

# The Influence of good corporate governance on the financial performance of state-owned enterprises listed on the Indonesia Stock Exchange

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## Abstract

**Purpose:** This study aims to determine the effect of Good Corporate Governance on the Financial Performance of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023.

**Methodology:** This type of research uses quantitative methods. This study used 70 researchs samples. There are two variables in this study, namely: 4 (four) independent variables (X1, X2, X3, X4) and 1 (one) dependent variable where institutional leadership (X1), board of directors (X2), board of commissioners (X3) and audit committee (X4) as independent variables and financial performance (Y) as the dependent variable.

**Results:** Based on data analysis, it has been found that the answer to the hypothesis is that institutional ownership, board of directors, board of commissioners, and audit committee simultaneously and partially have a significant effect on financial performance in BUMN companies listed on the Indonesia Stock Exchange in 2019-2023.

**Limitations:** The independent variables in this study are only institutional ownership, board of directors, board of commissioners, and audit committee and the dependent variable is financial performance (ROA). The research was only conducted on BUMN companies listed on the Indonesia Stock Exchange.

**Contribution:** Management is expected to pay more attention to Good Corporate Governance in the company in order to create good company value.

**Keywords:** *Institutional ownership, board of directors, board of commissioners, audit committee, financial performance (ROA)*

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## 1. Introduction

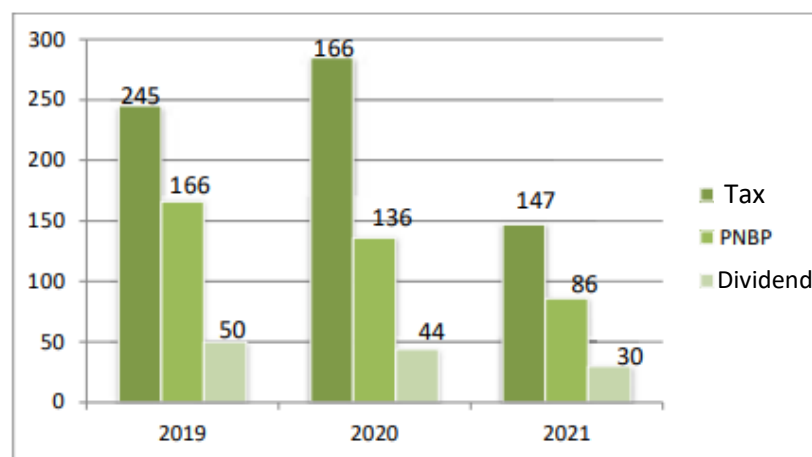
Technological developments can have positive or negative impacts on companies in making decisions. The benefits for companies today can provide opportunities for companies that have gone public on the Indonesia Stock Exchange (IDX) so that investors' interest in investing in shares is increasing if the company has good financial performance and has long-term prospects. The company aims to keep moving by seeking maximum profit so that the company can survive, grow, and not be liquidated. However, in its application, companies that have been operating cannot run in line with the company's plan and are forced to be liquidated. With increasingly growing business competition, stakeholders must be smart and always careful when setting company policies. Good Corporate Governance is a series of stages, policies, and regulations that influence the direction, management, and control of a company or corporation that includes the relationship between stakeholders. The mechanism of Good Corporate

Governance will increase company supervision, so that with this supervision the company's performance will be better.

The application of Good Corporate Governance (GCG) aims to increase profits in the company. By applying Good Corporate Governance, the company can consider an important role in order to get a large profit and can minimize the negative impacts that arise for the company (Supriyanti & Istikhoroh, 2021).

Financial performance is the main benchmark for seeing the good or bad performance of a company. Management will know how much the company's expertise is in dominating the market from the results of the financial performance evaluation, so that decisions or steps can be taken to increase the company's performance. Financial performance can be seen in the company's financial reports. In addition to evaluating the company, the company's financial reports can also attract investors to invest, so that the company's progress can be achieved. If all of this can be implemented by private companies, it is possible that government-owned companies can also follow in their footsteps to advance the company. As government-owned companies advance, they will indirectly have an impact on the prosperity of the citizens who contribute to them (Sarafina & Saifi, 2017).

