IJSSR International Journal of Social Service and Research

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Vol. 04, No. 05, May 2024
e-ISSN: 2807-8691 | p-ISSN: 2807-839X

THE EFFECT OF GOOD CORPORATE GOVERNANCE ON THE PROFITABILITY OF BANKING COMPANIES LISTED ON THE IDX

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Keywords
Corporate Governance; corporate performance; independent commissioner; managerial ownership; institutional ownership; board of directors and audit committee

ABSTRACT
The emergence of economic crisis in Indonesia is caused by poor corporate governance or Good Corporate Governance that will cause corruption. This study aims to determine the effect of managerial ownership, institutional ownership, board of commissioners, audit committee and board of directors on company performance. The sample used in this study is banking companies in Indonesia listed on the IDX which are currently 2020 – 2022 obtained from the IDX website or www.idx.co.id. The analytical tool used to test research hypotheses is multiple regression. The results showed that managerial ownership and the board of directors had a positive effect on the company's performance. Independent Commissioners negatively affect the Company's performance. Meanwhile, institutional ownership and audit committees have no effect on the performance of banking companies.

INTRODUCTION

A good company is a company with corporate governance practices or often known as GCG (Good Corporate Governance). The existence of GCG is one of the controlling efforts carried out by the company for the sake of the company's value. With the GCG applied to the company, it is expected to be able to improve and improve the company's performance financially (Noviawan & Septiani, 2013). The manager will make financial decisions that can benefit all parties (stakeholders) and the business is expected to generate maximum profitability (Purba et al., 2021).

Profitability can be used as a benchmark to assess the success of a company in using working capital effectively and efficiently to generate a certain level of expected profit (Sanjaya & Rizky, 2018). Profitability is a ratio that aims to determine the profitability over a certain period and also provides an overview of the level of effectiveness of management in carrying out its operational activities (Sufyati & Anlia, 2021). Profitability can be measured by ROA and ROE. Based on the previous explanation, it can be seen that Good Corporate Governance has an effect on financial performance.

Good Corporate Governance consists of several interrelated components such as managerial ownership, board of directors, institutional ownership, independent commissioners, and audit committees, as the main components that help detect irregularities in the early stages of the project (Hazzaa et al., 2022). Managerial ownership is the percentage of share ownership by the management that actively participates in decision-making. Managers with stock ownership in the company will be able to help reduce problems and reduce agency costs so that it will increase the profits obtained (Yuniarti & Syaichu, 2018).

https://doi.org/10.XXXXX/ijssr.xxxx.xx
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The Board of Directors is a party in a corporate entity as the executor of the company's operations and management. The existence of a board of directors in the company will help the company's performance to increase in terms of shares, as well as financially, so that with a large number of directors in the company (Yuniarti & Syaichu, 2018). According to research by (Asnita, 2020) shows that the results of the Board of Directors are able to have a positive and significant influence on the value of profitability.

Institutional ownership is the proportion of shares owned by an organization as an external party such as banking, government, investment, and other institutions. The company's management will pay attention to the interests of shareholders as owners of the company in carrying out their responsibilities (Rorong & Lasdi, 2020). Independent Commissioners are an indispensable part of the company in carrying out the supervisory function over the management that manages the company (Fadillah, 2017). Where in its function serves as a supervisor of all activities in the company. In order to form a company with good corporate governance, the role of independent commissioners is needed in practicing the function of monitoring (Fadillah, 2017).

Corporate governance or GCG (Good Corporate Governance) is something that is absolutely required before someone joins the organization (Hardjoeno, 2021). Banking is a financial institution that plays an important role in supporting the economy in Indonesia. In this function, the bank manages funds from the community well based on trust from the community and vice versa, the bank distributes its funds to debtors based on an element of trust. By maintaining its performance, banking will be able to become a thriving and healthy industry. Therefore, banks must be supported by the implementation of effective GCG or Good Corporate Governance. Bank Indonesia (BI) as the central bank pays special attention to the implementation of GCG.

