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Original Article

The Effect of Good Corporate Governance Dimensions on Company Financial Performance

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Abstract: *The goal of this study is to ascertain how the components of good corporate governance affect an organization's financial performance. In recent years, the concept of good corporate governance has been used to enhance an organization's financial performance, particularly in the reformation of state-owned enterprises that have experienced various irregularities. The data collection approach employed in this form of research, which is quantitative, is the library study method. Purposive sampling was used to select the sample for this study, which used secondary data from the Indonesia Stock Exchange website / IDX with a research sample of 15 State-Owned Enterprises / BUMN companies for the years 2017 through 2021. Multiple linear regression analysis was used, and SPSS 22 was used as the tool for analysis. According to the study's findings, Managerial Ownership and Independent Board of Commissioners have no discernible impact on the financial performance of the company, but Institutional Ownership and Audit Committee have a substantial impact. The study's conclusions suggest that institutional ownership will continue to actively work to reduce anomalies, and the Audit Committee will continue to support efficient oversight to raise the company's financial performance. When the company's financial performance is being built, the Independent Board of Commissioners takes a more deliberate approach so that Managerial Ownership can profit from its ownership. Managerial Ownership and the Independent Board of Commissioners have no discernible impact on the Company's financial performance. The study's conclusions suggest that institutional ownership will continue to actively work to reduce anomalies, and the Audit Committee will continue to support efficient oversight to raise the company's financial performance. When the company's financial performance is being built, the Independent Board of Commissioners takes a more deliberate approach so that Managerial Ownership can profit from its ownership. Managerial Ownership and the Independent Board of Commissioners have no discernible impact on the Company's financial performance. The study's conclusions suggest that institutional ownership will continue to actively work to reduce anomalies, and the Audit Committee will continue to support efficient oversight to raise the company's financial performance. When the company's financial performance is being built, the Independent Board of Commissioners takes a more deliberate approach so that Managerial Ownership can profit from its ownership. The study's conclusions suggest that institutional ownership will continue to actively work to reduce anomalies, and the Audit Committee will continue to support efficient oversight to raise the company's financial performance. When the company's financial performance is being built, the Independent Board of Commissioners takes a more deliberate approach so that Managerial Ownership can profit from its ownership. The study's conclusions suggest that institutional ownership will continue to actively work to reduce anomalies, and the Audit Committee will continue to support efficient oversight to raise the company's financial performance. When the company's financial performance is being built, the Independent Board of Commissioners takes a more deliberate approach so that Managerial Ownership can profit from its ownership.*

Keywords: Good Corporate Governance, Company Financial Performance, State Owned Enterprises (BUMN).

I. INTRODUCTION

Nearly all businesses in this era of globalization practice good corporate governance (GCG). In order to survive in the face of the changes and challenges of globalization in the 21st century and accompanied by the Covid 19 outbreak that spread in 2020–2021, good corporate governance, herein abbreviated as GCG, has become a global phenomenon that every company or corporation is required to develop and implement. Etymologically the term "governance" means "government", while Corporate Governance (CG) is defined as "corporate governance". Corporate Governance (CG) is defined as an art and at the same time a key management strategy in the business environment or the private sector that determines the level of corporate success in achieving high profile conditions, financial performance and the best corporate performance.(Sonmez & Yildırım, 2015). As for the news on cases of problematic management of BUMN companies or GCG that have never worked in Indonesia which are related to the company's financial performance, among others;

