

## An Empirical Study on Good Corporate Governance (GCG) and Financial Governance: Firm Size as Control Variable

Asrudin Hormati <sup>1, </sup>, Nurdin <sup>1, </sup>, Rinto Syahdan <sup>1, </sup>,  
and Irfandi Buamonabot <sup>2,\*, </sup>

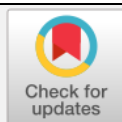
<sup>1</sup> Department of Accounting, Faculty of Economics and Business, Universitas Khairun, 97719, Ternate, North Maluku Province, Indonesia

<sup>2</sup> Department of Management, Faculty of Economics and Business, Universitas Khairun, 97719, Ternate, North Maluku Province, Indonesia

\* Corresponding Author: [irfandi@unkhair.ac.id](mailto:irfandi@unkhair.ac.id)

### ARTICLE INFO

**Publication Info:**  
Research Article



#### How to cite:

Hormati, A., Nurdin, N., Syahdan, R., & Buamonabot, I. (2022). An Empirical Study on Good Corporate Governance (GCG) and Financial Governance: Firm Size as Control Variable. *Society*, 10(1), 32-44.

DOI: [10.33019/society.v10i1.257](https://doi.org/10.33019/society.v10i1.257)

Copyright © 2022. Owned by Author(s), published by Society

OPEN  ACCESS



This is an open-access article.

License: Attribution-NonCommercial-ShareAlike (CC BY-NC-SA)

Received: December 1, 2020;  
Accepted: February 22, 2021;  
Published: June 26, 2022;

### ABSTRACT

*This research explores Good Corporate Governance (GCG) and financial governance by using firm size as a control variable. In particular, this study provides empirical evidence that firm size is a control variable. The sample in this research is companies in the Hotel and Tourism sector listed on the Indonesia Stock Exchange (IDX) period 2013-2018. Data analysis using panel data. The results revealed that of the five proposed hypotheses, only two were accepted. The results show that company size does not fully control the independent variable in this research.*

**Keywords:** Company Performance; Finance Performance; Financial Governance; Good Corporate Governance

## 1. Introduction

In general, the main objective of implementing GCG is to guarantee that the company can be concerned about prioritizing the interests of shareholders and stakeholders. The firm value will increase in companies with a high level of investor confidence due to investment (Haat et al., 2008).

GCG is the main instrument for the company's successful growth. It is profitable in the long term and a tool to win global competition, especially for companies that can develop. The substance of GCG is a performance monitoring and management accountability to shareholders and stakeholders to improve the company based on applicable regulations (Wolfensohn, 1999, as cited in Maretha & Purwaningsih, 2013). Corporate governance is a system of management designed to considerably improve company performance (Putra et al., 2020). Poor company performance due to the lack of market efficiency causes a myriad of lost business opportunities. In contrast, company financial problems will spread rapidly to other companies, employees, creditors, government, consumers, and stakeholders (Haat et al., 2008).

Previous research has been done to test linkages between the structures of GCG on the companies' financial performance. Some results of previous research show that there is no correlation between Corporate Governance (CG) and company performance. Research on CG influencing company performance has been carried out by researchers in Indonesia and abroad, with various results. Haat et al. (2008) studied the relationship between CG, disclosure, timeliness of delivery financial statements, and company performance in Malaysia. The results showed that GCG has no relationship with disclosure of financial statements and timeliness of financial report submission. However, GCG has an influence significant on the performance company. Leung et al. (2014) found that Independent Commissioners (IC) and Board of Commissioners (BOC) were positively influential and significant in the performance of non-family companies in Hong Kong. Johl et al. (2015) concluded in a study at the Kuala Lumpur Stock Exchange that IC is not significant for company performance; the size of the company and directors' accounting/financial expertise do not affect company performance. Haji (2014) concluded in a study in Malaysia that the Board of Directors (BOD) is not significant to company performance.

Lin & Catholic (2011) researched company governance performance towards company management in Taiwan. The results indicated that the independent commissioner influences company performance. Similar results were obtained by using ROA and ROE. The family commissioner has an influence negatively on ROA and ROE. Chiang & Lin (2011), the results of their research in Taiwan show that IC significantly affects company performance. Furthermore, Leung et al. (2014) concluded that the independent commissioner and committee board are significantly related to company performance. Liu et al. (2015) studied the Chinese stock market show that IC has positive and significant independence to the performance of companies, especially companies controlled by the government.

Scott (2011) revealed that banking institutions are often highly leveraged (higher debt than equity), so they have the potential to generate significant fiscal liabilities. Therefore, consideration of public financial management is required for banking institutions. In the end, supervision of the banking management system is needed. A bad management system will put banks at underpricing risk, and its business practice will prevent the emergence of new players, thus weakening competition and even weakening the stability of the country's financial system.