The company's financial performance is a measure of success in carrying out financial functions. The purpose of reviewing a company's financial statements is to evaluate and assess performance in one accounting period, especially the performance of the company's management, and to determine the strategy that will be used so that the next period after the company's goals have been achieved. The company is one of the factors that has a central role in a country's economy. Because in addition to carrying out the function of production and distribution of goods and services, the company is also directly involved in the stage of allocating economic resources to citizens. This role is very important considering the existence of very limited economic resources so that they must be allocated properly (Sarafina & Saifi, 2017). State-Owned Enterprises (BUMN) are companies whose majority shares are owned by the government. BUMN has an urgent role in the national economy. Where BUMN is expected to be able to make a substantial contribution to the country's economy. BUMN's contribution to the APBN comes from three sources, namely tax payments, dividends paid to the government as shareholders and PNBP.



Source: BUMN Report (Processed data, 2024)  
Figure 1. BUMN Fiscal Contribution 2019-2021

You can also look at the BUMN financial report which reports the performance of BUMN each year. Graph 1 shows the unstable level of BUMN income and profit from 2019 to 2021 by calculating revenue and net income. In assessing the performance of a company, profitability illustrates whether a business entity has good opportunities or prospects in the future (Kasmir, 2018). The higher the profitability of a business entity, the company must have the expertise to survive.

BUMN performance, which looks at income and profit, has seen an inconsistent increase from year to year, and even a substantial decline. The less than optimal performance of BUMN is partly due to the fact that the principles of good corporate governance have not been implemented optimally throughout BUMN. The weak application of GCG in BUMN includes the planning and control system that is not functioning, mark-up practices, deviations by BUMN directors, and corporate practices in companies carried out by management.

Good Corporate Governance (GCG) is a mechanism that connects all stakeholders by giving equal authority. Although GCG systems vary around the world, stakeholders believe that certain mechanisms are needed to reduce the problems of violations, bribery, and corruption by checking the openness and transparency of companies (Pillai & Al-Malkawi, 2018). Good Corporate Governance was discussed in Indonesia in 1997 when the economic crisis hit Asian countries including Indonesia. In recent years, good corporate governance has become a concern because of the increasing total bankruptcies caused by fraud or errors in financial accounting. These problems are the impact of a bad GCG system, namely the absence of corporate governance regulations in the organization (Buallay, Hamdan, & Zureigat, 2017).

Weak implementation of GCG results in fraudulent practices, embezzlement, and corruption. The implementation of corporate governance in BUMN is expected to increase the financial performance of BUMN and minimize the risk due to actions that tend to benefit oneself. By applying good corporate governance, the company's competitiveness increases and is more efficient (Nugraha & Asyik, 2021). The application of corporate governance today is not only a necessity but has become a necessity for every company.

Good Corporate governance is needed to provide progress in performance and make the company sustainable and trustworthy. Applying good corporate governance in a company requires full and consistent commitment from top management and the board of commissioners. The application of these principles must be demonstrated through real actions by all parties. Without commitment and a consistent attitude, there is concern that the attitude towards GCG practices will remain the order and will not add value to the company. Companies that apply good corporate governance need parties or groups to monitor the implementation of the board of directors' decisions. Therefore, an independent board of commissioners is a key component of the good corporate governance mechanism. An independent board of commissioners is a board that has no family or business ties with the company's controlling shareholders, members of the board of commissioners and the board of directors. An independent board of commissioners is the core of good corporate governance, responsible for checking the implementation of the company's strategy, supervising management when running a business and requiring accountability (Fadillah, 2017).

In this research, the research object used is a state-owned company listed on the Indonesia Stock Exchange, because state-owned companies are the main economic drivers in a country, so that state-owned companies are always required to be able to improve Good Corporate Governance well and are required to increase their financial performance so that they can be going concern when facing an unstable economy in the past. The purpose of this research is to find out the effect of Good Corporate Governance on the Financial Performance of State-owned Companies listed on the Indonesia Stock Exchange in 2019-2023.

## **2. Literature Review**

### **2.1. Good Corporate Governance**

Good Corporate Governance is a standard rule and law and organization that drives the company's performance in the economic sector that regulates the attitude of the company's owners. (Sharah & Haridhi, 2020). From the definition above, it can be concluded that Good Corporate Governance (GCG) means a system that regulates and supervises the stages of controlling ongoing business in order to

increase the value of shares so that the company's value increases and becomes an effort to be accountable to shareholders without forgetting the interests of stakeholders including employees, creditors and citizens (Agustina, 2018).

