

The Effect of Good Corporate Governance, Company Size, Ownership Structure on Financial Performance in Food and Beverage Companies Listed on the Indonesia Stock Exchange 2010-2016

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ARTICLE INFO	ABSTRACT
Article history: Received Jul 12, 2020 Revised Aug 17, 2020 Accepted Sep 22, 2020 Keywords: Independent commissioners; audit committee; Size Company managerial ownership; financial performance.	This study aims to determine the effect of good corporate governance, size, managerial ownership of financial performance of food and beverage company in Indonesia stock exchange in the period 2010-2016. The study population of 17 companies. The sampling method used is purposive sampling method, in order to obtain a sample of 10 companies for 7 years of observation (2010-2016) with 70 observations (observation). Data were obtained from a sample of companies that are downloaded from the Indonesia Stock Exchange website. The data analysis technique used is descriptive statistical analysis and regression analysis. The process of data analysis done first is descriptive statistics, classical assumption test, multiple regression analysis and then test the hypothesis. The results of this study indicate the independent commissioner, audit committee, size and managerial ownership no partial effect of financial performance. While the result simultaneously the independent commissioner, audit committee, size and managerial ownership simultaneously of financial performance. <i>This is an open access article under the CC BY-NC license.</i>



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1. INTRODUCTION

The issue of corporate governance internationally begins with the largest scandal in the history of the capital market and the largest form of corporate corruption in the history of the United States that occurred at the company Enron which is engaged in electricity, natural gas, pulp and communications. The Enron scandal was carried out by the company's executives, by marking up the company's profit of US\$ 600 million, and hiding its debt of US\$ 1.2 billion. This case dragged KAP Arthur Anderson, who is an Enron auditor, which resulted in Arthur Anderson being closed globally

Financial performance is a description of the company's financial condition in a certain period regarding aspects of fund raising and distribution of funds, which are usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006: 239).

Good financial performance is indicated by the company has implemented corporate governance, this can be expected to increase the transparency of financial reporting and company performance. Transparency of financial reporting will make interested parties such as stakeholders from the management and investors more confident to take a decision. Good financial reports indicate that management is running the company effectively and efficiently.

The company's financial performance is measured using profitability, if the company has high profitability, it is able to give confidence to investors for their investment in the company. There are many tools that can be used to measure profitability, one indicator of profitability analysis is Return on Assets (ROA), ROA is a form of profitability ratio that is used as a tool to measure the company's ability with the overall funds invested in assets used for company operations so that make profit

To encourage the implementation of the principles of good corporate governance, the idea of an "additional organ" emerged in the company structure. These additional organs are expected to improve the implementation of good corporate governance in companies in Indonesia and increase protection for creditors. These additional organs are; Independent Commissioner, Independent Director, Audit Committee, and Corporate Secretary The existence of these four additional organs is expected to make the management of the company better. (Surya and Yustivandana, 2008:132)

In this study, good corporate governance that is discussed and investigated is independent commissioners and audit committees. Independent commissioners may not be affiliated with management, members of the board of commissioners, and are free from business relationships that may affect their ability to act independently. An independent commissioner is a commissioner who is not a member of management, majority shareholder, official or in any other way related directly or indirectly to the majority shareholder of a company that oversees the management of the company. (Surya and Yustivandana 2008:135)

One of the additional committees to assist the function of the board of commissioners in carrying out their duties is the audit committee. An audit committee is formed to assist with supervisory tasks, such as overseeing the company's control system. The company's performance will be good if the company's control is also good, one of which is the existence of an audit committee. The audit committee is a committee consisting of one or more members of the board of commissioners. Audit committee members can come from outsiders with various skills, experience and other qualities needed to achieve the objectives of the audit committee. The audit committee must be free from the influence of the board of directors, external auditors and only responsible to the board of commissioners. (Surya and Yustivandana, 2008:145)

In this study, the ownership structure discussed is managerial ownership, managerial ownership is the number of shares owned by management personally and shares owned by subsidiaries and affiliates. Share ownership by the company's management as measured by the percentage of the number of shares owned by management divided by the total shares outstanding.

According to Darmawati as stated by Nurcahyo (2014), company size reflects how big the total assets owned by the company are. The total assets owned by the company describe the capital, as well as the rights and obligations it has. The larger the size of the company, it is certain that the larger the funds managed and the more complex the management will be. Large companies basically have greater financial strength in supporting performance, but on the other hand companies are faced with bigger agency problems.

