JURNAL
Riset Akuntansi dan Keuangan Indonesia
URL : http://journals.ums.ac.id/index.php/reaksi/index

How About Good Corporate Governance, Size, Leverage, Financial Performance

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Keywords:
financial performance, good corporate governance, board of commissioners, board of directors, audit committee, independent commissioners, institutional ownership, leverage, company size

ABSTRACT
This study aimed to find empirical evidence that the board of commissioners, the board of directors, the audit committee, independent commissioners, institutional ownership, leverage, and firm size affect the performance of the company,. financial performance of companies listed on the Jakarta Islamic Index (JII). The population of this study included companies registered in the Jakarta Islamic Index (JII) from 2019 to 2021. Sampling was carried out by purposeful sampling method, based on criteria established, a sample of 20 companies was obtained. Data analysis techniques use classical hypothesis testing, namely normality test, multicollinearity test, variable variance test and autocorrelation test. Hypothesis testing by multiple regression analysis. Research results show that board of directors, board of directors, institutional ownership, firm size and audit committee have no influence on financial performance. Meanwhile, independent trustees and leverage have a positive effect on financial performance.

INTRODUCTION

Development company in era globalization Which the more proceed And modern make competition in world business the more strict. Impact competition This force company For maintain And increase company performance. It's inevitable that performance company is the top priority concern investors moment evaluate something company so that can take decision Which appropriate moment invest the funds inside company the. For measure performance finance can done by sight from two side, that is from in company with see report finance company, whereas from outside known company method count performance finance company.

In operate activity, apart from being obligated increase profit, company management Also must capable optimizing efficiency the operation spared from difficulty finance, so capable ensure continuity his efforts [1] . To maintain the continuity of the role investors participate share in finance activity operational company by embed capital share hoping to get part return on its investment . Wrong One method For ensure continuity company is with increase performance finance company. Performance finance is analysis Which evaluate how much Good company has Act in accordance with rule execution finance. Financial performance with thereby can give description about success company in form which activity achieved [2].

Among the factors Which influence results finance is *good corporate governance* Which Good, matter This must done by every company so that company can endure face competition Which the more strictly, thus the company can apply ethics business in a manner comprehensive, consistent and able to create a healthy business, an efficient and transparent business climate [3] .

One of benefit application *good corporate governance* Which Good is increase efficiency company in create process taking decision Which more Good, increase efficiency operation company and improve service to stakeholders interest. By Because That, part big company Which apply *good corporate governance* tend perform more Good than company Which No apply *good corporate governance* , Good in a manner operational nor financial[4] .

Size the company has proven capable influence performance finance company, Because when company grow, so will own addition source financing For finance the investment For produce profit. Company big Which established more easy gather capital from market capital than company small. Size company is big its small company reviewed from mark equity, mark sale, or mark asset. The more small company, the more difficult For do business Because investors And consumer more choose And trust company big with total asset big than company small. Besides company size, leverage is predicted to affect financial performance, because of leverage is one of the tools Which measure how much Lots company to outsiders or creditors For finance company operations.

In Indonesia, Wrong One instrument market capital sharia is Jakarta Islamic Index (JII). JII is index share Indonesia Which consists from 30 share sharia most liquid Which registered in IDX. Share sharia Which enter JII is share Which has get away criteria selection Service Finance (OJK) And IDX [5] . Since launched on year 2000-2007, Jakarta Islamic Index experience trend enhancement. Temporary That, performance index other like Index Price Share combined (CSPI) as well as index LQ-45 Also fluctuate. Phenomenon This show that although Group JII is group company Which relatively new in market share Indonesia compared to Index LQ-45 And JCI, However performance companies Which joined in Group JII Keep going increase And more stable. Because company Which registered in JII Keep going increase efficiency And No contain element speculative or profit still, company considered more fair in share profit his company [6]

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p-ISSN:1411-6510
e-ISSN:2541-6111

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LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theory Agency

Agency theory is the basis used to explain corporate governance. agency theory explain differences of interest (*conflict of interest*) and information asymmetry between principals and agents. Difference interests, principals (shareholders) want greater and faster returns from money or capital Which they instill in company, whereas agent want the compensation maximum or method Which intensively to accommodate them in running and managing company performance [1].

