INFLUENCE OF GOOD CORPORATE GOVERNANCE, LEVERAGE AND COMPANY SIZE ON FINANCIAL PERFORMANCE IN MANUFACTURING COMPANIES LISTED ON THE IDX IN 2017-2021

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Abstract
This research aims to determine the effect of good corporate governance, leverage, and company size on the financial performance of manufacturing companies listed on the IDX in 2017-2021. Where good corporate governance is proxied to the board of commissioners, independent commissioners and managerial ownership, variable leverage, and company size. The samples used in this research were 32 manufacturing companies with certain criteria with a total sample data of 160. The sampling technique used was purposive sampling method and analyzed using multiple linear regression tests using the SPSS 21 program. The results of this research partially show that the board of commissioners, independent commissioners and managerial ownership as well as leverage variables have significant and significant effects on financial performance while the company variable size has no significant effect on financial performance. Then simultaneously the overall variables namely the board of commissioners, independent commissioners, managerial ownership, leverage and company size state that the independent variables together have an influence and are significant on the financial performance of manufacturing companies listed on the Indonesian Stock Exchange (IDX) in 2017-2021.

Keywords: Board of Commissioners, Independent Commissioner, Managerial Ownership, Leverage, Company Size, Financial Performance.

INTRODUCTION

Financial performance that determines good or bad company performance can be seen in its financial reports. Performance is a reflection of the company's capabilities in managing and allocating its resources (Wulandari et al., 2021). The main purpose of the assessment performance is for motivating employees to achieve goals organization and in adhering to standards of conduct has been established before, to bear fruit of expected actions and results (Solikhin & Lubis, 2019). Company performance is important for the company for the continuity of its operations in the future and describes the good and bad of a company seen from the condition of its financial reports (Faisal et al., 2018). Financial statement information has elements consisting of balance sheets, profit and loss reports, cash flow reports, owner's equity reports and financial report notes from several components of the financial report which also support the assessment of the company's financial performance (Rizka Wahyuningsih, 2021).

The relationship between financial performance with Good Corporate Governance (GCG) very important because by implementing good corporate governance investors get their trust back in investing their capital and financing funds obtained will be easier because there is a trust factor that will improve the financial performance of a company (Fajri, 2022). GCG is a
good process and structure for managing a company by increasing shareholder value in accommodating different people from the company (stakeholders) such as creditors, suppliers, business associations, consumers, workers, government, and the wider community. (Wardani & Suwarno, 2014). As a result, many companies now understand the need to develop good corporate governance for good relations between all parts of the business, including the board of auditors, independent auditors and other investors. self-starter, as a form of implementing good business ethics and work ethics. Good business ethics, this will increase profits (profit) on the company's financial performance and good corporate governance activities are one of the considerations in investing for potential investors to invest (Yahdi Pratama, 2016).

The relationship between GCG and the company's financial performance can be explained by several facts that investors trust companies with good GCG implementation and invest more in companies than companies with poor GCG implementation. (Maridkha & Himmati, 2021). Several studies have shown that implementing corporate governance provides four benefits, namely increasing company performance, making it easier to get financing, returning investor confidence and increasing shareholder value (Dewi, 2017 in (Sindu Artiwi et al., 2022).

The board of commissioners is the essence of GCG. (Fajri, 2022) that the board of commissioners is responsible for monitoring and managing the company comprehensively for the benefit of shareholders (Yahdi Pratama, 2016) the board of commissioners is a mechanism for overseeing and providing guidance and direction to company managers. (Fitrianingsih & Asfaro, 2022). This supports agency theory, there is a working relationship between the owner or shareholder (principal) and management (agent). At that time, agency problems arose when there were differences in interests between the owner (principal) and management (agent). (Utami et al., 2022). According to (IDX, 2011) whereas the board of commissioners is appointed by the shareholders with the aim of providing input to the board of directors and supervising the implementation of GCG in a company. The active role of the board of commissioners in practice is highly dependent on the environment created company. (Asang, 2016), (Ade Irma, 2019), (Yudhia & Widananputra, 2021), (Fitrianingsih & Asfaro, 2022) and (Zahara, nd) state that the board of commissioners has an effect on financial performance. Meanwhile, research conducted by (AS Dewi et al., 2018), (Anugrah et al., 2020), (Rahardjo & Wuryani, 2021) and (R. Dewi & Rizki, 2018) states that the board of commissioners has no effect on performance finance.

Independent commissioners are the essence of GCG. According to the Financial Services Authority (OJK) Regulation (33/POJK.04/2014, 2014) regarding the directors and board of commissioners of issuers or public companies. The board of independent commissioners is expected to be able to encourage and create a climate that is more independent, objective, and able to place equality as the main principle in taking into account the interests of minority shareholders and other stakeholders (Parinduri et al., 2019). The presence of an independent commissioner on the board can increase the quality of supervisory activities within the company, because the independent commissioner is a member of the commissioner who comes from outside the issuer or public company, does not own shares either directly or indirectly in a public issuer, has no affiliation with a public company, commissioner, directors, or major shareholder of the issuer or public company, and does not have a direct or indirect business relationship related to the business activities of the issuer or public company, they are not affiliated with the company as employees (employees) (Yudiawan et al., 2022). Which means that the independent commissioner must have the main responsibility to encourage the implementation of GCG principles.
Independent commissioners also function to mediate conflicts between shareholders and make managers more active through better monitoring, so as to improve company performance (Sofianti Baharuddin Universitas, 2022). As well as what is expected to be independent in supervising the company, as well as influencing the company's ability to identify external and internal company threats that can affect company performance (Kartorahardjo, 2022). (R. Dewi & Rizki, 2018), (Utami et al., 2022), (Mulia, 2021), (Sofianti Baharuddin Universitas, 2022) and (Yahdi Pratama, 2016) stated that independent commissioners have an effect on financial performance. Meanwhile, research conducted by (Anggraini & Fidiana, 2021), (Gurdyanto et al., 2019), (Anugrah et al., 2020), (Gozali et al., 2022), and (R. Dewi & Rizki, 2018) stated that the commissioners independent has no effect on financial performance.