## **2.2. Institutional ownership**

Ownership of shares by other institutions, such as companies or other institutions, is known as institutional ownership. Institutional ownership can energize more effective management considering that the foundation of an organization can assess the performance of the organization. Because share ownership is a source of power that can be used to support or worsen management performance, institutional ownership is one factor that can affect company performance. Institutional ownership can encourage more optimal monitoring of management performance.

$$\text{Institutional Ownership} = \frac{\text{Total Institutional Shares}}{\text{Number of Shares Outstanding}} \times 100\%$$

## **2.3. Board of Directors**

The board of directors is a party in an organizational element that carries out the tasks and rules of the organization. The formation and dismissal of the board of directors, determination of the amount of salary, and division of duties and authority of each member of the board of directors are resolved at the General Meeting of Shareholders (GMS). The size of the board of directors is determined in accordance with the number of board of directors members in an organization.

$$\text{Board of Directors} = \text{Total Members of the Board of Directors}$$

## **2.4. Board Of Commissioners**

The board of commissioners is the highest internal controller and has the responsibility to monitor all top management activities (Thesarani 2013). The board of commissioners has the task of supervising and providing input to the board of directors because it does not have direct authorization to the company. If the supervision of the board of commissioners is considered ineffective, it will result in difficulties in the stages of communication and coordination in decision making (Putra 2016). All of this has an impact on decisions taken by management because the board of commissioners is also fair in decisions made by management in ensuring the sustainability of the company's strategy practices by being involved in monitoring and providing advice to management. The Board of Commissioners is proxied by a ratio measurement scale:

$$\text{Board of Commissioners} = \frac{\text{total Board of Commissioners of the Company}}{\text{Number of Board of Commissioners of the Company}}$$

## **2.5. Audit Committee**

The audit committee has a role to supervise the management and provide independent professional opinions to the board of commissioners regarding financial reports or matters expressed by the board of directors. The audit committee seeks to reduce fraud that may arise as a result of conflicts between interested parties in the company, both from within and outside the company. In addition to carrying out supervision of financial reports, the audit committee also functions to supervise the company's internal control. In addition to supervising financial reports, the audit committee also works on the company's internal control. The existence of an audit committee can contribute to a high level of supervision by audit committee members, which can increase the company's financial performance. The audit committee is proxied by a ratio measurement scale:

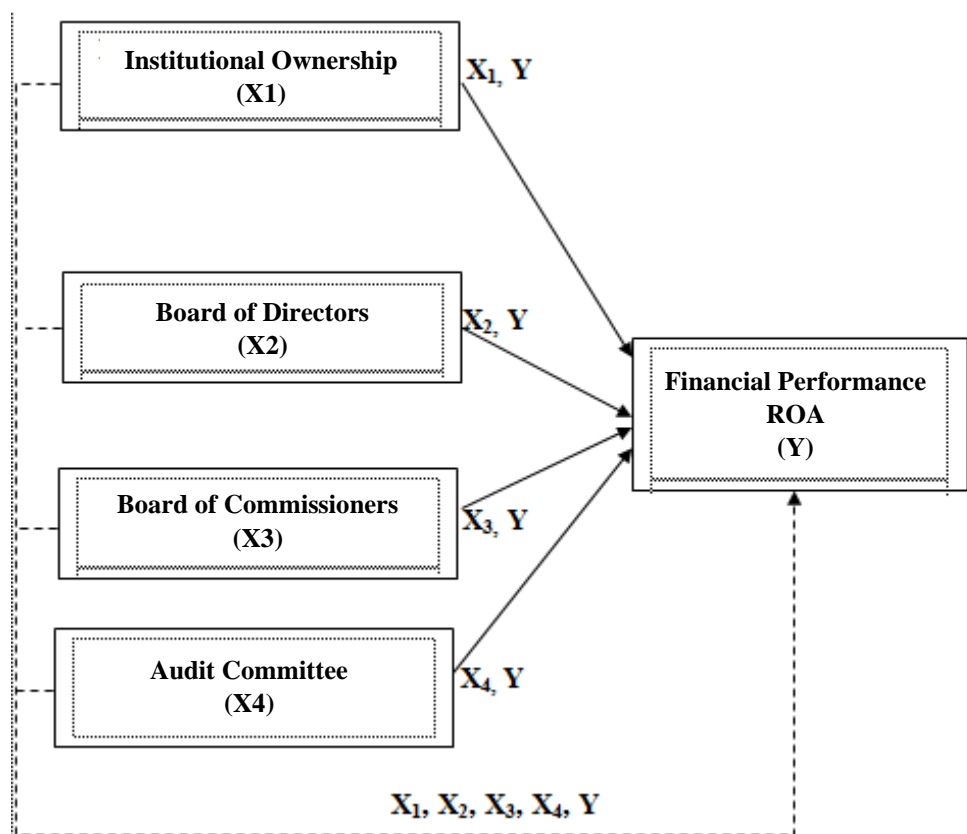
**Audit Committee = total Company Audit Committee**