In Indonesia, the research results are still inconsistent in the private financial sector, which discusses GCG, including Nurziah & Darmawati (2014) concluded that CG affects positive

significance to intellectual capital disclosure (ICD). Ownership variable managerial and institutional ownership does not affect intellectual capital. Control variables used is company size, return on assets, and leverage affects intellectual capital disclosure. Maretha & Purwaningsih (2013) found that GCG does not influence company performance (proxied by ROE). The control variable used is the company's size and composition of fixed assets to financial performance. Aprinita (2016) concluded that the BOD, the BOC, and the audit committee's independent variable size is significantly unrelated to financial performance proxied by ROA, ROE, ROI, and DER. Furthermore, Widyaningsih & Utomo (2013) found that CG affected company performance, while the structure of institutional ownership and managerial ownership did not influence company performance.

Tertius & Christiawan (2013) concluded that the BOC, IC, managerial ownership, and size of companies influence ROA. In a manner, partially, the Board of Commissioners and managerial ownership do not affect ROA. Meanwhile, IC and company size negatively influence and are significant to ROA. Peni & Vähämaa (2011) concluded that GCG is related to good profitability but also harms the market capital.

GCG will impact improving performance in terms of productivity and efficiency in the company. It will attract investors and other stakeholders to invest, maintain an investment, and cooperate. Increasing productivity and efficiency is one of the important forms of increasing competitiveness. GCG is expected to increase its competitiveness in a sustainable manner, both present, and future, at regional or even international levels.

Various studies have been conducted to analyze the factors that affect the emergence of slack, resulting in inconsistent findings. The difference in the results of this study is caused by the variety of mediation, moderation, or control variables chosen in the study. Therefore, this study attempt to try one more time regarding the effect of GCG (proxies by size) on the BOD, the size of the BOC, the independent audit committee/IAC, IC, and foreign ownership towards financial performance with company size as a variable control.

## **2. Literature Review**

### **2.1. Agency Theory**

Agency theory mentioned the owner as the principal while the manager as the agent. Agency theory illustrated that agents have the authority to manage a company and make decisions on name investors. An agency conflict can occur if there are differences in interests between the company owner and the management. This can lead to information asymmetry because the company owner (principal) is not directly involved in managing the company. The principals delegate company management authority to managers (agents) to do the job on behalf of and for their interests. This transfer of authority causes managers to freely make strategic, tactical, and operational decisions that can benefit them, resulting in agency conflicts that are difficult to harmonize (Jensen & Meckling, 1976).

### **2.2. Board of Directors Size on Finance Performance**

The above description concludes that Indonesia adheres to the dual-board system mechanism, which is slightly different from the dual-board system in Continental Europe. This means that in Indonesia, the role is separated between the BOC and BOD, and each council has its roles and functions.

Limited Liability Company Law states that the council directors have the right to represent a company in affairs outside of or in the company. It means that if there is only one BOD, the

BOD could freely represent the company in various affairs outside and inside the company. Things may be different if the number of directors has a certain nominal amount. The logical number of boards of directors will greatly affect the speed of the decision-making company because, with the presence of several boards of directors, it is necessary to coordinate well with BOC. The BOD has a very vital role in a company. The separation of the BOC role impacts the opportunities for directors to manage all the potential in the company. The BOD must determine the short-term and long-term strategies for the company's overall potential.

This research is intended to provide more comprehensive evidence in looking at the role of BOD on finance performance. Based on the description above, it is clear that the size of BOD is one of the most important GCG mechanisms in determining financial performance. However, with differences in findings from the researchers in previous studies, the evidence needed is still being debated.

The research conducted by [Leung et al. \(2014\)](#) found that the variables of IC and BOC were influential and significantly positive to the performance company in Hong Kong. Lin (2011), who studied a company performance governance in Taiwan, shows that IC is positive toward company performance. In contrast, [Johl et al. \(2015\)](#) and [Haji \(2014\)](#) concluded in a study at the Kuala Lumpur Stock Exchange that independent commissioners are insignificant to performance. In Indonesia, [Maretha & Purwaningsih \(2013\)](#) found that the application of GCG to performance affected positive (proxies) with ROE). Variable control used in research is the company's size on financial performance. Based on the results of previous research, the hypothesis is as follows:

H1: The size of the BOD affects finance performance

### **2.3. Relationship between the Board of Commissioners' Size and Finance Performance**

The BOC has to supervise and provide recommendations to the company's directors. The BOC has no direct authority over the company. Its main function is to oversee the quality and completeness of information on the BOD's performance reports. Thus, the position of the BOC is very important in bridging the interests of principals in a company.