Managerial ownership is at the heart of GCG, a situation where managers own company shares or in other words, managers are company shareholders from management (directors and commissioners) who are actively involved in decision making (Utami et al., 2022). Because managerial ownership can affect company performance, high managerial ownership will make managers act as they wish without considering the interests of shareholders and can make decisions and manage the company easily (Lasdi et al, 2018: 70). (PMYI Sari et al., 2019), (Setiawan & Setiadi, 2020), (Wardani & Suwarno, 2014), (Sofianti Baharuddin Universitas, 2022), and Rachmah et al (2023) state that managerial ownership affects financial performance. Whereas research conducted by (Gurdyanto et al., 2019), (Anugrah et al., 2020), (WA et al., 2021), (Sidu Artiwi et al., 2022), and (Yahdi Pratama, 2016) states that managerial ownership has no effect on financial performance.

The relationship between leverage and financial performance is very influential because applying a leverage mechanism refers to the use of assets and sources of funds by the company, where the use of assets and funds is intended to optimize the profits received by the company (Harjito et al, 2014 in Rohaeni et al, 2022: 216). (Laksmita et al., 2020) Leverage is a ratio used to measure how well a company is using its debt. The higher the level of leverage, the lower the company's income provided by shareholders. Therefore, the size of the debt level will affect the company's financial performance. Companies with high debt depend on external loans to finance their assets. Meanwhile, companies with lower debt levels invest their assets at higher interest rates (Saragih et al., 2021).

As a result, the level of debt also determines the specific debt and financial risks of the company that must be borne by the company from foreign parties as lenders (creditors) (Elizabeth Sugiarto Dermawan, 2019). This means how much the company pays leverage compared to its assets (Economic), or is measured by the company's ability to pay all of its obligations, both in the short and long term (total debt/total assets) (Tristiawan et al., 2022). Therefore, business is a direct result of using financial loans in business, if the leverage value is high, the financial risk in business is high and the Chief Financial Officer (CFO) of the company will be able to make good financial decisions. between the risk that the company will accept and the leverage value of use (Dermawan et al, 2019: 574). (Asang, 2016), (Murdiansyah et al., 2020), (Purwanti, 2021), (PMYI Sari et al., 2019) and (Syahfitra & Trisnawati, 2023) say that leverage affects financial performance. Meanwhile, research conducted by (Ade Irma, 2019) , (Laksmita et al., 2020) , (R. Sari, 2020) and (Setyawan & Dewi, 2023) states that leverage has no effect on financial performance. The relationship between company size and financial performance is very influential because company quality is an important factor in the process of financial reporting. Company size is a comparison of the size of a business or company, measured by the number of assets owned (Sari et al, 2019: 64). The bigger the business, the easier it is for businesses to access.
funding sources, both internal and external (Partiwi & Herawati, 2022). If the business has a large total assets, it is considered to be able to involve investors, and investors are other people (externals) who invest in the business. (Itung et al, 2018:72).

Large companies that are considered to have reached the maturity stage illustrate that these companies are relatively more stable and more capable of generating profits than small companies. Meanwhile, the larger the total assets, sales and market capitalization, the larger the company size. How large the total assets owned by the company can be reflected in the size of an issuer and the larger the company, the easier it will be for the company to get investors in carrying out its operational activities or company performance so that total assets are used as the basis for measuring the size of the company because it has a long-term nature (Yusdianto & Ramadhan, 2022). (Ula et al., 2018), (Elizabeth Sugianto Dermawan, 2019), (Faizal, Agustinus, 2023), (Sindu Artiwi et al., 2022) and (Yusdianto & Ramadhi, 2022) company size has an effect on financial performance. Meanwhile (Ade Irma, 2019), (Murdiyansyah et al., 2020), (Mulia, 2021), (PMYI Sari et al., 2019), and (Tristiawan et al., 2022) state that company size has no effect on performance finance.

Issues regarding GCG began to become an important discussion, especially in Indonesia, after experiencing a prolonged crisis from 1998 to 2008 and it was predicted that the global economic crisis would strike again in 2018-2022 (Fitrianingsih et al 2022: 22). Financial Report (LAPKEU) is the main parameter used to describe company performance. Because of its significant influence, several companies are known to have 'manipulated' the company's financial statements (CNBC INDONESIA, 2021). This shows that the weakness of GCG implemented in Indonesia. In Indonesia itself the problems in GCG It has become a topic of conversation since the economic crisis hit various factors in Asia, due to cases of misappropriation of financial reports (Asfaro et al, 2022: 22). In signaling theory that the actions taken by company management to inform investors about the company's future prospects and signaling theory assumes that the information received by internal and external parties is not the same. Therefore, signal theory is closely related to information asymmetry.

The difference between this research and previous researchers is that researchers add new variables, namely leverage and company size and the latest year, namely the 2017-2021 period, with the aim of overcoming the research gap found in the study before, namely regarding the relationship between good corporate governance, leverage, and company size with the company's financial performance. According to previous investigations, many of the findings obtained were inconsistent and less convincing. This is the conclusion reached after the research was carried out. Several studies have shown the positive and negative impacts of research on the relationship between good corporate governance, leverage, and company size on financial performance. Some studies show positive effects, while others show negative effects (Adiwibowo et al, 2023:02). The researcher's motivation is the desire to implement and disseminate quality financial reports (annual reports), so that financial reports are transparent and do not contain elements of manipulation or misappropriation of funds and a decrease in the company's financial performance, in addition to wanting to know the factors-What factors cause the company's financial performance to decline?