The company ownership structure consists of two types, namely the ownership structure that is spread (dispersed ownership) to outside investors (public shareholders) and the ownership structure that is concentrated on a handful of shareholders (concentrated ownership). (Surya, 2008:36).

The company's financial performance is one of the basic assessments of the company's financial condition which is carried out based on an analysis of the company's financial ratios to be able to see the company's condition and the company's level of success in carrying out its operational activities (Munawir, 2010:30). Financial performance is a description of the company's financial condition in a certain period, both regarding aspects of raising funds and channeling funds which are usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006:39). Assessment of company performance can be seen in terms of financial statement analysis and in terms of changes in stock prices. The purpose of performance appraisal is to motivate employees in achieving organizational goals and in complying with predetermined standards of behavior in order to differentiate between desired outcomes and actions. Standards of behavior can be in the form of management policies or formal plans as outlined in the budget.

2. RESEARCH METHOD

2.1 Types of research

The research design used by the researcher is an associative design, namely research that aims to determine the relationship between two or more variables (Erlina, 2008:34).

2.2 Measurement of Research Variables

independent variables used in this study: independent commissioner; audit committee; Company size; Managerial ownership. Financial performance is one of the measuring tools used by users of financial statements in measuring or determining the extent of the company's achievements.

2.3 Population and Research Sample

The population of this study are food and beverage companies listed on the Indonesia Stock Exchange (IDX). The sample companies in this study were selected based on certain criteria, namely: Food and beverage companies listed on the Indonesia Stock Exchange from 2010 to 2016 did not experience a negative return on assets; Independent commissioners may not have two positions in the structure of the board of commissioners; Total assets in the company above 500 billion; The percentage of managerial ownership is above 50%.

2.4 Data Types and Sources

The data that will be used in this study is secondary data taken from the company's financial statements for 2010-2016.

2.5 Method of collecting data

In this research, data collection is done by collecting secondary data in the form of annual reports of food and beverage companies that are published and listed on the Indonesia Stock Exchange (IDX) by downloading through the www.idx.co.id site.

2.6 Data analysis technique

a. Descriptive statistics

Descriptive statistics provide an overview or description of a data seen from the average value (mean), median, mode, standard deviation, maximum and minimum.

b. Classic assumption test

The classical assumption test has the aim of knowing and testing the feasibility of the regression model used in this study. The conditions that must be met are that the data must be normally distributed, multicollinearity, heteroscedasticity and autocorrelation.

c. Multiple Linear Regression Analysis

d. Hypothesis testing

Testing this hypothesis is useful for checking or testing whether the regression coefficient obtained is significant or statistically its value is not equal to zero. Hypothesis tests include testing the coefficient of determination R², simultaneous testing (F test) and individual parameter significant tests (t-test).

3. RESULTS AND DISCUSSIONS

3.1 Descriptive Statistical Analysis

Descriptive statistics provide an overview of the average (mean), standard deviation, maximum, and minimum values of the dependent variable and the independent variable. The following are the results of descriptive statistical research.

Table 1. Descriptive statistics

	N	Minimum	Maximum	mean	Std. Deviation
ROA	70	.01	.67	.1343	.12204
DKI	70	.20	.50	.3538	.05850
KA	70	.50	3.00	1.7714	.57537
UKP	70	27.07	32.15	28.8843	1.41209
SKM	70	.50	.93	.7311	.14517
Valid N (listwise)	70				

Based on the descriptive statistical tests above, the results are as follows: The ROA variable has the lowest value of 0.01, the highest value of 0.67 with an average value of 0.1343 and a standard deviation of 0.12204; The DKI variable has the lowest value of 0.20, the highest value is 0.50 with an average value of 0.3538 and a standard deviation of 0.05850; The UKP variable has the lowest value of 27.07, the highest value of 32.15 with an average value of 28.8843 and a standard deviation of 1.41209; The SKM variable has the lowest value of 0.50, the highest value of 0.93 with an average value of 0.73 and a standard deviation of 0.14517.

3.2 Classic assumption test

a. Normality test

Good data is data that is normally distributed which has a significance level > 0.05 . The normality test used is the Kolmogorov-Smirnov (KS) non-parametric statistical test. The following are the results of normality testing.