On violations of compliance PT. Jamsostek (Persero) represents insurance companies and BUMN which represent the largest customers. When PT Jamsostek was preparing to transform into BPJS Employment, which would administer work-related accident, old-age, pension and death benefits as of January 1 2014, the Supreme Audit Agency (BPK) found several violations of the state-owned company's compliance. A financial audit of PT Jamsostek's 2011 financial accounts revealed anomalies worth more than Rp 7 trillion. In his paper, BPK RI member VII Bahrullah Akbar listed four BPK conclusions on the 2011 Jamsostek financial report that were in violation of the norms. The first infraction discovered was that Government Regulation 22/2004 was not followed when Social Security established an Old Age Guarantee Program Development Fund (JHT) of IDR 7.24 trillion. Second, because of the adoption of programme rates that are outside the rules, Social Security loses the chance to receive contributions. Because they did not apply work accident security rates in accordance with laws, possible lost Social Security revenues in 2011 were Rp 36.5 billion. The third finding is that Jamsostek has not settled on problematic ex-investment assets, namely guaranteed medium term notes (MTN). The assets that have not yet been completed are PT Sapta Prana Jaya's MTN ex-collateral land worth IDR 72.25 billion and PT Volgren Indonesia's ex-CBM collateral assets. Finally, BPK sees that there are still some weaknesses in monitoring investment receivables. PT Jamsostek's control and monitoring of overdue receivables and deposit interest is not fully adequate. Due to the implementation of programme rates that are against the rules, Jamsostek loses out on possible payments. Because they did not apply work accident security rates in accordance with laws, possible lost Social Security revenues in 2011 were Rp 36.5 billion. The third finding is that Jamsostek has not settled on problematic ex-investment assets, namely guaranteed medium term notes (MTN). The assets that have not yet been completed are PT Sapta Prana Jaya's MTN ex-collateral land worth IDR 72.25 billion and PT Volgren Indonesia's ex-CBM collateral assets. Finally, BPK sees that there are still some weaknesses in monitoring investment receivables. PT Jamsostek's control and monitoring of overdue receivables and deposit interest is not fully adequate. Jamsostek loses potential dues because there is an application of program rates that are not in accordance with the provisions. Because they did not apply work accident security rates in accordance with laws, possible lost Social Security revenues in 2011 were Rp 36.5 billion. The third finding is that Jamsostek has not settled on problematic ex-investment assets, namely guaranteed medium term notes (MTN). 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PT. Waskita Karya (Persero) Tbk, revealed the scandal of one of the service SOEsconstruction that is suspected of engineering financial statements deserves in-depth scrutiny. The State Ministry for State-Owned Enterprises (BUMN) has officially suspended three directors of PT Waskita Karya (Persero) due to overstatement of net profit in the 2004-2008 financial statements. The discovery of this case began during the examinationrestore the balance sheet in the framework of the issuance of initial shares. Inappropriate records were discovered by the incoming President Director, M. Choliq, who was previously the Director of Finance for PT Adhi Karya (Persero) Tbk. The excess in recording a net profit of IDR 500 billion was discovered when a thorough financial report audit was carried out following the change of directors in 2008. The Directors have been engineering finances since the 2004-2008 financial year by including projections of future multi-year project revenues as income for a certain year(NP Boys, 2022).

PT. Garuda Indonesia (Persero) Tbk, suffered a loss during the first half of IDR 185.73 billion. Garuda's revenue actually rose from 7.75 trillion to Rp 11.21 trillion. However, Garuda's operating expenses soared higher compared to the previous period. Pressure on GIAA's shares was actually pressured by financial performance. Market participants were initially upbeat about the company's success in early 2016. However in the second and third quarters of 2016, the business's performance fell. In comparison to the same period the year before, when PT Garuda Indonesia Tbk recorded a profit of US$50.12 million, the company's third quarter of 2016 had a loss of US$44 million attributable to owners of the parent organisation. Operating revenue for the company increased marginally to US$ 2.86 billion in the third quarter of 2016 from US$ 2.84 billion in the same quarter of 2015. This is very ticklish and not appropriate. Because so far the company PT. According to him, Garuda Indonesia (Persero) has implemented GCG principles, thus winning the award as The Most Trusted Company twice in a row in 2009 and 2010. With this award, Garuda is considered very trusted in terms of transparency, accountability, responsibility, independence and fairness.(Judge, 2022).

These three state-owned companies were chosen, because these companies can be taken as examples in terms of bad GCG implementation, or in other words, problematic company management. Even though BUMN is a corporation which is one of the hopes as a driving force for the economy in Indonesia in an effort to improve people's welfare, however this has not been fully realized in boosting the Indonesian economy. Due to irregularities within BUMN, the state and society have suffered losses, necessitating BUMN reform, one of which is implementing sound corporate governance standards. This demonstrates the significance of Indonesian firm management.