Based on the existing phenomena and an explanation of the existing problems, there are gaps or inconsistencies from the results of previous research, the researchers are interested in discussing this problem in a research entitled "The Effect of Good Corporate Governance, Leverage and Company Size on Financial Performance in Manufacturing Companies Listed on the Stock Exchange." Indonesian Securities Year 2017-2021"
1. Agency Theory

This theory was coined in the theory of the firm "Managerial behavior, agency costs and ownership structure "by Jensen and Meckling 1976. Agency theory put forward the agency relationship as a contract between one or more company owners (principal) and a manager (agent ) to exercise company authority on behalf of the principal (Leatemia et al, 2019: 4341). Agency theory was developed by Jensen and Smith 1984 in The theory of corporate finance "A historical overview". Agency theory is a concept explaining the contractual relationship between principals and agents. The giver of the mandate to the other party, namely agent, does call the principals. Activities carried out on behalf of principals as decision makers in call the agent (Wahyudi et al, 2021:04).

GCG relationship as an effectiveness mechanism that aims to minimize agency conflicts, with special emphasis on legal mechanisms that prevent expropriation of both majority and minority shareholders (Samsiah et al, 2022: 176). GCG seeks to reduce company costs by protecting the interests of managers and investors, reducing information asymmetry between managers and investors and providing adequate supervision and guidance to managers (Sofianti Baharuddin Univesitas, 2022).

2. Stakeholder Theory

The term stakeholder was pioneered by the Stanford Research Institute (SRI in 1963). This theory explains the existence of a company in carrying out its operational activities as well as the impact and contribution that the company makes to stakeholders (Widowati & Mutmainah, 2023). This theory was developed by Freeman in 1984 in the theory of Strategic Management “A Stakeholder Approach”. This theory suggests that a company is not an entity that only operates for personal interests, but provides benefits for shareholders, employees, suppliers, customers, creditors, government and society. This theory emphasizes corporate awareness to consider the needs, interests and influences of stakeholders who are affected by company policies and operations (Katoppo et al, 2022: 757).

Stakeholder theory argues that the existence of GCG is determined by the shareholders. The company will seek the truth from stakeholders in carrying out its company activities (Munawwaroh et al, 2023:290). According to these stakeholders, the life of the company depends on the treatment of those affected by the company. The company will do its best to improve corporate image so that the people in charge know it well. One of them is by implementing GCG and openness to communicate with stakeholders ( Parasetya et al 2022:04).

3. Signaling Theory

Signaling theory was pioneered by Spence in " Job market signaling " 1973. Opined that there is information asymmetry in the labor market. Spence created a signal criterion to add strength to decision making (Spence in (Wulan et al., 2022). Signaling theory was developed by Ross 1977 in The Determinant of Financial Structure "The Incentive Signaling Approach". That executives with better information about their company will be motivated to convey this information to potential investors to improve company performance (Seto et al 2023:78). However, investors won't agree right away, so the company has to send a signal. So the annual report is one type of information that will be published by the company and a form of signal sent by the company to other parties, especially investors . (Lavanda et al, 2022:99).

4. Resource Based View (RBV) Concept Theory

Resource-Based-View (RBV) First time theory pioneered by Wernerfelt in 1984 in " A Resource-Based View of The Firm ". Resource-Based View Theory (RBV) explains that the Resource-Based -View Theory companies will excel in business competition and get good financial performance by owning, controlling and utilizing strategic assets that are important
include tangible and intangible assets (Pohan d k k, 2018: 105). RBV was developed by Barney in 1991 " Firm Resources and Sustained Competitive Advantage " . Theory of Resource Based View (RBV) states that company resources must have high selling value, be rare, cannot be duplicated and cannot be replaced, and be able to provide competitive advantage and produce superior performance within the company. (Barney, 1991:102). Success or failure of an organization is highly dependent on resource factors. Therefore, this theory is used to determine the strategic resources that exist within a company so that it can increase competitive advantage in a sustainable manner and have a competitive advantage (Putri et al 2022: 215).

5. Financial performance

The company's financial performance can be reflected and seen from its financial reports. Financial information in the financial statements consists of a balance sheet (balance sheet), profit/loss report (profit and loss), flow statement cash (cash flow) and other things that also support as a reinforcement of financial performance appraisal. Based on the Indonesian Institute of Accountants (IAI) in PSAK No. 1 of 2015 (2015: 1) explains that financial reports are a structured presentation of the financial position and financial performance of an entity.

In this study, company performance is usually associated with profits generated by the company or its measurement is measured by Return On Assets (ROA) (Diani et al, 2022: 50). Return On Assets (ROA) is a form of a company's performance ratio to measure a company's ability to generate profits by using existing total assets and after capital costs (costs used to fund assets) are removed from the analysis. Indicators that can be used to measure a company's financial performance are by using the Return On Assets (ROA) ratio.