Financial performance

Performance finance is something analysis Which done company For see so far where company has carry out in accordance with the rules of the implementation of financial reports correctly and properly. Prepare financial statements in accordance with SAK or GAAP and other applicable standards or regulations [7].

Good Corporate Governance

Good Corporate Governance is a set rule Which arrange connection between stakeholders interest administrative, creditor, government, employee, And stakeholders interest internal And external other related with right And obligation they, or in other words the system Which direct And direct company [8], [9]. It is undeniable that Indonesian companies should improve its corporate governance practices refers to international best practices to enhance its competitiveness. This will increase investor confidence, reduce the cost of capital, and creating sustainable corporate performance [10].

Board Commissioner

Board commissioner as core *corporate governance*, Which responsible answer For ensure implementation strategy company, supervise management in management company, And demand accountability [11].

The duties of the Commissioner are in charge of coordinating the activities of the board of commissioners. The more members of the board of commissioners, the better the oversight of the board of directors and the more input or options the directors will get [1]. Based on this statement, the research hypothesis 1 is:

H1: The board of commissioners has a positive effect on the company's financial performance

Board Directors

The board of directors is a board elected by the shareholders, who is tasked with overseeing internal work management of the company to fulfill the interests of the shareholders. The board of directors in the company is very important For reach communication Which effective between member board. Communication Which Good increase control management in company so that management can reduce behavior deviate [12]

Research conducted by [2] which proves that the board of directors has a positive effect on the company's financial performance. From this statement, the second hypothesis of this study is:

H2: The board of directors has a positive effect on the company's financial performance.

Committee audits

Based on Decision stock Exchange Indonesia through Directors Decree 315/BEJ/06/2000 in [11] stated that committee audits is committee Which formed by board commissioner company, Which its members appointed and dismissed by the board of commissioners, whose job is to assist in conducting audits Which considered need to implementation function directors in management company.

The results of [13] prove that audit committees can improve financial performance in companies. Based on the findings of previous studies, the third hypothesis of this study is:

H3: The audit committee has a positive effect on the company's financial performance.

Commissioner Independent

Board commissioner independent duty to encourage application principles *good corporate governance* in company by effectively carrying out oversight duties and advising the board of directors in the event of any deviation in management company [14]. Amount board commissioner independent Which the more Lots, will show that function supervision And coordination board commissioner independent will the more Good [15].

According to [16] it has been proven that independent commissioners can improve the company's financial performance. Based on the description above, the fourth hypothesis of this study is:

H4: Independent commissioners have a positive effect on the company's financial performance.

Ownership institutional

According to [12] ownership institutional is ownership shares of a company by institutions or institutions such as insurance companies, banks, investment companies and institution Which other. Research by [13] proves that institutional ownership has a significant positive effect on financial performance. Based on the description above, the fifth research hypothesis is formulated as follows:

H5: Institutional ownership has a positive effect on the company's financial performance.

Size Company

Size company is something size in measure big or its small company in accordance with classification which exists. The size of the company is divided into 3 (three) sizes, namely large, medium and small. Company size reflect magnitude asset total Which owned company [16]. Research conducted by [5] which proves that company size simultaneously affects financial performance. Based on these findings, the sixth hypothesis of this study is:

H6: Company size has a positive effect on the company's financial performance.