According to the ASEAN Corporate Governance Association's (ACGA) 2018 Corporate Governance Watch (CG Watch) research, of the other 12 ASEAN nations, Indonesia has the worst corporate governance implementation. On rankings for public and government governance, regulators, reform, enforcement, and investors, Indonesia is rated poorly (Zhou et al., 2018). This study, titled "The Impact of Good Corporate Governance Aspects on Business Financial Performance (Studies on State-Owned Enterprises / BUMN Firms Listed on the Indonesia Stock Exchange Period 2017 - 2021)," was conducted based on these issues and situations.

II. MATERIALS AND METHODS

A) Literature Review

a. Agency Theory

According to (Saletti-cuesta et al., 2020) there is typically a division between business owners and management, which will have an impact on how quickly a firm grows. Conflict within the firm is a result of the ownership gap that exists between the management who runs the business and the owner of it. Both parties frequently consider how to advance their individual interests when a conflict starts. While managers concentrate on pursuing their own interests, shareholders will be concerned with boosting the value of their shares. The existence of management who can commit fraud to get higher profits makes company owners or shareholders distrust every action taken by management. With the emergence of various problems it will add to the conflict between shareholders and the management team which has a negative impact on the company. This conflict is known as the agency problem (Saletti-cuesta et al., 2020). According to (Budiman & Miharjo, 2012), agency problem is a problem caused by managers' decisions to put their own personal ambitions ahead of those of the organisation.

b. Stakeholder Theory

The Stanford Research Institute coined the term "stakeholder" in 1963. "Any group or person who can affect or be affected by the fulfilment of an organization's purpose" is referred to as a stakeholder. Those who can affect or have an impact on the process of accomplishing organisational goals are known as stakeholders (Freeman, R. E, 1984). The ability of the company to adapt to the environment increases with the strength of stakeholder support. The discussion between the corporation and its stakeholders includes social transparency. (Gray et al., 1995). The rights and interests of stakeholders must be fulfilled so that the success of corporate governance in the long term can be achieved. The main stakeholders who also influence the implementation of GCG include: shareholders, investors, customers, suppliers, government, natural environment, local communities. (Galbreath Jeremy, 2006). A relationship must be established between the corporation and the stakeholder or stakeholder(s) in line with the fairness and equity principle based on the rules that are applicable to each party.

c. Independent Board of Commissioners

The finest position to do the monitoring task in order to develop a business with sound corporate governance is that of Independent Commissioner. Research by Barnhart & Rosenstein published in 1998 in Lastanti on "Board Composition, Managerial Ownership, and Firm Performance" demonstrated that the independence and effectiveness of the corporate board were directly correlated with the proportion of outside directors (independent commissioners) on the board. This correlation improved the financial performance of the company. The objective of the Independent Commissioner is to balance the board of commissioners' decision-making. Managers cannot be prevented from promoting their own interests by the presence of an independent board of commissioners, making it challenging to meet the firm's goal of maximising company profitability owing to conflicts of interest.

H1: Independent Board of Commissioners Influences the Company's Financial Performance

d. Institutional Ownership

Shares controlled by an institution are referred to as institutional ownership. According to agency theory, institutional ownership in a firm acts as a higher-level monitoring mechanism than company managers, encouraging them to be more cautious while handling the company's money. Institutional ownership's impact on financial performance Institutional ownership concentration will make it easier for them to exert control over the business, which will improve performance.

H2: Institutional Ownership Affects Company Financial Performance.

e. Managerial ownership

An indication that management owns stock in a company and actively participates in corporate decision-making is the possession of shares by management. The goal of management share ownership is to harmonise the interests of shareholders and management. According to (Jensen & Meckling, 1979), the better the financial performance of the organisation, the less likely management will be to overuse resources and cut agency costs as a result of conflicts of interest. This is due to the fact that management who is involved in the firm through managerial ownership will feel like they own the company, so all actions made by management will be carefully considered as they will all affect him.

