed to the characteristics of the research subjects, the level of organizational analysis, the cultural measurement instruments, performance metrics, respondent characteristics, and sample size. This study specifically focuses on a single branch of a regional development bank, resulting in a relatively specific organizational context.

CONCLUSION

- The implementation of GCG at Bank BJB's Bogor Branch falls into the high category, with an average of 3.692 and a TCR of 73.83%.
- Organizational culture falls into the high category, with an average of 3.702 and a TCR of 74.04%.
- Branch performance falls into the high category, with an average of 3.725 and a TCR of 74.50%.
- Good Corporate Governance has a positive and significant effect on the performance of Bank BJB's Bogor Branch. The regression coefficient is 0.985, t is 9.928, significance is <0.001 , and R^2 is 63.0%.
- Organizational culture has a direct, positive, and significant effect on performance, with a coefficient of 0.460 and a significance level of <0.001 .
- Organizational culture was not found to moderate the effect of GCG on performance. The interaction coefficient was -0.045 , t was -0.343 , and significance was 0.733.

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