6. Good Corporate Governance

According to the Minister of BUMN Regulation (2011:20) regarding " Good Corporate Governance" (GCG) are the principles that underlie a process that has been determined by the company and company mechanisms based on laws and regulations and business ethics. GCG indicators are the board of commissioners, independent commissioners and managerial ownership (Leani et al., 2022).

a. board of Commissioners

According to Law no. 40. 2007 (NASIONAL, 2007) regarding limited liability companies, the board of commissioners is a company organ whose job is to carry out general and special supervision in accordance with the articles of association, provide advice to the board of directors, and ensure that the company implements GCG principles (Suryandari et al, 2022: 189). Within a company, the board of commissioners represents the main internal mechanism for carrying out the oversight function of the principal and controlling opportunistic management behavior (Indarti et al, 2023:12). The indicator for measuring the board of commissioners in this study uses the number of commissioners in each company (Suryandari et al, 2022: 219).

b. Independent Commissioner

Independent commissioners are the proportion of members of the board of commissioners of an independent company or have no relationship with certain parties in the company or business relationships that can affect their capacity to carry out their duties or act solely in the interests of the company (independent) (Wijaya et al, 2023: 283). Independent commissioners have commission members who are not related to other commission members, members of the board of commissioners and many shareholders. The number of independent commissioners is proportional to the number of shares owned by non-controlling shareholders (Budiasih et al, 2023: 1368). The indicator for measuring independent commissioners in this study is measured
by the large number of independent commissioners of the total members of independent commissioners who are not affiliated (AS Dewi et al., 2018)

c. Managerial ownership

Managerial ownership is the percentage of share ownership owned by directors, managers, and the board of commissioners, in other words, the manager is a company shareholder, which can be seen in the financial statements. With this share ownership, management will act carefully because it also bears the consequences of the decisions taken. They are more motivated to improve their performance in managing the company so that they can improve the company's financial performance (Widianingsih et al, 2018: 41). Managerial ownership is proxied or measured by calculating the percentage of the number of shares owned by management, namely affiliated commissioners (excluding independent commissioners) and directors divided by the total number of outstanding shares (Leani et al., 2022). The indicator for measuring managerial ownership in this study is measured by the percentage of the number of shares owned by management from all of the company's outstanding capital (Yudi et al, 2021:49).

7. leverage

Leverage is a term used as a debt source of funding or company assets other than funding from capital or equity. Companies can apply greater leverage, so as to increase shareholder profits (Oktaviyana et al., 2023). So this ratio is used to measure the amount of money a company has and how much it is paid for with debt. The use of leverage will put the business at risk because the business will be included in the extreme leverage category, namely the business survives at a high level making it difficult to eliminate debt burdens. This level of leverage can vary from one company to another, or from one period to another within the same company, but it is clear that the higher the level of leverage, the higher the risk or expected return (Amalia, 2021:04).

The indicator for measuring leverage in this study uses the Debt to Equity Ratio (DER) (Azis & Hartono, 2017). The Debt to Equity Ratio (DER) is a financial ratio that compares total debt to total equity and serves as a proxy for leverage. The Debt to Equity Ratio (DER) is useful for knowing the amount of funds provided by creditors and company owners (Partiwi & Herawati, 2022). So the higher this ratio, the greater the company will not pay off its obligations.

8. Company Size

Company size is a value that shows the size of a company. There are various proxies that are commonly used to represent company size, namely the number of employees, total assets, total sales, market capitalization and so on (Purwanti, 2021). Company size is a scale in which the size of the company can be classified, measured by total assets, number of sales, share value and so on (Widiastati et al, 2018: 966).

Company size is used as a benchmark for companies with many assets to manage their finances effectively. The size of a company is often measured by the total assets owned by the company (Prasetyandari, 2023:77). Indicator for its measurement Company size in this study uses the natural logarithm of total assets. Data on total assets has a large nominal value (Irma, 2019: 430).

RESEARCH METHODS

This type of research is descriptive quantitative verification which is causality. Sugiyono (2017: 07) suggests a descriptive method aims to analyze data by describing data that has been collected systematically as it is without intending to make conclusions that apply to
generations. The verification method is a method that is used to test a theoretical basis or the results of previous research and as research conducted on certain populations or samples with the aim of testing the hypotheses that have been proposed by researchers. So according to its nature, the data in this research includes quantitative data is an approach that uses data in the form of numbers Noviandari et al, (2017: 265).

Source of data is secondary data. Data obtained from sites on the Indonesian Stock Exchange (IDX) and the official websites of each industrial company. By its nature, the data in this study are included in quantitative data, namely data in the form of numbers (Noviandari et al, 2017: 265). The secondary data is the financial statements of manufacturing companies obtained from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id, 2023 and their respective company websites.

According to (Sugiyono, 2019) The population is the generalization area consisting of an object or subject have certain qualities and characteristics determined by the researcher to be studied and then draw conclusions. Population in this research is the whole manufacturing companies listed on the Exchange Indonesian Securities (IDX) with complete financial report data (annual report) for 2017-2021.

Sugiyono, (2017:81). The sample is part of the population which is the source of data in research. The sampling technique in this research was a purposive sampling technique and the samples that met the criteria were 32 go manufacturing companies public as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Information</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing companies listed on the Indonesia Stock Exchange (IDX)</td>
<td>216</td>
</tr>
<tr>
<td>2</td>
<td>companies that post complete financial statements for the period 2017-2021</td>
<td>32</td>
</tr>
<tr>
<td>3</td>
<td>Total sample (n X study period) (32 X 5 years)</td>
<td>160</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

The samples in this research were manufacturing companies that met the criteria for sampling, totaling 32 companies from 2017-2021, totaling 160 financial statements.