According to research by Waskito and Drs. Suyatmin (2014), managerial ownership has a favourable and significant impact on the financial performance characteristics of the organisation. studies by (Hermiyetti & Katlanis, 2017) The findings demonstrate that managerial ownership and institutional ownership have a favourable and significant impact on the variables relating to the company's financial success. According to research by Indarti & Extaliyus (2013), managerial ownership has a good and considerable impact on the financial success of the organisation. The findings of this study are consistent with those of Lestari and Juliarto's (2017) study, which found that managerial ownership positively impacts financial success as evaluated by ROA and ROE.

H3: Managerial Ownership Influences Company Financial Performance.

f. Audit Committee

In order to help the board of commissioners carry out its overall supervision duties, the audit committee has a separate duty. Theoretical and practical support for establishing a cross-sectional relationship between audit committees and corporate financial performance may be found in a number of earlier studies. In order to demonstrate the influence of the audit committee and the calibre of the company's financial performance, this study draws on secondary data from earlier studies. In other words, it is anticipated that there would be a link between the success of the company and its audit committee members. Similar to earlier research by David Han-Min Wang and Quang Linh Huynh, which found a link between the audit committee and improved financial results. The audit committee's role is to help the board of commissioners in carrying out its overall supervisory duties. The committee's role is to support the board of commissioners in carrying out the supervisory duty of financial reports and the execution of GCG. The committee operates professionally and independently.

H4: The Audit Committee Has an Influence on the Company's Financial Performance

III. RESEARCH METHODS

Causal associative research using quantitative methods is the sort of research used in this study. State-owned businesses that are listed on the Indonesia Stock Exchange (IDX) for the years 2017 through 2021 make up the study's population. Purposive sampling was the chosen sample technique for this study. Throughout the period of 2017 to 2021, 27 state-owned enterprises that are currently listed on the Indonesia Stock Exchange (IDX) have done so continuously. Of the 27 firms, 12 are SOE subsidiaries that have gone public and are listed on the Indonesia Stock Exchange (IDX), while 15 BUMN corporations, state-owned holding companies, are also listed on the IDX.

The State Minister for BUMN's Regulation No. PER-03/MBU/2012 of 2012 regarding Guidelines for the Appointment of Members of the Board of Directors and Members of the Board of Commissioners of Subsidiaries of State-Owned Enterprises ("Permeneg BUMN 3/2012") specifies what constitutes a BUMN subsidiary. A BUMN subsidiary is a limited liability company whose shares are primarily owned by a BUMN or a limited liability company controlled by a BUMN, according to Article 1 Number 2 of the Minister of State-Owned Enterprises Regulation 3/2012. According to the explanation given above, it is evident that BUMN subsidiaries, including BUMN Persero, are not a part of BUMN because BUMN owns their shares instead of the government. 75 research samples were used in the study since 15 state-owned businesses that operated for a period of five years matched the criteria for inclusion.

Table 1: Purposive Sampling Results

No	Criteria Sample	Amount
1	All state-owned companies listed on the Indonesia Stock Exchange (IDX) for the 2017 – 2021	**27**
2	There are BUMN Subsidiaries listed on the Indonesia Stock Exchange IDX in the 2017 – 2021 period (12)	**(12)**
	SAMPLE	**15**
	RESEARCH DATA X 5 YEARS	**75**

$$KK = \alpha + \beta 1\ (KI) + \beta 2\ (PDK) + \beta 3\ (KM)\ \beta 4\ (PKA) + \varepsilon \quad ....(1)$$

Information:

KK	: Financial performance
KI	: Institutional Ownership
PDK	:Percentage of Independent Commissioners
km	: Managerial ownership
PKA	:Audit Committee presentation
α	: Regression equation constants
ß1,2,...,13	: The coefficient on each variable
ε	: Estimated possible error

IV. RESULTS AND DISCUSSION

A) Descriptive Statistical Analysis

Table 2 : Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
DKI	75	.222	1,000	.66444	.308110
KI	75	.050	.999	.68877	.313533
km	75	.121	22,472	1.79429	1.235064
ka	75	.333	.667	.60000	.134231
ROE	75	.420	30,020	6.47413	5.575271
Valid N (listwise)	75				

The Board of Independent Commissioners who were sampled for the study's computations determined that the minimum value was 0.22 and the greatest value was 1. As comparison to the average value of 0.66, the standard deviation was 0.308 smaller. The average value that is higher than the standard deviation shows that independent commissioners' standing in BUMN corporations is generally favourable.