## 2.6. Financial Performance

Overall financial performance is a presentation of a company's achievements in good operations related to financial elements, marketing, fundraising and distribution, technology or HR.

The profitability ratio is the main ratio in all financial reports, because the company's main goal is operating results (profit). The profitability ratio is very urgent for all users of annual reports, especially equity investors. Profit is the only factor that determines the change in the value of securities. Measuring and estimating profit is the most urgent job for equity investors. This ratio checks the effectiveness of overall management which is intended by the size of the level of profit obtained in relation to sales or investment (Hati & Ningrum, 2015).

In checking the company's financial performance in this study, researchers used Return On Assets (ROA). Return On Assets (ROA) is a profitability ratio that indicates the percentage of profit or net profit obtained by the company in relation to the average total assets. (Kasmir, 2018) stated that return on assets is a ratio that indicates the results (return) on the total assets used in the company. Return On Assets (ROA) indicates the company's ability to use all of its assets to obtain after-tax profits (Sudana, 2019).



**Figure 2. Thinking Framework**

## 2.7. Hypothesis Development

### 2.7.1. Institutional Ownership, Board of Directors, Board of Commissioners, and Audit Committee on Financial Performance (ROA)

The Good Corporate Governance variable proxied by Institutional Ownership, Board of Directors, Board of Commissioners, and Audit Committee has a positive influence on financial performance in

manufacturing companies listed on the IDX in 2015-2017. In Indah Sari's research (2020), it was reported that the board of commissioners, board of directors, and audit committee had a simultaneous influence on financial performance (ROA). Meanwhile, Pudjonggo's research (2022) reported that the board of commissioners, board of directors, and audit committee had no influence on financial performance. The higher the ownership structure and Good Corporate Governance, the higher the financial performance of the company.

H<sub>1</sub> = Institutional Ownership, Board of Directors, Board of Commissioners, and Audit Committee have a simultaneous influence on Financial Performance (ROA).

### **2.7.2. Institutional Ownership of Company Financial Performance (ROA)**

Ownership of shares in a company by the government, legal institutions, financial institutions, foreign institutions, and other institutions is called institutional ownership. In Indonesia, public companies have a very institutionalized ownership structure. Instead of private individuals acting as owners of public companies, the institutions in question are institutional owners. (Sekaredi & ADIWIBOWO, 2011). The majority of institutions are in the form of Limited Liability Companies (PT).

According to the researcher's opinion, Institutional Ownership is a tool that can be used to reduce conflict, which is measured by using the proportion of shares owned by institutions at the end of the year which is shown in the percentage of institutional shareholders who tend to have more information than individual shareholders.

H<sub>2</sub> = Institutional Ownership has a partial influence on Financial Performance (ROA).

### **2.7.3. Board of Directors on Company Financial Performance (ROA)**

The description that managers are agents for shareholders or the board of directors is in line with agency theory. The board of directors is a party in a corporate entity whose job is to carry out and run the company's operations and management. The board of directors has full responsibility for all forms of operations and management of the company in an effort to carry out interests in order to achieve the company's goals. The board of directors basically has substantial control rights at the stage of managing company resources (Sukandar & Rahardja, 2014). The increasing total number of boards of directors will certainly mean that more and more will carry out supervision of the management of company resources. Previous research conducted by Hidayat, Rasuli, and Azlina (2015) stated that the larger the total number of boards of directors in a company, the easier it will be to coordinate and communicate, so that the company's financial performance will increase. All of this is in line with research conducted by (Hidayat et al., 2015) which revealed that the size of the board of directors has a positive influence on the company's financial performance.

H<sub>3</sub> = The Board of Directors has a partial influence on Financial Performance (ROA).