Judging from the above explanation, the formulation of the problem developed in this study is to find out how the influence of corporate governance on corporate performance in banking companies registered with PT. Indonesia Stock Exchange. Where this research will be developed with the aim of knowing and analyzing the influence of managerial ownership on company performance. Knowing and analyzing what the influence of institutional ownership is on the company's performance. To know and analyze what influence the board of directors has on the company's performance. To know and analyze what influence the independent board of commissioners has on the company's performance. To know and analyze what influence the audit committee has on the company's performance.

Good Corporate Governance is good corporate governance through the principles of transparency, accountability, responsibility, independence, and fairness, which is believed to provide benefits for the company, management, workers, and other related parties. Companies that carry out this will be easier to control by management, there is harmony between management and workers, management and shareholders, as well as management and the government and the social environment (Damayanti et al., 2017).

Indicators used in measuring Good Corporate Governance include managerial ownership, board of directors, institutional ownership, independent board of commissioners, and audit committee. Managerial ownership is a shareholder from the management who actively participates in the company's decision-making (directors and commissioners). Managerial ownership is calculated by dividing the number of manager's shares divided by the total company shares multiplied by one hundred percent as follows. Stock ownership by managers can reduce agency problems and reduce agency costs so that the profits obtained will increase (Yuniarti and Syaichu, 2018).

Institutional ownership is the ownership of shares held by an institution or institution. Ownership that comes from external sources has stricter monitoring so that managers and shareholders are more aligned. Institutional ownership is described as a fraction of the shares owned by institutional investors. (Lestari and Juliarto, 2017). Companies with higher international institutions are less likely to pay dividends and have lower payout ratios. using dividend payments as a monitoring tool. The size of the

board of directors is the sum of the number of members of the board of directors in the company and has carried out work in accordance with their duties. The existence of a board of directors in a company will help improve the performance of its subordinates, both from financial (accounting) and its value in the stock market. The Board of Directors is tasked and collegial responsible in managing the company. The board of directors can form a group with tasks that can help achieve the company's goals continuously. The board of directors as an agent plays a role in the management of the company.

The existence of independent commissioners in the composition of the Board of Commissioners is suspected to have a significant effect on profit management. The existence of independent commissioners is expected to play an important role in ensuring the implementation of good GCG practices so that it will ease profit management practices carried out by a manager. The supervisory function performed by independent commissioners can reduce management's opportunistic attitude to manipulate financial statements through profit management practices. The composition of the Board of Commissioners has a significant effect on profit management is also not proven. This shows that the practice of Good Corporate Governance has not been implemented optimally where the independent commissioner in charge of overseeing management is not able to prevent or alleviate the profit management practices carried out by the company.

The Audit Committee is responsible for overseeing financial statements, overseeing external audits, and observing internal control systems including internal audits. The audit committee is placed as a supervisory mechanism between management and external parties. The audit committee is a part that also helps the effectiveness of the company. An increase in the number of audit committees will have a good impact on the company, namely by the better supervision carried out. The audit committee has a very important role in the credibility of financial reporting, one of which is Good Corporate Governance

(Anjani & Yadnya, 2017) explained that corporate governance is one of the parts given to help improve the company's work results. Where this is done by using performance monitoring or through supervision, and also ensuring management accountability with relevant stakeholders. The practice of Good Corporate Governance can theoretically be used to improve the company's work, minimizing problems that arise due to decisions by the board that can benefit itself.

Managerial ownership is the percentage of share ownership by the management who actively participates in the company's decision-making. Stock ownership by managers can reduce agency problems and reduce agency costs so that profits earned will increase. (Yuniarti and Syaichu, 2018). With regard to the relationship between managerial ownership and company performance, (Alabdullah, 2018) In his journal, he said that there was a simple positive relationship between managerial ownership and company performance. In addition, a small percentage of the CEO's shares also positively determine the company's performance by the size of managerial ownership. This significant and positive relationship is supported by the agency theory which states that managerial ownership can reduce agency costs and increase company value. H1: Managerial ownership has a positive effect on the company's performance.