Good corporate governance research variables proxied by the board of commissioners (X1), independent commissioners (X2), managerial ownership (X3), leverage (X4), and company size (X5) and financial performance (Y)

1. board of Commissioners

The board of commissioners as a responsible high internal control mechanism collectively responsible for supervising and providing input to the board of directors and ensuring that the company implements its vision and mission. The measurement indicators are:

\[
\text{Board of commissioners} = \sum \text{Members of the board of commissioners}
\]

Source: (Suryandari et al, 2022 :219 )

2. Independent Commissioner

Independent commissioners are members of the board of commissioners who do not has a relationship and is not affiliated or partial (biased) with company management (Dewi et al, 2018 : 450 ). The measurement indicators are:

\[
\text{Independent commissioner} = \sum \text{Independent commissioner} \times 100\%
\]
Σ Member of the board of commissioners
Source: (Wahidahwati et al, 2020:09)

3. Managerial ownership
Sartono in Wulansari et al (2018: 61) Managerial Ownership (Insider ownership) is a measure of the percentage of shares owned by directors, management and commissioners or any party directly involved in making company decisions. The measurement indicators are:

\[ \text{KepMan} = \frac{\sum \text{Managerial owned shares}}{\text{Member of the Board of Commissioners}} \times 100\% \]

Σ Member of the Board of Commissioners
Source: (Wijayanti, 2019:61)

4. Leverage
Leverage describes how far the company uses operating funding sources through debt and leverage is a financial ratio used to assess the company's total assets funded by debt, which can be short term or long term. The measurement indicators are:

\[ \text{DER} = \frac{\text{Total debt}}{\text{Total equity}} \times 100\% \]

Source: (Dian et al, 2022: 230)

5. Company Size
Company size is a representation of the size of a company that can be measured by the total assets owned by the company. Data on total assets has a large nominal value (Irma, 2019: 430). The measurement indicators are:

\[ \text{Company size} = \ln \text{Total Assets} \]

Source: (Niariana et al, 2022:230)

6. Financial performance
The company's financial performance is a reflection of its operating results. Company core data, especially data from financial accounts, is used to assess financial success (Bahtiar et al, 2022: 07). The measurement indicators are:

\[ \text{ROA} = \frac{\text{Net profit}}{\text{Total assets}} \times 100\% \]

Source: (Herawati et al, 2022:33)

The analytical method used multiple regression model analysis can be formulated as follows.

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e \]

Information:
\[ Y \] = Financial Performance
\[ a \] = Constant
\[ b_1, b_2, b_3 \] = Variable Regression Coefficient
\[ X_1 \] = Board of Commissioners
\[ X_2 \] : Independent Commissioner
\[ X_3 \] : Managerial Ownership
\[ X_4 \] = Leverage
\[ X_5 \] = Company Size
\[ e \] = Standard Error
RESULTS AND DISCUSSION

1. Research result
   a. Descriptive Statistics Analysis

   Used to summarize the information collected on all research variables. Calculate the mean, minimum, maximum, and standard deviation (Ghozali, 2017). Descriptive statistical test is one that provides a broad picture of the data in the research sample and how it behaves.

   Table 2. Descriptive statistical test results

<table>
<thead>
<tr>
<th>Variable</th>
<th>n</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Means</th>
<th>std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>160</td>
<td>52,580</td>
<td>363,619</td>
<td>633,433</td>
<td>586,343</td>
</tr>
<tr>
<td>Board of Commissioners</td>
<td>160</td>
<td>2.00</td>
<td>14.00</td>
<td>3.912</td>
<td>2.126</td>
</tr>
<tr>
<td>Commissioner Independent</td>
<td>160</td>
<td>1.00</td>
<td>4.00</td>
<td>1.525</td>
<td>0.76848</td>
</tr>
<tr>
<td>Leadership Managerial</td>
<td>160</td>
<td>15,717</td>
<td>94,449</td>
<td>19,668</td>
<td>27,219</td>
</tr>
<tr>
<td>Leverage</td>
<td>160</td>
<td>41,425</td>
<td>360,927</td>
<td>703,437</td>
<td>641,414</td>
</tr>
<tr>
<td>Company Size</td>
<td>160</td>
<td>28,689</td>
<td>335,372</td>
<td>252,919</td>
<td>802,597</td>
</tr>
</tbody>
</table>

   Source: Processed secondary data (2023)

   Based on table 2 sample 160. In addition, the overall value of the variables indicated by the average value, highest value, lowest value and standard deviation are in positive numbers. Financial performance variable shows the lowest value 52,580. While the highest value is 363,619 with an average of 633.433 and deviation 586.353 is lower than the average value. This shows good financial performance variables and the data does not vary. While the board of commissioners with the lowest score is 2.00 and the highest score is 14.00 with an average of 3.912 with a standard deviation of 2.126. Next, the independent commissioner has the lowest value of 1.00 and the highest value of 4.00 with an average of 1.525 and a standard deviation of 0.768. While managerial ownership shows the lowest value of 15,717 dan the highest value is 94,449 with an average of 196,684 and a standard deviation of 14,063. The leverage variable shows the lowest value of 41,425 and the highest value of 360,927 with an average of 703,437 with a standard deviation of 18,262, whereas company size with the lowest value of 28,689 and the highest value of 335,372 with an average of 252,919 and a standard deviation of 18,989.

   b. Classic assumption test

   According Ghozali, 2017 to guarantee that the derived regression equation provides accurate, consistent, and unbiased estimates, it is important to perform a classical assumption test before running multiple linear regression testing.

   1) Normality test

   Aims to test whether the regression model, confounding or residual variables have a normal distribution (Ghozali, 2017).

   Table 3. Kolmogorov-Smirnov Normality Test Results

   | One-Sample Kolmogorov-Smirnov Test |
The results of the Kolmogorov-Smirnov normality test table 3 show the magnitude of the asymptotic value significance (2-tailed) is 0.089. This value is greater than 0.05, so the residual data is normally distributed.

2) Multicollinearity Test

Aims to determine whether the independent variables in a regression model are comparable or correlated with each other. According (Ghozali, 2017: 73) a significance level of 0.90 or 90%, in the presence of multicollinearity between independent variables can be detected using a correlation matrix to determine whether there are symptoms of multicollinearity in the proposed multiple linear regression model, can be used by looking at the Variance value Inflation Factor (VIF).