Leverage

Leverage is a source of funding in the form of obligations borne by external parties [13] . The purpose of this debt financing is to use the company to fund the company's assets in the hope of making the company make a profit. This debt financing is needed for the company's operations so that it can operate, invest and develop its business. However, in managing liabilities, good management is needed so that it does not have a negative impact on sustainability company business. [17] states that leverage has a significant effect on financial performance. Thus the seventh hypothesis of this study is;

H7: Leverage has a positive effect on the company's financial performance

RESEARCH METHODS

Population Which used in this study are all company Which enter in group *Jakarta Islamic Index* (JII) during the period 2019-2021. Method determination sample in study This use *purposive sampling* , that is method determination sample with use criteria certain. Criteria Which applied in study This is as following :

a. Company Which enter in group *Jakarta Islamic Index*
(JII) in a manner Keep going continuously year period 2019-2021.
b. Companies included in the *Jakarta Islamic Index group* (JII) Which publish annual financial report (*annual report*) in full for the 2019-2021 period on the Stock Exchange *website* Indonesia And *website* each company.
c. Companies included in the *Jakarta Islamic Index group* (JII) which has data according to the research variable data in company.
d. Company No Once experience loss (losses) during period year 2019-2021.

Methods of data analysis in this study using multiple linear regression analysis method. Multiple regression analysis consists of Simultaneous Test (F Test), Partial Test (T Test) and the Coefficient of Determination (R^2). Before testing the hypothesis on regression linear double, especially formerly do test assumption classic. Test assumption classic in study This consists from test normality, test multicollinearity, test heteroscedasticity, And test autocorrelation with help program SPSS version 25. Following equality Which used in study analysis regression linear double :

$$KK = \alpha + \beta 1DK + \beta 2DD + \beta 3KA + \beta 4KIND + \beta 5KI + \beta 6Lev + \beta 7UP + e$$

RESULTS AND DISCUSSION

Based on results data analysis does not occur problems in the classical assumption test.

p-ISSN:1411-6510
e-ISSN :2541-6111

Meanwhile, the good of fit (F) test shows a significant value of 0.001. The significant value is more smaller than 0.05 this indicates that the independent variables simultaneously influence the variables dependent. It means, every change Which happen on board commissioner, board directors, committee audit, commissioner independent, institutional ownership and company size jointly affect performance finance. The F d test table can be seen in the following table;

Table 1

Results Test Simultaneous (Test F)

Model	**Sum of Squares**	**Df**	**Means Square**	**F**	**Sig.**
Regression	1201,814	6	200,302	4,760	0.001b _
residual	2230,370	53	42,082		
Total	3432,183	59			

Source: data processed researcher, 2023

While the Determination test (R^2) shows generated mark coefficient determination (Adjusted R Square) of 0.277, meaning variation variable independent in study This only capable influence performance finance of 27.7% and more of 72.3% is influenced by other variables that are not entered in models. Determination test can seen in the following table ;

Table 2

Results Analysis Regression Double

Model	**R**	**R Square**	**adjusted R Square**	**std. Error of the Estimates**
1	0.592^a	0.350	0.277	6.48710

Source; data processed researcher , 2023

Test results regression linear double obtained the results of the formula in the model equality regression is as following:

KK = – 0.293 – 0.028DK – 0.032DD – 0.101KA + 0.333KIND + 0.025KI - 0.023+ 0.002UP

Results Analysis Regression Double can served in table following;

Table 3

Results Analysis Regression Double

Model	UnStd error______ Beta Std er		Std error	t	sig
(Constant)	-0.293	7,791		-0.038	0.970
DK	-0.028	0.504	-0.007	-0.055	0.956
DD	-0.032	0.525	-0.008	-0.061	0.952
KA	-0.101	1,043	-0.012	-0.097	0.923
KIND	0.333	0.078	0.555	4,288	0.000
KI	0.025	0.019	0.145	1,276	0.208
Lev	-0.023	0.010	-0.267	-2,386	0.021
UP	-0.002	0.002	-0.108	-0.945	0.349

Source; data processed researcher , 2023

Kindly statistics n constant value of -0.293 give meaning that if the magnitude of the value of all variables independent is 0, hence financial performance will as big -0.293.