Institutional ownership is a state in which the institution owns shares in a company and is large in number. Institutional ownership does have a very high number of share ownership so that institutions will tend to act for personal interests at the expense of the interests of minority shareholders and will create an imbalance in determining the direction of corporate policies which will later be more beneficial to the majority shareholders, namely the institution. These unconducive circumstances will not improve the company's financial performance.

(Loncan, 2020) states that institutional ownership will decrease cash ownership and conversely will increase the contribution of cash ownership to market capitalization. Loncan in his research also mentioned that foreign institutional ownership positively affects the financing structure of companies and contributes to cash policies that will increase the value of companies more efficiently. H2: Institutional ownership has a positive effect on the company's performance.

The board of directors is a board elected by shareholders, who are tasked with supervising the work carried out by the management in managing the company, with the aim of benefiting shareholders. The board of directors in a company is essential to achieve effective communication between board members. A board of directors with good performance can help shape a company with good performance as well. In a study conducted by (Alabdullah, 2018) explained that the Board of Directors has a significant positive effect on financial performance. The existence of the board of directors can help the company's performance become even better and also achieve the company's performance more safely and maintained. As well as achieving effective communication between board members can increase supervision of management so that it can improve the company's financial performance. H3: The Board of Directors has a positive effect on the company's performance.

Independent commissioners act as representatives of stakeholders to oversee the company's activities. Independent commissioners are the best position to carry out the monitoring function in order to create a company with good corporate governance. The increasing number of independent board of commissioners will encourage the board of commissioners to act objectively and be able to protect all stakeholders of the company. This is related to the increasingly objective recognition of expenses or profits owned by the company (Fadillah, 2017). The existence of independent commissioners in the company makes the company better because of its role in carrying out a central role and protecting the interests of shareholders. Independent directors are comparatively more compliant with the rules and more concerned about responsibilities. A well-organized audit committee also contributes positively to the company's compliance (PeiZhi & Ramzan, 2020). H4: Independent commissioners have a positive effect on the company's performance.

The Audit Committee has a separate task in assisting the Board of Commissioners to fulfil its responsibilities. The existence of the Audit Committee is very important to protect the interests of shareholders. If the Audit Committee carries out its role well, namely monitoring management activities in the preparation of financial reporting, the quality of financial reporting will improve significantly. The audit committee is expected to minimize management's efforts to manipulate data related to finance and accounting procedures, so that the company's financial performance will increase (Damayanti et al., 2017). H5: The audit committee has a positive effect on the company's performance.

METHODS

In this study, the data used is data that has been processed by the company in the form of the company's annual report from 2020 to 2022 which can be obtained from the IDX or www.idx.co.id website. Where the sample was taken from the population of banking companies in Indonesia registered on the IDX which is currently in 2020 – 2022 The sample size used in this study using the purposive sampling method, purposive sampling is a sample determination technique with certain considerations. Data collection is carried out by documentary study research techniques by using information and literature, company documents such as company background, company management reports, organizational structure, and other documents. The independent variables in this study are managerial ownership, institutional ownership, board of directors, independent commissioners and audit committee. Meanwhile, the dependent variable used is the company's performance which is calculated based on the ROA value.

The analytical tool used to test the research hypothesis is multiple regression. The research model can be written in the regression equation below: ROA = α + β1MNJRL + β2INST + β3DEDIR + β4K.IND + β5AUDIT + Ris + Ɛ

ROI\A : Return On Assest
MNJRL: Managerial Ownership
INST : Institutional Ownership
DEDIR : Board of Directors
K.IND : Independent Commissioner
AUDIT : Komite Audit

RESULTS

Description of the Research Object

This study uses banking companies in Indonesia that are listed on the Indonesia Stock Exchange (IDX), with the use of data in the form of secondary data, namely annual financial statements on companies in the period 2020-2022 sourced from the Indonesia Stock Exchange. This study found a sample in the study, namely as many as 47 companies in the banking sector listed on the Indonesia Stock Exchange. Of the 47 companies, there are only 21 companies that meet the criteria for presenting complete financial data. The determination of the research sample can be explained in the following table:

Table 1. Sample Determination

Information	Sum
Banking companies listed on the IDX in 2020-2022	47
Banking companies that do not publish annual reports in the period 2020 – 2022	2
Companies that do not publish the data required in the study (board of directors, board of commissioners, independent commissioners, ROA, institutional election, and managerial ownership) in the financial statements for 2020 – 2022.	24
Number of companies used for sample	21
Total Sample (Year 2020-2022)	21 x 3 63

Source: Data processed

The criteria for selecting the sample are known to have 21 companies that meet the criteria in this study, namely financial data in the period 2020-2022 so that the total sampling is 63 samples.