The effect of BOC size on financial performance also becomes a matter. [Hardikasari \(2011\)](#) mentioned that research regarding the size of the BOC and the company's performance has various results. [Tertius & Christiawan \(2013\)](#) concluded that the simultaneous BOC, IC, managerial ownership, and company size affect ROA. Partially, the BOC and managerial ownership does not affect ROA. Commissioner independent and size company has a significant negative effect on ROA. [Peni & Vahamaa \(2011\)](#) concluded that GCG is well-related to profitability but negatively affects the capital market. This is because, with more members of the BOC, the organization will experience difficulties in carrying out its role, including difficulties in communication and coordination between members of the BOC. Based on the research findings above, then the hypothesis can be formulated as follows:

H2: The size of the BOC affects financial performance

### **2.4. Relationship between the Independent Audit Committee and Finance Performance**

The relationship with the audit committee is that the audit committee formed by the BOC and its members consist of commissioners and parties outside of independent and have the expertise, experience, and quality needed. The audit committee has the authority to carry out



and authorize investigations into company's problems. The role of committee audit tightly relationship with CGC and could make it into rejecting a measure of success for a company.

The existence of IAC is one of the characteristics of the audit committee. Independency is an important factor that the committee audit must own. The role of independent audit committees is expected to reduce opportunistic behavior carried out by company managers. Such behavior will cause agency problems due to the differences in interests between managers and holders of company shares, so an IAC is expected to reduce the asymmetry of the problem agency. Besides, the existence of an IAC is expected to optimize the supervisory function of company management in managing funds that have been invested by their responsibilities who have the task of helping the Board of Commissioners.

Widyati (2013) and Mulyasari et al. (2016) concluded that the BOD, commissioners, independent audit committee, managerial ownership, and institutional ownership are influential simultaneous to the performance finance. However, the BOD has no effect partially on financial performance. Likewise, the audit committee and managerial ownership also have no impact on financial performance. Sarafina & Saifi (2017) concluded that both simultaneously and partially, all variables of board chairman and independent audit committee affect the company's value. Based on the results, the hypothesis is:

H3: The IAC affects finance performance

## **2.5. Independent Commissioner's Relationship to Finance Performance**

The Independent Commissioner has a key position in the supervisory function to realize GCG in a company. IC has a role as stakeholders' representative to monitor the company's activities. Leung et al. (2014) found that independent commissioners and BOC significantly affect the performance of a non-family company in Hong Kong, while Johl et al. (2015) concluded that IC was not significant to the company's performance. Meanwhile, Lin & Catholic (2011), who conducted governance research on company performance in Taiwan, concluded that the independent commissioner is positive for the company's performance. Findings research Chiang & Lin (2011) stated that the family commissioner variable negatively influences ROA and ROE. Leung et al. (2014) found that the independent commissioner has a relationship with the board committee to the company's performance. Liu et al. (2015) studied the Chinese stock market and found that the independent commissioner positively impacted company governance performance.

In Indonesia, the research results are still inconsistent in the private financial sector, which discusses GCG. Maretha & Purwaningsih (2013) found that GCG towards performance significantly affects company performance (proxied by ROE). Widyaningsih & Utomo (2013) found that CG positively influences company performance, while institutional ownership structure and managerial ownership do not affect the company's performance. Aprinita (2016) concluded that the variable size of the BOD, the BOC, and the independent audit committee simultaneously do not affect financial performance proxied by ROA, ROE, ROI, and DER. Based on the description of the research hypothesis is:

H4: IC affects finance performance

## 2.6. Foreign Ownership on Finance Performance

Agency theory explains that agency conflict arises due to differences in interests between managers and shareholders (Jensen & Meckling, 1976). Foreign ownership represents the proportion of ordinary shares owned by individuals, entities law, governments, and foreign status. Ownership foreigners in the company are parties that are considered concerned with an increase in GCG.

The proportion of ordinary shares in companies owned by individuals, legal entities, governments, and foreign-owned parts can refer to as foreign share ownership. Nowadays, many large companies in Indonesia sell their shares to foreign investors. It gives an assumption a positive view that the sale of shares will be able to improve performance while at the same time creating healthier competition in Indonesia.

A portfolio containing domestic and foreigners offers lower risk and higher returns for investors than portfolios containing only domestic stocks (Salvatore, 2005). Li & Simerly (2002), and Chhibber & Majumdar (1999) examined the effect of foreign ownership on the performance of companies operating in India, resulting in foreign ownership significantly influencing company performance. It contrasts with Setiawan (2006), which states that foreign ownership negatively influences the performance of companies in Indonesia. In contrast, Bayrakdaroglu et al. (2012) show no influence between managerial ownership and manufacturing company performance. Based on the theory and results, the hypothesis is:

H5: Foreign ownership affects finance performance

## 3. Research Methodology

### 3.1. Population and Sample

The population was company services non-finance (hotel and Tourism) in 2013-2018. All companies' data is sourced from Indonesia Stock Exchange. Purposive sampling used with the following criteria:

- 1) The sample companies are hotel and tourism service companies for 2013-2018.
- 2) Hotel and Tourism service companies that have data on the size of the Board of Directors, the size of the Board of Commissioners, IAC, IC, foreign ownership, and company size.