Table 2. Normality Test
One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual		
	N	70
Normal Parameters, b	mean	0E-7
	Std. Deviation	.66398187
	Absolute	.070
Most Extreme Differences	Positive	.070
	negative	-.063
Kolmogorov-Smirnov Z		.588
asympt. Sig. (2-tailed)		.880

a. Test distribution is Normal.

b. Calculated from data.

Based on table 2. it is known that the significance value is $0.880 > 0.05$. This means that the assumption of normality is met.

b. Multicollinearity Test

The multicollinearity test was conducted to determine whether the independent variables were correlated or not, which could be seen through the VIF value. A good regression model is a regression model that does not have multicollinearity. If the tolerance value is > 0.1 or $VIF < 10$, it means that there is no multicollinearity. The following are the results of the multicollinearity test:

Table 3. Multicollinearity Test
Coefficients^a

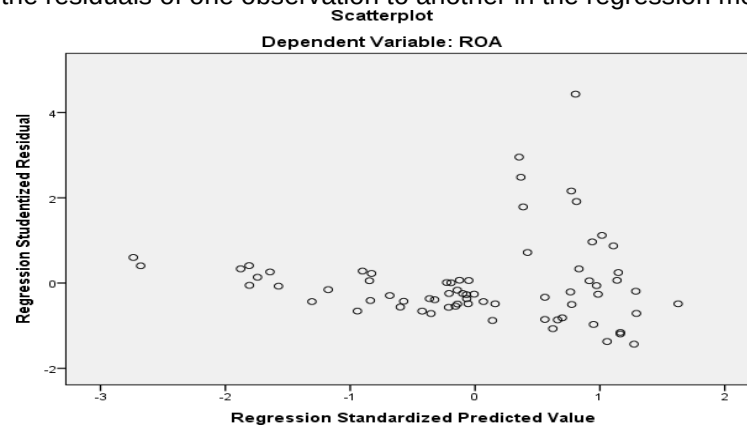
Model	Unstandardized		Standardized	T	Sig.	Collinearity Statistics	
	Coefficients		Coefficients			Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	.900	.764		1.177	.243		
DKI	-.006	.244	-.003	-.026	.979	.942	1.062
1 KA	-.031	.043	-.148	-.729	.469	.312	3.205
UKP	-.028	.022	-.328	-1.302	.197	.203	4.915
SKM	.154	.149	.183	1.031	.306	.412	2.428

a. Dependent Variable: ROA

Based on the test results, it can be seen that the VIF value of the DKI variable is 1.062; KA of 3, 205; UKP is 4, 915 and SKM is 2, 428 where each has a VIF value < 10. The tolerance value of the DKI variable is 0.942; KA of 0.312; UKP is 0.203 and SKM is 0.412, each of which has a tolerance value of > 0.10. So it can be concluded that in the regression model there is no multicollinearity.

c. Heteroscedasticity Test

The heteroscedasticity test was conducted to determine whether there was an inequality of variance from the residuals of one observation to another in the regression model. The test is



carried out through Figure 1. Scatterplot Graph

Note that based on Figure 1, there is no clear pattern, and the points spread above and below the number 0 on the Y axis, so there is no heteroscedasticity.

d. Autocorrelation Test

The autocorrelation test was conducted to determine whether in the regression model there was a correlation between the confounding error in period t and the previous period. A good regression model does not show autocorrelation which is indicated by $du < d < 4-du$. The test was carried out with the Durbin Watson Test. The following are the results of the autocorrelation test.

Table 4. Autocorrelation Test with Durbin-Watson Test
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.400 ^a	.160	.108	.115259	.160	3.089	4	65	.022	2.065

a. Predictors: (Constant), SKM, DKI, KA, UKP

b. Dependent Variable: ROA.

Based on the results of SPSS processing, the DW value is 2.065, the value of $du = 1.7351$ where $1.7351 < 2.065 < 2.2649$. It can be concluded that there is no autocorrelation.

e. Multiple Regression Analysis

Multiple linear regression analysis was conducted to determine the linear relationship between several independent variables and the dependent variable.