Descriptive Analysis

This study uses descriptive statistical tests in the form of mean data, maximum values, maximum values and std. deviation. The summary of the results of the statistical descriptive analysis test that has been carried out is as follows:

Table 2. Descriptive Test Results

Variable	N	Mean	Max	Min	Std. Deviation
Company Performance	63	0,013	0,0375	0,0008	0,0084691
Managerial Ownership	63	0,0006	0,0023	0,0001	0,0006827
Institutional Ownership	63	0,490	0,9908	0,0388	0,2902275
Board of Directors	63	7,81	14	3	2,589
Independent Commissioner	63	0,556	0,80	0,33	0,13348
Komite Audit	63	1,759	2,50	1,33	0,37502

Source: Data processed

Table 2 shows the results of the descriptive test with the following explanation:

a. The company's performance has a mean value of 0.013, maximum 0.0375, minimum 0.0008 and std. deviation 0.0084691
b. Managerial ownership has a mean value of 0.0006, maximum 0.0027, minimum 0.0001 and std. deviation 0,0006827
c. Institutional ownership has a mean value of 0.490, maximum 0.9908, minimum 0.0388 and std. deviation 0.2902275
d. The board of directors has a mean value of 7.81, maximum 14, minimum 3 and std. deviation 2,589
e. Independent commissioners have a mean value of 0.556, a maximum of 0.80, a minimum of 0.33 and std. deviation 0.13348
f. The audit committee has a mean value of 1.759, a maximum of 2.50, a minimum of 1.33 and std. deviation 0.37502

Classical Assumption Test

Normality Test

The normality test was carried out using the Kolmogorov-Smirnov test, with the provision that if the probability value is greater than 0.05, then the variable is normally distributed. The results of the normality test are as follows:

Table 3. Normality Test Results

Total N		63
Most Extreme Differences	Absolute	,092
	Positive	,092
	Negative	-,060
Test Statistic		,092
Asymptotic Sig.(2-sided test)		,200

Source: Data processed

Table 3 shows the significance value of the research variable of 0.200 and greater than 0.05 (0.200 > 0.05). So it can be concluded that the variables in the study are normally distributed.

Multicollinearity Test

Multicollinearity can be seen from the calculation of tolerance values and Variance Inflation Factor (VIF). The variable can be said to be free of multicollinearity if it has a tolerance value of > 0.10 and VIF < 10. With the following results:

Table 4. Multicollinearity Test Results

Variable	Tolerance Value	VIF	Information
Managerial Ownership	0,953	1,049	Free of multicoloniality
Institutional Ownership	0,979	1,022	Free of multicoloniality
Board of Directors	0,836	1,196	Free of multicoloniality
Independent Commissioner	0,852	1,174	Free of multicoloniality
Komite Audit	0,967	1,034	Free of multicoloniality

Source: Data processed

Table 4 above can be seen that all independent variables have a Tolerance value of > 0.1 and a VIF value of < 10. Thus, it can be concluded that the independent variables of this study are free from multicollinearity.

Heteroscedasticity Test

The Heteroscedasticity test aims to see if there is a discrepancy in the regression model of the perturbating variables of each data processing to be carried out. In the test, if the significance value is > 0.05, then heteroscedasticity does not occur. The following results:

Table 5. Heteroscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Say.
	B	Std. Error	Beta		
(Constant)	,014	,004		3,296	,002
Managerial Ownership	,105	,290	,048	,361	,719
Institutional Ownership	-,004	,002	-,223	-1,670	,100
Board of Directors	-,001	,000	-,280	-1,851	,069
Independent Commissioner	-,002	,002	-,138	-,903	,370
Komite Audit	-,001	,001	-,096	-,707	,482

Source : Data processed

Table 5 shows the results of all independent variables with a significance value of > 0.05. Thus, it can be concluded that the independent variable of this study is free from heteroscedasticity.