The results of the calculations used to determine institutional ownership in this study's sample revealed that the minimum value was 0.05 and the greatest value was 0.999. Less than the average value of 0.688 is the standard deviation of 0.313. This demonstrates that the data variance on institutional ownership is often acceptable.

The study's sampling results for the calculation of managerial ownership revealed that the minimum value was 0.12 and the maximum value was 22.4. The average value is 1.79, while the standard deviation is 1.23. Generally speaking, businesses whose share ownership is dominated by management parties in BUMN corporations are those whose average value is higher than the standard deviation.

The Audit Committee's computation results, which served as samples for this study, revealed that the minimum value was 0.333 and the maximum value was 0.667. The standard deviation of 0.134 is less than the average of 0.600, which is less. The average number that is higher than the standard deviation shows that the audit committee's position in BUMN corporations is generally favourable.

The Financial Performance (ROE) calculation values that were sampled for this study had a minimum value of 0.420 and a maximum value of 30.02. The 5.57 standard deviation figure is less than the 6.47 average. The fact that the average value is higher than the standard deviation suggests that BUMN firms' financial performance is generally favourable.

B) Data Normality Test

Table 3: Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		75
Normal Parameters[a], [b]	Means	.0000000
	std. Deviation	5.81557408
Most Extreme Differences	absolute	.153
	Positive	.153
	Negative	-.107
Test Statistics		.153
asymp. Sig. (2-tailed)		.200c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

It is evident from table 3's normality test findings that the Sig value is 0.200. The residual data are regularly distributed and can be used in this investigation because their value is 0.200 > 0.05.

C) Multicollinearity Test

Table 4: Multicollinearity Test Results
Coefficientsa

Model		Unstandardized Coefficients		Collinearity Statistics	
		B	std. Error	tolerance	VIF
1	(Constant)	7.119	4,066		
	DKI	.723	2,332	.936	1,068
	KI	.616	2,282	.944	1,059
	km	.831	.249	.902	1.109
	ka	.720	5,325	.946	1058

a. Dependent Variable: ROE

According to Table 4's multicollinearity test findings, the tolerance value is greater than 0.1 and the VIF value is less than 10. It can be said that the regression model used in this study does not have a multicollinearity issue.

D) Autocorrelation Test

Table 5: Autocorrelation Test Results
Summary modelb

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.467a	.518	.573	5.979425	1989

a. Predictors: (Constant), KA, KI, DKI, KM
b. Dependent Variable: ROE

The results of the autocorrelation test in table 5 show that the Durbin-Watson Satt (d) value is 1.989, where the number of samples (n) is 75 and the number of independent variables (k) is 4. So the Durbin-Watson table shows the value of dL = 1.5151, dU value = 1.7390 and 4-dU value = 4 – 1.7390 = 2.261. The results from the Durbin-Watson table above, the DW value of 1.989 is greater than the dU value of 1.7390 and the 4-dU value of 2.261 is greater than the dU value of 1.7390 which means that in this study there was no autocorrelation.

E) Heteroscedasticity Test

Table 6: Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	5,281	2,483		-2,126	.037
	DKI	2,781	1,424	.213	1953	055
	KI	4,568	1,393	.356	3,278	072
	km	068	.152	.050	.448	.655
	ka	7,632	3,252	.255	2,347	092
a. Dependent Variable: Abs_Res						

According to table 6's heteroscedasticity test findings,

Given that the probability value for the Independent Board of Commissioners is 0.055 > 0.05, H0 is accepted, indicating that there is no heteroscedasticity.

As the likelihood of institutional ownership is 0.072 > 0.05, H0 is accepted, indicating that there is no heteroscedasticity.

A probability value of 0.655 > 0.05 for managerial commissioners indicates that there is no heteroscedasticity, and hence H0 is accepted.

Given that the probability value for the Audit Committee is 0.092 > 0.05, H0 is accepted, indicating that there is no heteroscedasticity.