### **2.7.4. Board of Commissioners on Company Financial Performance (ROA)**

The board of commissioners is tasked with supervising and advising the board of directors, all of which indirectly makes the board of commissioners have an important position and authority to link the interests of the principal and increase financial performance in a company. According to (Afnan & Rahardja, 2014) the board of commissioners can help increase financial performance. The increasing number of board of commissioners will increase the management monitoring mechanism because the size of the board of commissioners determines the level of effectiveness of monitoring the company's financial performance.

In the context of a BUMN company, if the board of commissioners can influence the company's financial performance, because the board of commissioners works wholeheartedly in a framework that is not influenced by anyone's interests including the CEO, therefore the board of commissioners will provide positive input, so that in the end the company's performance or performance will be seen so that financial performance in a company can improve or increase.

In previous research according to (Rahmawati, 2017), the size of the board of commissioners has a positive and substantial influence on the company's financial performance.

H<sub>4</sub> = The Board of Commissioners has a partial influence on Financial Performance (ROA).

### **2.7.5. Audit Committee on Company Performance (ROA)**

The audit committee's job is to supervise internal and external auditors to check whether management is taking the necessary corrective actions in a timely manner (Hanggraeni, 2015). The audit committee's job is to represent the board of directors in overseeing financial accounting reporting. In research conducted by (Suteja, 2015), it reported the results that the audit committee has a substantial influence on financial performance (ROA).

Meanwhile, in research by Hasibuan and Sushanty (2018), the results were that the audit committee does not have a substantial influence on financial performance (ROA). According to researchers, the existence of an audit committee that has the responsibility as a supervisor of financial reports, external audits, and internal control systems (as well as internal audits) can reduce the opportunistic nature of management that carries out financial earnings management and carries out audit supervision effectively, so that control in the company becomes better, so that the agency conflict that exists due to management's desire to increase personal welfare can be minimized..

2. H<sub>5</sub> = The Audit Committee has a partial influence on Financial Performance (ROA).

## **3. Research Methodology**

This type of research uses quantitative methods. This research aims to find empirical evidence of the influence of institutional ownership, board of directors, board of commissioners, and audit committee. In line with the existing problems, this research will be classified as a type of causality research. This research uses secondary data that can be obtained from previously released sources.

The research was conducted at State-Owned Enterprises (BUMN) listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. The research downloaded the company's financial reports for 2019-2023 on the website [www.idx.co.id](http://www.idx.co.id). The research was conducted in July 2024 to August 2024.

The type of data needed in this research is secondary data. Secondary data is a data source that does not directly provide data to data collectors, which can be obtained from other people or documents (Sugiyono, 2013). The type of data used in this research is in the form of financial reports and corporate governance reports. The data source required in the report was obtained from the source [www.idx.co.id](http://www.idx.co.id)

The population in this research is all State-Owned Enterprises (BUMN) listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period, the total number of BUMN companies is 109 companies. In line with the criteria in the sampling technique, from a total of 109 BUMN companies, the sample that meets the criteria for BUMN whose shares are listed on the Indonesia Stock Exchange (IDX) and issue financial reports (annual reports) for the 2019-2023 period is 14 BUMN companies which are public companies that have Tbk status and are listed on the capital market in 2019-2023

The analysis method used in this research is multiple linear regression analysis. Multiple linear regression analysis is used to find out whether the dependent variable and the independent variable influence each other. In addition, this research uses classical assumption tests using SPSS 23 software.

## **4. Result and Discussion**

### **4.1. Research Results**

#### **1. Classical Assumption Test**

##### **a. Normality Test**

Table 1. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		70
Normal Parameters <sup>a, b</sup>	Mean	,0000000
	Std. Deviation	2,36191972
Most Extreme Differences	Absolute	,076
	Positive	,066
	Negative	-,076
Kolmogorov-Smirnov Z		,704
Asymp. Sig. (2-tailed)		,705
a. Test distribution is Normal.		
b. Calculated from data.		

In obtaining the normality test using Kolmogorov-Smirnov K-S with the SPSS program test in table 1, the asymp sig value is 0.705, so the value of  $0.705 > 0.05$  can be concluded that the research data used is normally distributed.