Autocorrelation Test

The autocorrelation test is used to test whether in the linear regression model there is a correlation between the perturbrillator error in the t-period and the error in the t-1 period (previously). The Autocorrelation Test was measured using Durbin Watson values, with the following results:

Table 6. Autocorrelation Test Results

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
,631[a]	,399	,346	,0068500	1,884

Source: Data processed

Table 6 can see that the Durbin-Watson value is 1.884. The value will be compared with the value of the table with a significance level of 5%, the number of samples 63 and the number of variables 5 (k=3). Since the DW value of 1.884 is greater than the upper limit of (du) 1.7671 and less than (4-du) 2.233 or 1.7671 < 1.884 < 2.233, the conclusion that can be drawn is that there is no autocorrelation in the research variables.

Multiple Regression Test

The results of the regression estimation from data processing can be shown in the following table:

Table 7. Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	,008	,008		1,120	,267
	Managerial Ownership	5,423	1,305	,437	4,155	,000
	Institutional Ownership	,002	,003	,066	,640	,525
	Board of Directors	,001	,000	,330	2,942	,005
	Independent Commissioner	-,017	,007	-,267	- 2,403	,020
	Komite Audit	,001	,002	,035	,338	,736

Source : Data processed

The model of multiple linear regression equations in this study is as follows:

ROA = 0,008 + 5,423 + 0,002 + 0,001 – 0,017 + 0,01 + Ɛ

The interpretation of the equation is as follows:

a. The value of the beta coefficient in managerial ownership is 5.423, which means that there is a positive direction between managerial ownership and company performance. If managerial ownership (X1) increases or increases, it will affect the increase in ROA value by 5,423 units.

b. The value of the beta coefficient in institutional ownership is 0.002, which means that there is a positive direction between institutional ownership and company performance. Where if institutional ownership (X2) increases or increases, it will affect the increase in the ROA value by 0.002 units.

c. The beta coefficient value in the board of directors is 0.001, which means that there is a positive direction between the board of directors towards the company's performance. Where if the board of directors (X3) experiences an increase or increase, it will affect the increase in the ROA value by 0.001 units.

d. The beta coefficient value of the independent board of commissioners is -0.017, which means that there is a negative direction between the independent board of commissioners and the company's performance. Where if the independent board of commissioners (X4) experiences an increase or increase, it will affect the decrease in the ROA value of 0.017 units.

e. The value of the beta coefficient in the audit committee is 0.001, which means that there is a positive direction between the audit committee and the company's performance. Where if the audit

committee (X5) experiences an increase or increase, it will affect the increase in the ROA value by 0.001 units.

Uji Hipotesis

Determination Coefficient Test (R2)

This Coefficient of Determination test aims to determine how much independent variables affect dependent variables. The results of the determination coefficient test were obtained as follows:

Table 8. Determination Coefficient Test Results

R	R Square	Adjusted R Square	Std. Error of the Estimate
,631[a]	,399	,346	,0068500

Source: Data processed

Table 8 shows that the results of the determination coefficient analysis resulted in a determination coefficient value (Adjusted R Square) of 0.364. The results can be concluded that the amount of variation of independent variables in influencing the regression equation model is 34.6% and the remaining 65.4% is influenced by other factors that are not included in the regression model.

Simultaneous F Test

The results of the F test can be seen in the following table:

Table 9. Test Result F

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	,002	5	,000	7,555	,000[b]
Residual	,003	57	,000		
Total	,004	62			

Source: Data Processed

Table 9 shows the results of the F test where the results are obtained from a significance value of 0.000 and less than 0.05 (0.000 < 0.05). Therefore, it can be explained that there is a significant influence between managerial ownership, institutional ownership, the board of directors, the independent board of commissioners, and the audit committee on the company's performance.