F) Regression Analysis Test

Table 7: Regression Analysis Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.119	4.066		1.751	.084
DKI	.723	2.332	.174	1.596	.115
KI	.616	2.282	.220	2.023	.047
KM	.831	.249	.371	3.334	.051
KA	.720	5.325	.321	2.952	.004

a. Dependent Variable: ROE

The regression equation's interpretation is as follows:

The α constant of 7.119 states that if the Institutional Board of Commissioners, Institutional Ownership, Managerial Ownership and Audit Committee are constant or zero, then the Company's Financial Performance is 7.119.

Regression coefficient for the Independent Board of Commissioners is 0.723. This demonstrates a positive relationship between the Independent Board of Commissioners and the Company's Financial Performance. In other words, if the Independent Board of Commissioners increases by one unit, the Company's Financial Performance will increase by 0.723, assuming Managerial Ownership, Institutional Ownership, and Audit Committee value remain constant or are equal to zero.

Regression coefficient for institutional ownership is 0.616. This demonstrates that there is a positive correlation between institutional ownership and company financial performance, which means that if institutional ownership increases by one unit, the company's financial performance will increase by 0.616 units, assuming that managerial ownership, an independent board of commissioners, and the audit committee all have constant or zero values.

Regression coefficient for managerial ownership is 0.831. Thus, if Managerial Ownership increases by one unit, the Company's Financial Performance will increase by 0.831 units, assuming Institutional Ownership, an Independent

Board of Commissioners, and the Audit Committee all have constant or zero values. This demonstrates the positive relationship between Managerial Ownership and the Company's Financial Performance.

The regression coefficient for the Audit Committee is 0.720. This demonstrates that there is a positive relationship between the Audit Committee and the Company's Financial Performance; for example, if the Audit Committee grows by one unit, the Company's Financial Performance will grow by 0.720, assuming Managerial Ownership, Institutional Ownership, and Independent Board of Commissioners have constant or zero values.

G) *Statistical Test F*

Table 8: Statistical Test Results F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	696.583	4	174.146	4.871	.002[b]
	Residual	2502.747	70	35.754		
	Total	3199.330	74			

a. Dependent Variable: ROE

b. Predictors: (Constant), KA, KI, DKI, KM

4,871 is the probability F, and 0.002 < 0.05 is the significance value. This demonstrates that the significance value is less than the 0.05 error level. This indicates that the Independent Board of Commissioners, Institutional Ownership, Managerial Ownership, and the Audit Committee are all independent variables that simultaneously have a considerable impact on the Company's Financial Performance (ROE).

H) Determination Coefficient Test

Table 9 : Test Results for the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.467[a]	.518	.573	5.979425

Predictors: (Constant), KA, KI, DKI, KM

Dependent Variable: ROE

Table 9 above shows that the corrected R square value is 0.573. This indicates that 57.3% of the dependant variable's contribution can be accounted for by the independent factors, whereas 42.7% is explained by other variables not examined in this study.

I) Partial Significance Test (t-test)

Table 10: t test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.119	4.066		1.751	.084
DKI	.723	2.332	.174	1.596	.115
KI	.616	2.282	.220	2.023	.047
KM	.831	.249	.371	3.334	.051
KA	.720	5.325	.321	2.952	.004

a. Dependent Variable: ROE

The dependant variable, Financial Performance Firm (ROE), has the following partial impact on the independent variable, according to the partial test results:

Based on the aforementioned table, it is known that the Independent Board of Commissioners' regression coefficient has a positive value of 0.723, its t statistic value is 1.596, and its probability value is 0.115 > 0.05, indicating that H1 is rejected and that the Independent Board of Commissioners has no bearing on the Company's Financial Performance.

Based on the aforementioned table, it is known that Institutional Ownership positively influences the Company's Financial Performance because its regression coefficient has a positive value of 0.616, its t statistic value is 2.023, and its probability value is $0.047 < 0.05$. Hence, H2 is accepted.

Based on the above table, it is known that Managerial Ownership has a positive regression coefficient with a value of 0.831, a t statistic value of 3.334, and a probability value of $0.051 > 0.05$, indicating that H3 is rejected and that Managerial Ownership has no impact on the Company's Financial Performance.