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>VIF</th>
<th>Tolerance</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Commissioners</td>
<td>4.709</td>
<td>0.212</td>
<td>No multicollinearity</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>4.713</td>
<td>0.212</td>
<td>No multicollinearity</td>
</tr>
<tr>
<td>Managerial ownership</td>
<td>1058</td>
<td>0.945</td>
<td>No multicollinearity</td>
</tr>
<tr>
<td>leverage</td>
<td>1.032</td>
<td>0.0969</td>
<td>No multicollinearity</td>
</tr>
<tr>
<td>Company Size</td>
<td>1.042</td>
<td>0.059</td>
<td>No multicollinearity</td>
</tr>
</tbody>
</table>

Source: Secondary data, processed (2023)

Multicollinearity test results, value calculation Variance Inflation Factor (VIF) shows that all independent variables have a Variance Inflation Factor (VIF) value of < 10. Thus, it can be seen that there is no multicollinearity between the independent variables in the regression model.

3) Heteroscedasticity Test

Aim to check whether the residuals of one observation are not evenly distributed relative to another, a heteroscedasticity test can be run on the data (Ghozali, 2017).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sig</th>
<th>Alpha</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>board of Commissioners</td>
<td>0912</td>
<td>0.05</td>
<td>There is no heteroscedasticity</td>
</tr>
</tbody>
</table>
Table 5 test results show that the independent variables have a significance value greater than the alpha value of 0.05. thus, the regression model does not have heteroscedasticity.

4) Autocorrelation Test
The aim is to test whether in the linear regression analysis model there is a correlation between confounding errors in period t minus 1 or before using the Ghozali autocorrelation test (2017: 121).

Table 6. Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.0</td>
<td>0.009</td>
<td>-0.023</td>
<td>64.2161</td>
<td>1839</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Board of Commissioners, Independent Commissioner, Managerial Ownership, Leverage, Company Size
b. Dependent Variable: Financial Performance

Source: Processed secondary data (2023)

Table 6 test results show DW obtained a value of 1.839 with a significance level of 0.05 or 5% with 160 samples and the number of variables 5 or k= 5 by obtaining a dL value of 1.6776 and a dU value of 1.8063. The DW value is greater than the upper limit of 1.839 >1.8063 and less than 4-dU=4-1.8063=2.1937 or equal to dU<DW<4-dU (1.8063<1.839<2.1937). Therefore DW obtained a value of 1.839 which lies between the upper bound (dU) and (4-dU). Thus, that there is no autocorrelation.

c. Multiple Linear Regression Test
The purpose of this test is to determine whether or not there is a linear relationship between the independent and dependent variables, and use that knowledge to make predictions about the dependent variable whose independent variable values are known.

Table 7. Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>80.867</td>
<td>17.323</td>
<td>4.68</td>
<td>.000</td>
</tr>
<tr>
<td>Board of Commissioners</td>
<td>-1.702</td>
<td>-0.617</td>
<td>-3.919</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Processed secondary data (2023)
From the table above it can be explained that:

1) The linear regression equation above has a constant (positive) value of 80.867. The positive sign indicates a unidirectional effect between the independent variables, namely the board of commissioners (X1), independent commissioners (X2) managerial ownership (X3), leverage (X4) and company size (X5) as well as variables dependent, namely financial performance. This shows that if all the independent variables, namely the board of commissioners (X1), independent commissioners (X2) managerial ownership (X3), leverage (X4) and company size (X5) are 0% or do not change, the value of financial performance is 80.867.

2) Board of commissioners regression coefficient (X1) is -1.702 (negative), every time there is an increase in the board of commissioners by 1 unit, it will reduce the company’s financial performance by 1.702 units assuming other things are constant.

3) The independent commissioner's regression coefficient (X2) is 3.668 (positive), that every 1% increase in independent commissioners will increase the financial performance of manufacturing companies by 3.668 units assuming the other independent variables are constant.

4) Managerial ownership regression coefficient (X3) is -0.035 (negative) that every time there is an increase in the board of commissioners by 1 unit, it will reduce the company's financial performance by 0.035 units assuming the others are constant.

5) Leverage regression coefficient (X4) is -0.024 (negative) that every time there is an increase in the board of commissioners by 1 unit, it will reduce the financial performance of manufacturing companies by 0.024 units assuming the others are constant.

6) The regression coefficient of company size (X5) is 0.007 (positive), that every 1% increase in independent commissioners will increase the financial performance of manufacturing companies by 0.007 units assuming the other independent variables are constant.

d. Hypothesis Test

Hypothesis testing is statistical proof of everything that has been formulated into a hypothesis in this study based on theory. The first hypothesis test to be carried out was the coefficient of determination test (R2), followed by the simultaneous significance test (f-test) and the individual parameter significance test (t-test).

1) Determination Coefficient Test (R²)

An indicator of the model’s capacity to take into account the variance in the dependent variable is the coefficient of determination (Ghozali, 2017).

<table>
<thead>
<tr>
<th>Independent</th>
<th>Coefficient</th>
<th>t-value</th>
<th>Significance</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner</td>
<td>3.668</td>
<td>1.202</td>
<td>0.481</td>
<td>3.050</td>
</tr>
<tr>
<td>Managerial</td>
<td></td>
<td></td>
<td></td>
<td>0.003</td>
</tr>
<tr>
<td>ownership</td>
<td>-0.035</td>
<td>0.016</td>
<td>-0.160</td>
<td>2.145</td>
</tr>
<tr>
<td>Leverage</td>
<td></td>
<td>0.000</td>
<td>-0.267</td>
<td>3.624</td>
</tr>
<tr>
<td>Company Size</td>
<td>0.007</td>
<td>0.005</td>
<td>0.093</td>
<td>1.250</td>
</tr>
</tbody>
</table>

Table 8. Determination Coefficient Test Results (R²)
The results of the coefficient of determination test ($R^2$) Table 8 shows an Adjusted $R^2$ value of 0.162 or 16.2%. This shows that the independent board of commissioners, independent commissioners, managerial ownership, leverage and company size variables can be explained by the independent variables of 16.2%, while the remaining 0.838 or 83.8% is explained by other factors not examined.