Partial T Test

The results of the T test can be seen in the following table:

Table 10. T Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	,008	,008		1,120	,267
	Managerial Ownership	5,423	1,305	,437	4,155	,000
	Institutional Ownership	,002	,003	,066	,640	,525
	Board of Directors	,001	,000	,330	2,942	,005
	Independent Board of Commissioners	-,017	,007	-,267	-2,403	,020
	Komite Audit	,001	,002	,035	,338	,736

Source: Data processed

The results of the t-test for each independent variable are as follows:

a. Managerial ownership variable (X1)
   The significance value of the managerial ownership variable was 0.000 and this value was less than α 5% (0.000 < 0.05). And it was also found that the value and regression coefficient had a positive value of 5.423. This shows that there is a positive influence between managerial ownership and company performance.
b. Institutional ownership variable (X2)
   The significance value of the institutional ownership variable was 0.525 and this value was greater than α 5% (0.525 >0.05). And it was also found that the value and regression coefficient had a positive

value of 0.002. This shows that there is no positive influence between institutional ownership and company performance.

c. Board of directors variables (X3)
The significance value of the board of directors variable is 0.005 and this value is less than α 5% (0.005 < 0.05). And it was also found that the value and regression coefficient had a positive value of 0.001. This shows that there is a positive influence between the board of directors on the company's performance.

d. Independent board of commissioners variable (X4)
The significance value of the independent board of commissioners variable was 0.020 and this value was less than α 5% (0.020 < 0.05). And it was also found that the value and regression coefficient had a negative value of -0.017. This shows that there is a negative influence between the independent board of commissioners on the company's performance.

e. Audit Committee Variables (X4)
The significance value of the audit committee variable was 0.736 and this value was greater than α 5% (0.736 > 0.05). And it was also found that the value and regression coefficient had a positive value of 0.001. This shows that there is no positive influence between the audit committee on the company's performance

Discussion

The Influence of Managerial Ownership on Company Performance

Based on the results of the data analysis carried out, the significance value of the managerial ownership variable was 0.000 and this value was less than α 5% (0.000 < 0.05). This shows that there is a positive influence between managerial ownership on the company's performance which is calculated based on the ROA value. And it was also found that the value and regression coefficient had a positive value of 5.423.

These results can also show that increasing managerial ownership in a company will have an impact on the increase in the ROA value of the company. Where the value of the regression coefficient is positively marked, it shows that the increase in managers' share ownership is able to motivate management to use the excess information they have as a tool to implement practices that benefit them, so that it is likely to improve the company's financial performance.

According to research on agency theory, management ownership will increase a company's financial success. This is due to the manager's awareness of the actual state of the company. Managers who have a stake in the company they work for will go to great lengths to improve performance and increase profits. The goal is for management to benefit from its investment in the business with profitable and equitable returns. Managers who are also shareholders will boost the value of the company which will ultimately increase the value of their own wealth as shareholders. Therefore, if the managers do their duties correctly, the company can grow which will improve its financial performance. If the managerial ownership owned is getting larger, then the management will try to maximize shareholder wealth by improving the company's financial performance.

The existence of managerial ownership in the company indicates that the company's board of directors and commissioners own a number of shares in the company. This condition can reduce conflicts of interest between managers and investors and encourage management to improve the company's performance. The higher the proportion of managerial shareholding in a company can potentially reduce agency problems because with an increase in the proportion of managerial ownership can reduce the tendency of managers to cheat and be selfish, thus the manager will align his interests with the shareholders (Brata & Sari, 2019). These results are in accordance with research conducted by (Sembiring, 2020) Where it was found that managerial ownership had a positive effect on the company's performance. The results of this study are not in accordance with the research by (Malahayati, 2021) which shows that managerial ownership has no effect on the company's performance.

The Effect of Institutional Ownership on Company Performance

Based on the results of the data analysis carried out, the significance value of the institutional ownership variable was 0.525 and this value was greater than α 5% (0.525 >0.05). This shows that there is no influence between institutional ownership on the company's performance calculated based on the ROA value. And it was also found that the value and regression coefficient had a positive value of 0.002.