The Audit Committee effects the Company's Financial Performance, as shown by the above table, where the Audit Committee's regression coefficient is positive at 0.720, the t statistic value is 2.952, and the probability t statistic is 0.004 < 0.05. Hence, H4 is accepted.

V. DISCUSSION

The following research outcomes are discovered as a result of the tests that have been run:

A) The Influence of the Independent Board of Commissioners on the Company's Financial Performance

The Financial Performance of the Firm is not significantly impacted by the Independent Board of Commissioners. The Independent Board of Commissioners' size has no bearing on the financial performance of the company. The fact is supported by the provisions of Article 19 of Financial Services Authority Regulation Number 57/POJK.04/2017 regarding the governance of securities companies that engage in business as underwriters and securities brokers, which state: In the event that the Board of Commissioners consists of more than 2 (two) people, the percentage of Independent Commissioners must be at least 30% (thirty percent) of the total number of members of the Board of Commissioners. Additionally, it is important to take into account the company's condition, which includes its capabilities, size, achievement of goals, and satisfaction of various business needs among state-owned businesses, in order to prevent a Board of Commissioners with an excessive number of members from impairing the Board's ability to carry out its duties in a manner that negatively impacts the Company.

In the Financial Services Authority number 57/POJK.04/2017Articles 26 and 27, namely the Board of Commissioners must hold a meeting of the Board of Commissioners by inviting the Board of Directors to discuss indications of violations of the provisions of laws and regulations in the financial services sector no later than 3 working days after the indications of violation are known and the Board of Commissioners must hold a meeting of at least 1 (one) times in 3 (three) months and held if attended by a majority of all members of the Board of Commissioners. Together with making sure that the board of directors actually improves the company's financial performance, the Board of Commissioners plays a critical role in monitoring the board of directors' performance and ensuring that it is created in accordance with stakeholders' interests. The Independent Board of Commissioners was unable to ensure that the company's plan would be carried out in this study.

According to Aziz and Hartono (2017), Ekshandy (2018), and Saputra (2019), the Independent Board of Commissioners variable has no impact on financial performance. The study's findings are consistent with these findings. It demonstrates that a company's ability to make sound decisions does not necessarily depend on the size of the commissioner.

B) Effect of Institutional Ownership on Company Financial Performance

The Financial Performance of the Business is Significantly Affected by Institutional Ownership. More investor control brought on by institutional ownership will improve the company's financial performance and dissuade management from acting opportunistically. Such that institutional investors are seen as being able to effectively oversee every management decision.

According to Dewi (2017) research, institutional ownership significantly and favourably affects a company's financial performance. Managerial Ownership and Institutional Ownership have a good and significant impact on the Company's Financial Performance, according to research by Hermiyetti and Katlanis (2017). According to Affes (2013) research, institutional ownership significantly and favourably affects a company's financial performance.

C) The Effect of Managerial Ownership on Company Financial Performance

The financial performance of the company is not significantly impacted by managerial ownership. The management of the company cannot utilise the distribution of managerial share ownership as a monitoring tool to enhance the financial performance of the company. With direct access to the internal workings of the company, the management who holds shares is aware of the true state of the business and will decide whether or not to proceed with the investment.

The financial performance of the company is unaffected by managerial ownership because the market does not consider managerial ownership when evaluating investments. Where the percentage of managerial share ownership has not been able to successfully bring together the interests of managers and owners in order to inspire managers to take action to improve the company's financial performance. In other words, the number of shares held by management has not been able to diminish the agency conflict in the company's decision-making processes so that the management's holding of shares does not effect the financial performance of the company.