2) Simultaneous Significance Test (ujif)

The F statistic is used in determining whether each model's independent variable has a significant impact on the dependent variable (Ghozali, 2017).

The results of the simultaneous significance test (f test) Table 9 shows that the independent variable has a calculated F value of 7.139 with a significance level of 0.000, less than 0.05. This shows that the regression model can be used to predict financial performance or it can be said that the board of commissioners, independent commissioners, managerial ownership, leverage and company size all have an effect on financial performance.

3) Individual Parameter Significance Test (T Test)

This test aims to determine whether the independent variables of good corporate governance include: board of commissioners (X1), independent commissioners (X2), managerial ownership (X3), leverage (X4) and company size (X5) have an individual effect on the related variable, namely financial performance (Y).

Source: Processed secondary data (2023)
The results of the calculation of the t-test table in table 10 show that the board of commissioner’s variable (X1) has a t-value of -3.919 with a significance level of 0.000 is less than a significance score of 0.05, it means that the board of commissioners variable partially has a positive and significant effect on financial performance. The independent commissioner variable (X2) has a t-value of 3.050 with a significance level of 0.003 is smaller than the significance score of 0.05. It can be interpreted that the independent commissioner variable partially has a positive effect on financial performance. Managerial ownership variable (X3) has a t value of -2.145 with a significance level of 0.034 which is less than a significance score of 0.05. then the managerial ownership variable partially has a positive effect on financial performance. The leverage variable (X4) has a t value of -3.625 with a significance level of 0.000 which is less than a significance score of 0.05. then the leverage variable partially has a positive effect on financial performance. Company size (X5) has a calculated t value of 1.250 with a significance level of 0.213 is greater than the significance score of 0.05. So, it can be interpreted that the variable company size partially does not affect financial performance.

2. Discussion
   a. Influence of the Board of Commissioners on financial performance

   The results of testing good corporate governance with indicators of the board of commissioners on financial performance proxied using Return on Assets (ROA) and the board of commissioners is measured by the number of members of the board of commissioners in the individual parameter significance test (t test) obtained a significance value of 0.000 ≥ 0.05. This shows the board of commissioners has a positive effect on financial performance. It can be concluded that H1 is accepted. This is in line with the agency theory that the board of commissioners plays a role in minimizing fraud and agency problems that arise between the board of directors and shareholders. So, agency theory can be interpreted that there is a relationship between principal and agent which is manifested in the relationship between shareholders and managers, where shareholders are principals who act as owners and managers are agents. who acts as a controller (Partiwi & Herawati, 2022).

   The results of the descriptive analysis of the average value (mean) of the board of commissioners is 3.9125 means that the average number of members of the board of commissioners in a company is 3 members in one year. Based on the results of the study, the board of commissioners at the company obtained the minimum value resulting from the number of commissioners of 3 people. Financial Services Authority Regulation (POJK) number (33/POJK.04/2014, 2014) article 20 paragraph (1) states that the board of commissioners consists of at least 2 members. It can be concluded that the company complies with the Financial Services Authority Regulation (POJK) number (33/POJK.04/2014, 2014) article 20 paragraph (1). The results of this study are supported by research (Ade Irma, 2019), (Fitrianingsih & Asfaro, 2022), and (Mulia, 2021) and (Faizal, Agustinus, 2023).

   b. The influence of independent commissioners on financial performance

   The results of GCG testing with independent commissioners’ indicators of financial performance are proxied by using Return on Assets (ROA) and independent commissioners are measured by looking at the proportion of the number of independent commissioners of the total members of the board of commissioners in the individual parameter significance test (t test)
obtained a significance value of 0.003 ≥ 0.05. These results show that the independent commissioner variable has a positive effect on financial performance. Then it is concluded that H2 is accepted. Therefore, the main debate in corporate governance is the independent commissioner and its ability to control top management and reduce agency problems. Independent commissioners have the main responsibility to encourage the application of the principles of good corporate governance (Sofianti Baharuuddin Univesitas, 2022). This is in accordance with agency theory that agents may act contrary to the interests of company owners with the presence of principals can reduce the difference in interests between agents and principals by creating an incentive system that can accommodate the interests of agents (Partiwi & Herawati, 2022).

Independent commissioners have a positive impact on the company because they provide solutive and innovative input to solve problems so as to improve company performance (Ade Irma, 2019). This is supported by the results of research (Mulia, 2021), Sembiring (2020) and (Leani et al., 2022).

c. The effect of managerial ownership on financial performance

GCG test results with the indicator of managerial ownership on financial performance which is proxied by using Return on Assets (ROA) and managerial ownership is measured by comparing the number of managers' shares with the total outstanding shares in the individual parameter significance test (t test) obtained a significance value of 0.034 ≥ 0.05. These results indicate that the managerial ownership variable has a positive effect on financial performance. It can be concluded that H3 is accepted. Managerial ownership is a situation where the manager owns company shares or is usually interpreted as an internal company or in other words the manager is a company shareholder (Leani et al., 2022). This is in accordance with signaling theory there is an information asymmetry in the labor market.