According to agency theory, institutional ownership in a company acts as a higher-level monitoring mechanism than corporate management, prompting them to be more cautious when handling the company's money. In these circumstances, it can be claimed that institutional ownership, as measured by institutional ownership, has no impact on the company's performance. In 2020-2022, the banking sector has a low level of institutional ownership, so the involvement of external parties in carrying out their roles is very small. It can be said that institutional ownership is a temporary owner who only concentrates on short-term profits, so it cannot provide profits for the company in the long term. As a result, institutional ownership does not have a major impact on financial performance.

Institutional ownership, which is a condition in which the institution owns shares in a company and usually in large amounts, will tend to act for their own interests at the expense of the interests of minority shareholders and will create an imbalance in determining the direction of the company's policies which will later be more beneficial to the majority shareholder, namely the institution. With these unconducive circumstances, it will not improve the company's financial performance. This research is in line with the research conducted by (Margaret & Daljono, 2023) which states that Institutional Ownership has no effect on the Financial Performance of Banks.

The results of this study are not in accordance with the research by Gunawan and Wijaya (2020), which shows that institutional ownership has a positive effect on company performance. Gunawan and Wijaya (2020) stated that the greater the institutional encouragement to supervise management, the greater the incentive for institutional ownership to optimize company performance.

The Influence of the Board of Directors on the Company's Performance

Based on the results of the data analysis carried out, the significance value of the variable of the board of directors was 0.005 and this value was smaller than α 5% (0.005 < 0.05). This shows that there is a positive influence between the board of directors on the company's performance which is calculated based on the ROA value. And it was also found that the value and regression coefficient had a positive value of 0.001. This result can also show that the increase in the number of boards of directors in the company will have an impact on the increase in the ROA value of the company.

The Board of Directors has the task of regulating the company's activities, both in the management of banking operations and in determining banking policies. In the supervision of the board of directors, it will help make the work environment better and organized. So that with the increase in the number of board of directors, it is able to help the company to improve its existing financial performance and this will have an impact on increasing the company's performance. The Board of Directors has a priority role for the company. Its role is to supervise to adjust various decisions and minimize conflicting fraudulent behavior between agents and principals. In addition, the board of directors can determine a policy that is taken in the short or long term. The results of this study are in line with the agency theory because the board of directors has a role so that its performance increases and can minimize the occurrence of agency problems in the company.

The board of directors leads the company to improve the company's policies and performance. With this role, the board of directors is considered very pending in its work. So that the existence of a professional and great board of directors in working will also help improve the company's work. His skills and competence in becoming a board of directors will make the company have many relationships outside the company, so that the company grows and experiences improved performance

This is in accordance with the explanation by (Nabilah & Rialdy, 2022), Where it is explained that with the increasing number of the Board of Directors can help all outside parties to join the bank, so that there will be more opportunities for the company to distribute funds out of the company. The board of

directors has considerable influence in determining the direction of the bank to achieve profits. Therefore, the board of directors has a significant influence to improve the financial performance of banks. The results of this study are not in accordance with the research by (Yadnyapawita & Dewi, 2020), which states that the board of directors does not affect the company's performance.

The Influence of Independent Commissioners on the Company's Performance

Based on the results of the data analysis carried out, the value of the variable significance of the independent board of commissioners was 0.020 and this value was smaller than α 5% (0.020 < 0.05). This shows that there is a negative influence between the independent board of commissioners on the company's performance which is calculated based on the ROA value. And it was also found that the value and regression coefficient had a negative value of -0.017. This result can also show that the increase in the number of independent commissioners in the company will have an impact on the decline in the ROA value of the company.

The results of the hypothesis test with a negative sign in the regression coefficient prove that the increase in the proportion of independent commissioners in the company will increase the quality of the supervision process along with the increasing demand by independent parties that require transparency in financial reporting. However, with poor performance or only meeting the needs of the commissioners' portfolio, the increase in the number of independent commissioners only makes the reporting of money run improperly and has an impact on the company's value decline. Looking at the results of the influence on the regression test, independent commissioners have a negative influence on financial performance. Based on the direction of influence, it can be interpreted that the more independent commissioners increase, the lower the company's performance. The addition of independent board of commissioners may only be a fulfillment of the company's formality provisions in carrying out GCG, while the majority shareholder still plays an important role so that the performance of the independent board of commissioners does not improve, besides that the supervisory activities carried out by independent commissioners have not been able to reduce agency problems in the company.