Based on statistical data processing, the hypothesis testing shows the following results;

a. Board of Commissioners own mark Sig. Which more big from significance which has been set is 0.956 <0.05. This means that the hypothesis is rejected, so the board of commissioners does not influential to performance finance.
b. The board of directors has a value of Sig. 0.952 <0.05. So the hypothesis is rejected, meaning that the board of directors has no effect on financial performance.
c. audit committee has a Sig value. which is greater than its significance has set that is 0.923 < 0.05. Hypothesis results rejected, can be translated that committee audits No influential to financial performance.
d. Commissioner independent own mark Sig. more small from level significance Which has set that is 0.000 < 0.05. Based on the criteria then hypothesis accepted, meaning commissioner independent influential to performance finance.
e. Institutional ownership has a value of Sig. which is greater than significance Which has set that is 0.208 < 0.05. Analysis results hypothesis study rejected, It means

ownership institutional no effect on financial performance.

f. *Leverage* shows a significant value of 0.020 and a significant value below 0.05, meaning the results of the analysis the research hypothesis was rejected. Thus *leverage* affects financial performance.

g. Company size has a Sig value. that is greater than the significance Which has set that is 0.349 < 0.05. So that hypothesis rejected, it means size company No influential to performance finance.

CONCLUSION

Based on results analysis And discussion Which has previously described, can pulled conclusion as following: Board of Commissioners No effect on performance finance, meaning the position of the board of commissioners as an organ of the company in charge of carrying out general and or special supervision in accordance with the Company's Articles of Association, so the board of commissioners is not involved in the company's operations. This finding is in line with research [11] Which state that board commissioner No influential to performance finance.

Board directors No influential to performance finance. The board of directors is an organ of the Company that is fully authorized and responsible for managing the Company for the benefit of the Company, in accordance with the aims and objectives of the Company and represents the Company, both inside and outside the court in accordance with the articles of association. Because the duties and responsibilities of the board of directors have been stipulated in the Articles, regardless of the composition of the members of the board of directors, as long as they carry out their duties in accordance with the company's articles of association, it will not affect financial performance. Precisely the Board of Directors too many will be can complicate process reach agreement And taking decision, need long time, so that board No can operate his job in a manner effective. Results This in line with research [8]

Committee audits No influential to performance finance. It means, tall low amount committee audits in company No influence go on descent performance finance. The function of the Audit Committee is to assist the Board of Commissioners in carrying out supervisory duties on the management of the Company in accordance with the principles of Good Corporate Governance (GCG), so that regardless of the number of audit committees as long as they are guided by the principles of good governance, financial performance will not be affected. The results of this study support [4] [3] the states that the audit committee has no effect on performance finance.

Ownership institutional influential performance finance. Institutional ownership is very instrumental in monitoring the behavior of managers and forcing managers to be more careful in making opportunistic decisions, so that with a large percentage of organizational ownership, owners can direct management actions to apply conservative accounting principles with the aim of avoiding opportunistic management actions to manipulate financial performance. company. Through a large proportion of institutional ownership, the owner can direct management actions to apply conservative accounting principles with the aim of avoiding management's opportunistic actions to manipulate company performance. Results This in line with research [15].

Analysis results shows that *leverage* has an effect on financial performance. Leverage as a risk estimator inherent in the company . In other words, the higher the leverage, the higher the investment risk. Companies with low debt ratios have lower debt risk. The results of this study support research from Kustiani [13]

The results of the analysis show the size company No influence performance finance. It means, size company Which big with total asset Which big Not yet Of course increase performance finance company, Possibility Because company Which own too Lots asset can cause lack of management asset fluent company. Research results This same match with study [10]

Research results This limited to companies listed on the *Jakarta Islamic Index* (JII), so No can generalized For company other than those registered in JII. However _ related with principle (Good Corporate Governance/GCG, Good companies listed on JII and on the IDX must based on guidelines general good corporate governance issued by the committee national governance policies in 2016 [16].

p-ISSN:1411-6510
e-ISSN:2541-6111

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