Ownership of managerial shares in a company can be seen as a way to align potential differences in interests between shareholders outside management, so that agency problems can be assumed to disappear if a manager is an owner (Sindu Artiwi et al., 2022). So this is in accordance with the stakeholder theory that the prosperity and success of a company is very dependent on the ability of the company itself to align the various interests of stakeholders (Puspitaningrum & Indriani, 2021). This is supported by research results (Setiawan & Setiadi, 2020) and (Wardani & Suwarno, 2014).

d. The effect of leverage on financial performance

The results of testing leverage on financial performance are proxied by using Return on Assets (ROA) and leverage is measured by comparing the number of manager shares with total outstanding or ordinary shares Debt to Equity Ratio (DER) in the individual parameter significance test (t test) obtained the value significance of 0.000 ≥ 0.05. These results indicate that the leverage variable has a positive effect on financial performance. D can be concluded H4 is accepted. This is in line with research results (Susilo & Mulyasari, 2021). This is also in accordance with agency theory proposing a good combination of several types of capital that will generate more profits for the company. In line with the results of research (Faizal, Agustinus, 2023) suggests that leverage has an effect and is significant on financial performance. The theoretical implications of the results of this study are in line with the concept of Resource Based View (RBV).

Large companies will try to maintain sound business practices to maximize revenue and competitive advantage by using debt appropriately both in the short term and long term. As a result, leverage has a stronger influence on overall financial success. Thus, organizations that have large debts will get an increase in terms of investment and increase in capital for the
company (Faizal, Agustinus, 2023). This shows that profits will reach a certain level when the best possible amount of money is used appropriately. Debt financing is one solution that can provide ideas for companies that propose to resolve conflicts of interest between managers and shareholders. The results of this study are directly supported by the results of relevant research conducted by (R. Sari, 2020). With the signaling theory, it can minimize the existence of asymmetric information about managers and company owners. So the main purpose of a signaling system is to communicate internal actions that cannot be directly observed by outsiders. The results of this study are directly supported by the results of relevant research conducted by (Elizabeth Sugiarto Dermawan, 2019), (Agustin Ekadjaja, 2020), (Purwanti, 2021) and (Partiwi & Herawati, 2022).

e. The effect of company size on financial performance

The test results show that company size is a proxy for performance using Return on Assets (ROA) and company size is measured by comparing the number of manager shares with total outstanding or ordinary shares. Natural Logarithm (LN) in the individual parameter significance test (t test) obtains a significance value equal to $0.213 \geq 0.05$. These results show that the company size variable has no effect on financial performance. It can be concluded that $H5$ is rejected because the significance is greater than the significant score of 0.05. These results are not in line with the results of the study (Elizabeth Sugiarto Dermawan, 2019).

The results of this study can occur because company size as measured by total assets is not a benchmark that can be used to measure a company. In this case, a small issuer does not necessarily have a small return on assets. There are many other factors that must be considered in assessing the size of an issuer. One of them is how a company can manage its assets efficiently, effectively and economically in order to get maximum profits (Aziz et al in Ade Irma, 2019). The results of this study are in contrast to the results of research conducted by (R. Sari, 2020) and (Mulia, 2021) in their research the company size variable has a negative and significant effect on financial performance. This is also in accordance with the concept of Resource Based View (RBV) which explains that a theory that views company resources and capabilities is very important in the development of a company because these two things form the basis for building a company's competitiveness and performance capabilities (Oktavianus et al. al., 2022). The theoretical implications of the results of this study are not in line with signaling theory. According to Brigham et al in Wulandari et al (2023: 247) the effect of company size is supported by signaling theory said that signal theory is the action taken by company management to inform investors about the company's future prospects and signal theory assumes that the information received by internal and external parties is not the same. The results of this study are not directly supported by the results of relevant research conducted by (Faizal, Agustinus, 2023) who found that the company size variable has a significant and significant effect on financial performance.

So the six (6) proposed hypotheses are accepted in the sense that these results show statistically the independent variables, namely the board of commissioners, independent commissioners, managerial ownership, leverage, and company size have a joint effect on financial performance in manufacturing companies listed on the Stock Exchange Indonesia (IDX) 2017-2021. It can be concluded that the first hypothesis (H6) which states that the board of commissioners, independent commissioners, managerial ownership, leverage and company size simultaneously influence financial performance is accepted. The results of this study are directly supported by the results of relevant research conducted by (Elizabeth Sugiarto Dermawan, 2019), (R. Sari, 2020), (Mulia, 2021), and (Fitrianingsih & Asfaro, 2022) stating
that the board of commissioners, independent commissioners, managerial ownership, leverage, and company size have a joint and significant effect on financial performance.

CONCLUSIONS AND RECOMMENDATIONS

The results of the first study that have been carried out by means of a partial test of the board of commissioners variables have an influence and are significant on the financial performance of manufacturing companies. The results of the second study that have been carried out by means of a partial test of the independent commissioner variables have significant and significant influence on the financial performance of manufacturing companies. The results of the third study that has been partially carried out by the variable managerial ownership have significant and significant influence on the financial performance of manufacturing companies. The results of the fourth study that has been partially carried out leverage variables have an effect and are significant on the financial performance of manufacturing companies. The results of the fifth study that has been partially carried out on the company size variable have no significant effect on the financial performance of manufacturing companies. The results of the sixth study that has been carried out simultaneously with the variables of the board of commissioners, independent commissioners, managerial ownership, leverage and company size simultaneously influential and significant to the financial performance of manufacturing companies. It is hoped that future researchers will carry out the same research by obtaining consistent research results, for further research they can also use other variables or add other variables such as the board of directors, institutional ownership, audit committee and for the dependent variable can use the variable Return on Equity (ROE) and Tobin's Q. Therefore, it is also hoped that future researchers can extend the year for research time, so that the results of their research can form better conclusions.

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