These results are in accordance with research conducted by (Pratiwi & Noegroho, 2022), Where it was found that independent commissioners are able to have a negative effect on the company's performance. The proportion of the independent board of commissioners has a negative effect on the company's financial performance. This is contrary to the General Guidelines for GCG Indonesia which states that the existence of independent commissioners must ensure that the supervision mechanism runs effectively.

The results of this study are not in accordance with the research by (Sembiring & Saragih, 2019) which states that there is no significant influence between independent commissioners and company performance. From these findings, it can be explained that company ownership in Indonesia is still concentrated, so independent commissioners are appointed not based on competence or professionalism but based on relationships with companies or only as a respect for office.

The Influence of the Audit Committee on the Company's Performance

Based on the results of the data analysis carried out, the significance value of the audit committee variable was 0.736 and this value was greater than α 5% (0.736 >0.05). This shows that there is no positive influence between the audit committee on the company's performance which is calculated based on the ROA value. And it was also found that the value and regression coefficient had a positive value of 0.001. The audit committee in carrying out its function of supervising the company's operational activities is sometimes still influenced by the board of commissioners. This is because the presence of the audit committee is considered to not have an important role in the company so that it cannot appear its independent position. The insignificant variable of the size of the audit committee indicates that the audit committee is not independent in carrying out its duties and is weak in internal control and supervision of the company. This means that the increasing number of audit committees does not necessarily improve the company's performance. This shows that the number of audit

committees has no effect on the company's performance. The results of this study can occur that the large number of audit committees does not guarantee supervision of the company's performance and the existence of an audit committee within the company is only a condition that the company is required to have an audit committee of at least three people.

Based on agency theory, the existence of an audit committee in a company cannot minimize the difference in interests that occur between agents and principals, the audit committee is considered less optimal in carrying out its function of supervising the performance of the company's management because the appointment of the audit committee by the board of commissioners is not based on the abilities and competencies possessed but is more based on the relationship with the independent board of commissioners (Margaret & Daljono, 2023). The results of this study are in accordance with the research conducted by (Hartati, 2020), Where it was found that the audit committee did not have a significant effect on the company's performance. The results of this test are also in line with the research (Pramudityo, 2023) which reveals that the selection of the audit committee by the board of commissioners is only a form of the company's compliance with regulations that require the company to have at least three members of the audit committee. The results of this study are not in accordance with the research by (Rahmatika et al., 2019) which states that the Audit Committee has an effect on the company's performance, this is explained with a significance of 0.00, this proves that if the audit committee works effectively, it can improve the company's financial performance.

CONCLUSION

The variable of managerial ownership has a positive effect on the company's performance. Thus, in the large or small variable of managerial ownership, there is an influence on the performance of banking companies. The larger the variable of managerial ownership, the better the performance of the banking company is in good condition. Likewise, the variable of the board of directors has a positive effect on the performance of banking companies. So that in the size or small variables of the board of directors there is an influence on the performance condition of banking companies. The greater the value of the variable of the board of directors, indicating that the performance of the banking company is in good condition. The variable of institutional ownership has no effect on the performance of banking companies. Thus, in both large and small institutional ownership variables, there is no influence on the performance condition of banking companies. The smaller or larger the value of the institutional ownership variable does not indicate whether or not the performance of the banking company is good. Likewise, the audit committee variable has no effect on the performance of banking companies. Thus, in both large and small variables of the audit committee, there is no influence on the performance condition of banking companies. The smaller or larger the value of the audit committee's variables does not indicate whether or not the performance of the banking company is good. Meanwhile, the variable of independent commissioners has a negative effect on the performance of banking companies. Thus, in the size or small of the variable of independent commissioners, there is an influence on the performance conditions of banking companies. The smaller the value of the variable of the independent commissioner, indicating that the performance of the banking company is in good condition.

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International Journal of Social Service and Research (IJSSR)

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