Table 5. Multiple regression analysis
Coefficients^a

	Model	Unstandardized Coefficients						
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.900	.764		1.177	.243		
	DKI	-.006	.244	-.003	-.026	.979	.942	1.062
	KA	-.031	.043	-.148	-.729	.469	.312	3.205
	UKP	-.028	.022	-.328	-1.302	.197	.203	4.915
	SKM	.154	.149	.183	1.031	.306	.412	2.428

a. Dependent Variable: ROA

Based on the results of the above processing can be obtained multiple linear regression equation as follows:

$$Y = 0,900 - 0,006 X_1 - 0,031 X_2 - 0,028 X_3 + 0,154 X_4 + e.$$

f. Research Hypothesis Testing Analysis

• R² Test (Coefficient of Determination)

The coefficient of determination test was conducted to find out how the ability of the independent variable in explaining the dependent variable was. A value close to one means that the independent variables can provide almost all the information needed to predict the dependent variable.

Table 6. Coefficient of Determination
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.400 ^a	.160	.108	.115259

- a. Predictors: (Constant), SKM, DKI, KA, UKP
 b. Dependent Variable: ROA

Based on Table 4.6 the value of the coefficient of determination is located in the R-Square column. It is known that the coefficient of determination is 0.160. This value means that all independent variables, namely independent commissioners, audit committees, company size and managerial ownership affect the financial performance variable (ROA) by 16%, and the remaining 84% is influenced by other factors. .

• Simultaneous Significant Test (F-Test)

This F test is used to determine whether there is a simultaneous (simultaneous) effect of independent (free) variables on the dependent (bound) variable.

Table 7. Simultaneous Effect Test with F . Test
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.164	4	.041	3.089	.022b
	Residual	.864	65	.013		
	Total	1.028	69			

- a. Dependent Variable: ROA
 b. Predictors: (Constant), SKM, DKI, KA, UKP

In table 4.8 the calculated F value > F table (3, 089 > 2.51) then Ho is rejected, meaning that the independent commissioner, audit committee, company size and managerial ownership of the company simultaneously affect financial performance (ROA).

• Partial Effect Significance Test (t Test)

The t-test was used to determine the effect of each independent variable, namely the independent commissioner (X1), audit committee (X2), firm size (X3), managerial ownership (X4) on the dependent variable, namely firm performance (Y).

Table 8. Partial Test (t Test)
Coefficients^a

Model	Unstandardized		Standardized	T	Sig.	Collinearity Statistics	
	Coefficients		Coefficients			Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	.900	.764		1.177	.243		
DKI	-.006	.244	-.003	-.026	.979	.942	1.062
1 KA	-.031	.043	-.148	-.729	.469	.312	3.205
UKP	-.028	.022	-.328	-1.302	.197	.203	4.915
SKM	.154	.149	.183	1.031	.306	.412	2.428

- a. Dependent Variable: ROA

Simultaneous testing shows the calculated F value > F table (3, 089 > 2.51) then Ho is rejected, meaning that the independent commissioner, audit committee, company size and managerial ownership of the company simultaneously affect financial performance (ROA).

4. CONCLUSION

Based on the results of hypothesis testing and referring to the formulation and objectives of this study, the following conclusions can be drawn:

- Partial testing shows that the independent commissioner variable has a value of $t_{count} < t_{table}$ where $-0.026 < 1.6681$ with a significance level of 0.979 greater than 0.05 so it can be stated that the independent commissioner has no effect on the financial performance variable (ROA).
- Partial testing shows the audit committee variable has a value of $t_{count} < t_{table}$ where $-0.729 < 1.6686$ with a significance level of 0.469 greater than 0.05 so it can be stated that the audit committee has no significant effect on the financial performance variable (ROA).
- Partial testing shows that the firm size variable has a value of $t_{count} < t_{table}$ where $-1.302 < 1.6686$ with a significance level of 0.197, which is greater than 0.05 so that it can be stated that firm size has no effect on the financial performance variable (ROA).
- Partial testing shows the managerial ownership variable has a value of $t_{count} < t_{table}$ where $1.031 < 1.6686$ with a significance level of 0.306 greater than 0.05 so it can be stated that managerial ownership has no effect on financial performance (ROA).
- Simultaneous testing shows the calculated F value $> F_{table}$ ($3.089 > 2.51$) then H_0 is rejected, meaning that the independent commissioner, audit committee, company size and managerial ownership of the company simultaneously affect financial performance (ROA).

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