Wiranata & Nugrahanti (2013), who claim that managerial ownership has no bearing on financial performance, support the findings of this study. However, Waskito (2014), who conducted a different study, contends that managerial ownership variables have a positive and significant impact on the company's financial performance variables. The financial performance of the company is positively and significantly impacted by managerial ownership and institutional ownership, according to research by Hermiyetti and Katlanis (2017). According to research done by Indarti and Extaliyus (2013), management ownership significantly improves a company's financial success. The findings of Umalomwa and Olamide's (2012) study demonstrate that managerial ownership significantly improves corporate performance. The management who owns shares of course already knows the real condition of the company because he has direct access to the internal company and he will ensure that the investment is successful. With fewer conflicts of interest that will occur in the company because managers are owners of company shares who are also oriented towards the progress of the company. So in line with (Bhagat & Bolton, 2013; Hermiyetti & Katlanis, 2017; Saifi, 2019) who found that when the interests of company owners and managers are aligned it will produce a positive influence on the company With fewer conflicts of interest that will occur in the company because managers are owners of company shares who are also oriented towards the progress of the company. So in line with (Bhagat & Bolton, 2013; Hermiyetti & Katlanis, 2017; Saifi, 2019) who found that when the interests of company owners and managers are aligned it will produce a positive influence on the company With fewer conflicts of interest that will occur in the company because managers are owners of company shares who are also oriented towards the progress of the company. So in line with (Bhagat & Bolton, 2013; Hermiyetti & Katlanis, 2017; Saifi, 2019) who found that when the interests of company owners and managers are aligned it will produce a positive influence on the company

D) The Influence of the Audit Committee on the Company's Financial Performance

The financial performance of the company is significantly influenced by the Audit Committee. The size of the Audit Committee may be utilised as a means of internal control to enhance the management of the company's financial performance. The Audit Committee is said to be capable of serving as a point of contact between the management and the independent board of commissioners in order to monitor the operation of the business and enhance its financial performance. The governing regulation is OJK Regulation Number 55/POJK.04/2015 regarding the Establishment and Guidelines for the Implementation of Audit Committee Work, which replaces Bapepam Regulation Number KEP- 643/BL.2012. It calls for three members, including an independent commissioner who also serves as chairman; an independent party with financial or accounting expertise; and two other members.

The findings of this study are consistent with studies by Yuliani and Sukirno (2018), indicating that the audit committee's size can maximise oversight of the financial reports' presentation. Every business that has registered on the IDX has put in place guidelines for the size of the audit committee in compliance with the laws that apply. The audit committee's supervisory role, when correctly carried out, can raise the calibre of the company's financial reports.

This study's findings disagree with those of Riamardhani et al. (2016), Bansal and Sharma (2016), Aziz and Hartono (2017), and Honi et al. (2020), which demonstrate that the audit committee has no impact on financial performance. It demonstrates that the audit committee is actively discharging its tasks because oversight is failing.

VI. CONCLUSION

The following can be deduced from research findings on "The Impact of the Aspects of Good Corporate Governance on Business Financial Performance (Studies of State-Owned Enterprises / BUMN Firms Listed on the Indonesia Stock Exchange Period 2017 - 2021)":

The Financial Performance of the Firm is unaffected by the Independent Board of Commissioners. This demonstrates how little influence the Independent Board of Commissioners' internal members have had over the company's financial performance oversight. The study's conclusion suggests that the Independent Board of Commissioners can serve more as a mediator in conflicts between internal managers, oversee the company's financial performance, and give management advice on how to improve the performance, such as by holding agendas for meetings frequently and implementing the outcomes of discussions that are more carefully planned to build and improve the financial performance of the company.

The financial performance of the company is impacted by institutional ownership. As a result of the substantial institutional ownership, management is better able to use institutional investors' ability to intervene to improve the company's financial performance. This study suggests that institutional ownership actively contributes to lowering the risk level of the businesses in which they invest their funds.

The financial performance of the company is unaffected by managerial ownership. This indicates that Managerial Ownership has not yet experienced the advantages of ownership and a strong sense of responsibility for the company's financial performance. As a result, the implications of this study on Managerial Ownership must do more to motivate management to concentrate on enhancing the company's financial performance so that they can produce or demonstrate good company financial performance and enjoy the benefits of ownership.

The financial performance of the company is influenced by the audit committee. The conclusions of this study suggest that the Audit Committee has performed its tasks and obligations and is seen as qualified to contribute to the competent oversight necessary to continuously raise the company's financial performance.

VII. REFERENCES

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