#### *b. Heteroscedasticity Test*

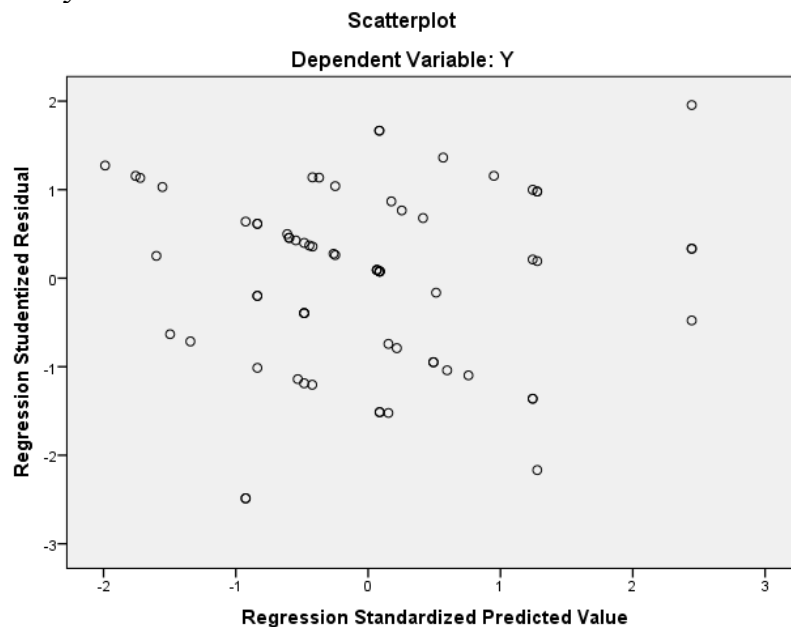


Figure 2. Heteroscedasticity Test

In line with the results of the heteroscedasticity test with the scatterplot using the SPSS program test in Figure 2, it states that if the points in the image do not appear to have a clear pattern and the points are spread above and below the number 0 on the Y axis, which means that in this research there is no heteroscedasticity.



### c. Multicollinearity Test

Table 2. Multicollinearity Test

Coefficients <sup>a</sup>		Collinearity Statistics	
Model		Tolerance	VIF
1	Institutional Ownership	,924	1,082
	Board of Directors	,200	5,007
	Board of Commissioners	,184	5,425
	Audit Committee	,458	2,182

a. Dependent Variable: ROA

In line with the results of the multicollinearity test after testing with the SPSS program in table 2 above, it is stated that each variable has a VIF value of  $> 10$  and a Tolerance Value of  $> 0.1$ . This indicates that there are no symptoms of multicollinearity.

### d. Autocorrelation Test

Table 3. Autocorrelation Test

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,719 <sup>a</sup>	,517	,496	1,72907	2,156

a. Predictors: (Constant), Audit Committee, Institutional Ownership, Board of Directors, Board of Commissioners

b. Dependent Variable: ROA

In obtaining the results of the autocorrelation test after the Durbin Watson (DW) test was carried out using the SPSS program in table 3, it is reported that the Durbin Watson value obtained was 2.156. In this research, the researcher used a sample of 70 samples and a total of 4 independent variables, in line with the Durbin Watson table, the Durbin Upper (dU) value was 1.7351 and the Durbin Lower (dL) value was 1.4943. By using the  $dU < d < (4 - dL)$  criterion, it is known that  $1.7351 < 2.156 < 2.5057$ , so it can be concluded that the Durbin Watson value is between the dU and (4 - dL) values, which indicates that the data in this research has no autocorrelation.

## 2. Multiple Linear Regression Test

Table 4. Multiple Regression Test

Coefficients <sup>a</sup>		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	4,532	1,211		2,808	,007
	Institutional Ownership	,345	,000	,238	2,116	,004
	Board of Directors	,421	,001	,393	3,628	,001
	Board of Commissioners	,378	,002	,044	2,176	,009
	Audit Committee	,447	,001	,537	3,367	,001

a. Dependent Variable: ROA

In line with the results of the multiple linear regression test using the program testing in Table 4, it is stated that the multiple linear regression equation model as a financial performance variable (ROA) is influenced by the variables of institutional ownership, board of commissioners, board of directors and audit committee:

$$Y = 4,532 + 0,345X_1 + 0,421X_2 + 0,378X_3 + 0,447X_4 + e$$

The regression model equation above explains that:

- The constant value of 4.532 indicates that the institutional ownership, board of commissioners, board of directors and audit committee variables are equal to zero, so that the constant value or ROA is 4.532.
- Institutional ownership has a regression coefficient value of 0.345, so that it can be interpreted that if institutional ownership increases by 1 unit and the value of other variables remains the same, it can be interpreted that net profit increases by 0.345. The regression coefficient is positive, it can be interpreted that there is a positive relationship between institutional ownership and ROA.
- The board of directors has a regression coefficient value of 0.421, so that it can be interpreted that if the board of directors increases by 1 unit and the value of other variables remains the same, it can be interpreted that net profit increases by 0.421. The regression coefficient is positive, it can be interpreted that there is a positive relationship between the board of directors and ROA.
- The board of commissioners has a regression coefficient value of 0.378, so it can be interpreted that if the board of commissioners has an increase of 1 unit and the value of other variables remains the same, it can be interpreted that net profit has increased by 0.378. The regression coefficient is positive, it can be interpreted that there is a positive relationship between the board of commissioners and ROA.
- The audit committee has a regression coefficient value of 0.447, so it can be interpreted that if the audit committee has an increase of 1 unit and the value of other variables remains the same, it can be interpreted that net profit has increased by 0.447. The regression coefficient is positive, it can be interpreted that there is a positive relationship between the audit committee and ROA.

### 3. R2 Determination Coefficient Test

Table 5. Test of Determination Coefficient (R2)

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,719 <sup>a</sup>	,517	,496	1,72907

a. Predictors: (Constant), Audit Committee, Institutional Ownership, Board of Directors, Board of Commissioners

b. Dependent Variable: ROA

In obtaining the results of the determination coefficient test using the SPSS program in table 5, it can be seen that the Adjusted R Square value is 0.517 which can be interpreted as 51.7%. explained by institutional ownership, the board of commissioners, the board of directors and the audit committee while the remaining 48.3% ROA is influenced by other variables outside this research.

#### 4. F Test (Simultaneous)

Table 6. F Test (Simultaneous)

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,004	4	,001	5,192	,001 <sup>b</sup>
	Residual	,011	65	,000		
	Total	,015	69			

a. Dependent Variable: ROA

b. Predictors: (Constant), Audit Committee, Institutional Ownership, Board of Directors, Board of Commissioners

In line with the results of the F test (simultaneous) using the SPSS program test in table 6 above, it is stated that the F count result is 5.192 with a sig value of 0.001. This research uses a significance value of 5% or equivalent to 0.05. The F count value obtained is 5.192 with an F table value of 2.746 or can be interpreted if  $F_{\text{count}} > F_{\text{table}}$  and a sig value of  $0.001 < 0.05$  where the result is  $H_0$  is rejected while  $H_1$  is accepted, it can be concluded that institutional ownership, board of directors, board of commissioners, and audit committee have a simultaneous influence on the financial performance (ROA) of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023.

#### 5. t-test (Partial)

Table 7. t-test (Partial)

Coefficients <sup>a</sup>					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	4,532	1,211		,007
	Institutional Ownership	,345	,000	,238	,004
	Board of Directors	,421	,001	,393	,001
	Board of Commissioners	,378	,002	,044	,009
	Audit Committee	,447	,001	,537	,001

a. Dependent Variable: ROA

In the results of the t-test (partial) using the SPSS program test in table 7 above, it explains that the  $t_{\text{count}}$  results for the constitutional ownership variable are 2.116 with a sig value of 0.004, the  $t_{\text{count}}$  results for the board of directors variable are 3.628 with a sig value of 0.001, the  $t_{\text{count}}$  results for the board of commissioners variable are 2.176 with a sig value of 0.009, the  $t_{\text{count}}$  results for the audit committee variable are 3.367 with a sig value of 0.001. This research uses a significance value of 5% or 0.05 and a  $t_{\text{table}}$  value with a one-way test of 0.668. The results of the  $t_{\text{count}}$  (partial) explain that each  $t_{\text{count}}$  value  $> t_{\text{table}}$  which means that the result is  $H_1$  is accepted and  $H_0$  is rejected.

#### 5. Conclusion

This research aims to find out whether there is an influence of institutional ownership, board of directors, board of commissioners, and audit committee partially or simultaneously on the financial performance (ROA) of BUMN companies listed on the Indonesia Stock Exchange in 2019-2023 which were tested using the SPSS Version 23 program. The following is an explanation of the test results:

##### a. Discussion on the influence of independent variables simultaneously on the dependent variable

Institutional ownership, board of directors, board of commissioners, and audit committee simultaneously have an influence on financial performance (ROA), in line with the results of the F

test (simultaneous) using the SPSS 23 program test stating the F count result of 5.192 > Ftable 2.746 and the sig value of 0.001 < 0.05 where the result is  $H_0$  is rejected while  $H_1$  is accepted, it can be concluded that institutional ownership, board of directors, board of commissioners, and audit committee have a simultaneous influence on the financial performance (ROA) of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023.

These results are in line with research conducted by Sejati, et al (2018) entitled The Influence of Good Corporate Governance on Financial Performance in Manufacturing Companies in the Real Estate and Property Industry on the IDX Per 2014-2016. The research results indicate that simultaneously the independent variables of the independent board of commissioners, board of directors, audit committee, managerial ownership and institutional ownership have an influence on the dependent variable of financial performance.

**b. Discussion of the influence of independent variables with partial on dependent variables.**

**1) The effect of constitutional ownership on financial performance (ROA)**

In line with the results of the t-test (partial) using the SPSS 23 program, it states that if the t-value on the institutional ownership variable is  $t_{\text{count}} 2.116 > t_{\text{table}} 0.668$  then the sig value is 0.004 < 0.05 where the result is  $H_1$  is accepted and  $H_0$  is rejected, it can be interpreted that constitutional ownership with partial has a positive and substantial influence on the financial performance (ROA) of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023

This result is in line with research conducted by Sharah and Haridhi (2020) entitled The Effect of Institutional Ownership and Independent Board of Commissioners on Financial Performance on the IDX. the research results state that Institutional Ownership produces a hypothesis that has a positive and substantial influence on financial performance.

**2) The influence of the board of directors on financial performance (ROA)**

In line with the results of the t-test (partial) using the SPSS 23 program, it states that if the t-value on the board of directors variable is  $t_{\text{count}} 3.628 > t_{\text{table}} 0.668$  then the sig value is 0.001 < 0.05 where the result is  $H_1$  is accepted and  $H_0$  is rejected, it can be interpreted that the board of directors with partial has a positive and substantial influence on the financial performance (ROA) of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023.

This result is in line with research conducted by Arry (Eksandy, 2018) entitled The Influence of Good Corporate Governance on Financial Performance in Indonesian Islamic Banking. The research results indicate that the board of directors has an influence on financial performance (ROA)

**3) The influence of the board of commissioners on financial performance (ROA)**

In line with the results of the t-test (partial) using the SPSS 23 program, it states that the t-value on the board of commissioners variable is  $t_{\text{count}} 2.176 > t_{\text{table}} 0.668$  then the sig value is 0.009 < 0.05 where the results are  $H_1$  accepted and  $H_0$  rejected, it can be interpreted that the board of commissioners with partial has a positive and substantial influence on the financial performance (ROA) of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023.

This result is in line with research conducted by Suteja (2015) entitled The Influence of Corporate Governance Disclosure and Company Size on the Financial Performance of Banks Listed on the Indonesia Stock Exchange for the 2012-2016 Period. The research results indicate that the Board of Commissioners has a substantial influence on Financial Performance (ROA).

**4) The influence of the audit committee on financial performance (ROA)**

In line with the results of the t-test (partial) using the SPSS 23 program, it states that if the audit committee variable has a value of  $t_{\text{count}} 3.367 > t_{\text{table}} 0.668$  then the sig value is 0.001 < 0.05 where the result is  $H_1$  is accepted and  $H_0$  is rejected, it can be interpreted that the audit committee with partial has a positive and substantial influence on the financial performance (ROA) of BUMN Companies listed on the Indonesia Stock Exchange in 2019-2023.

These results are in line with research conducted by Supriyanti and Istikhoroh (2021) entitled The Influence of the Audit Committee, Independent Board of Commissioners, Institutional Ownership and Company Size on Financial Performance (Case Study of Food and Beverage Companies Listed on the IDX in 2016-2020). The research results indicate that the audit committee, independent

board of commissioners, institutional ownership and company size have a positive and substantial influence on financial performance (ROA).

### Limitations and further studies

There are several limitations during the preparation of this research, namely the independent variables in this research are only institutional ownership, board of directors, board of commissioners, and audit committee and the dependent variable is financial performance (ROA). The research was only carried out on BUMN companies listed on the Indonesia Stock Exchange.

### Acknowledgements

The management is expected to pay more attention to Good Corporate Governance in the company in order to create good corporate value.

Further researchers are expected to be able to conduct similar research with the desire to be able to add Good Corporate Governance indicator variables with other measurements so that they can have a greater influence on the Y variable.

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