Based on the sample selection above, this research used a sample of 21 companies in the Hotel and Tourism sector listed on the Indonesia Stock Exchange (IDX) for five consecutive years, period 2013-2018. The data used is the company's annual report.

ROA measures company performance. Variable dependent on research this is the performance and value company. The formulas used to calculate ROA are as follows:

$$ROA = \frac{EAT}{\text{Total Asset}} \times 100$$

The independent variables in this research are the size of the BOD, the size of the BOC, the independent audit committee, IC, and foreign ownership. The BOD's size is measured by an indicator of the number of board members in a company. Therefore it can be formulated:

$$DD = \sum \text{for the Company's BOD}$$

The size of the BOC is the number of members of the BOC in a company. BOC measurements are based on the number of commissioners assigned to a company mentioned in the annual report. The BOC's size is measured by an indicator of the number of board members in a company. Therefore it can be formulated:

$$DC = \sum \text{for the Company's BOC}$$

The independent audit committee members are in line with the National Committee on Governance Policy, which requires a minimum of two functioning audit committee members as chairman and member of the audit committee ([Forum for Corporate Governance in Indonesia, 2002](#)). Also, based on the Letter Circular of Capital Market Supervisory Agency No SE-03/PM/2000, it states that the audit committee of the company public Indonesia is composed of at least three person members and is chaired by an independent company commissioner with two people who are from independent external companies. The measurement of the independent audit committee in this research used a ratio the comparison between the audit committee is a total of the IAC member. This illustrates that more members of the audit committee and the independent company are expected to improve supervision to improve the company's performance and integrity of financial statements.

$$\text{Audit Committee Independence} = \frac{\text{Independent Audit Committee}}{\text{Total of Audit Committee Members}}$$

Commissioner is an independent commissioner who does not have relationship finance, stewardship, stock ownership, or family relations with other Commissioners, Directors, and or controlling shareholders or other relationships that can affect their ability to act independently. The independent BOC is calculated by dividing the proportion of the amount commissioner independent of the total number of commissioners on the BOC. Therefore it can be formulated as:

$$\text{Board of Independent Commissioners} = \frac{\text{Number of Board of Independen Commissioners}}{\text{Total of Commissioners}}$$

Foreign ownership is the ownership of the company by foreign investors, who are defined as individuals, legal entities, and the government and its parts abroad. The size of shares is measured as a percentage (%) of the total share ownership and foreign ownership of total shares circulating.

$$\text{Foreign Ownership} = \frac{\text{Shares owned by foriegn parties}}{\text{Shares emitted}}$$

The control variables are variables controlled or created constant, so these variables are used to control the relationship between the independent and dependent variables due to alleged participation affecting the independent variable. The control variable used in this

research is company size. Company size was measured using total natural logarithm company assets (Ln SIZE). This is intended to avoid fluctuations in the data excessive.

#### 4. Results and Discussion

##### 4.1. Model Selection and Normality Test

The results of the selection of this research model can be seen in the following table:

**Table 1. Hausman Test**

Test Summary	Chi-Sq Statistic	Chi-Sq. d.f	Probability
Cross-section random	17.597852	6	0.0073

Source: Processed Data (2019)

Based on **Table 1**, the Chi-Square probability value is 0.0073, smaller than the alpha value of 5%. Thus, the panel data model used is the Fixed Effect (FE) model. Testing the normality of the equation model of the regression equation is shown in Table 2.

**Table 2. Normality Test**

Num. of Observation	Jarque-Bera	Probability
113	3.839289	0.146659

Source: Processed Data (2019)

Based on **Table 2**, the Jarque-Bera probability value of 0.146659 is greater than the alpha value (5%), so it is concluded that the data are normally distributed.

##### 4.2. Regression Analysis

Data analysis in this research uses panel data analysis. The regression results are shown in the following **Table 3**:

**Table 3. Regression Results**

Variable	Coefficient	t-stat
Constanta	0.357929	2.630694
BOD	0.007299	2.211320
BOC	0.001216	2.627742
IAC	-0.047465	-1.852576
IC	-0.014440	-0.329373
Foreign-Owned Company	-0.034356	-1.595390
Size	-0.009465	-2.017516
R Square	0.532117	
Adjusted R Square	0.404513	
Prob. (F-statistic)	0.000000	

Source: Processed Data (2019)



The regression equation model in **Table 3** can be formulated as follows:

$$ROA = 0.3578 + 0.0072BOD + 0.0012BOC - 0.0475IAC - 0.0144IC - 0.0343FOC$$

The regression results in **Table 3** show that the BOD and BOC variables have a probability value smaller than 5% significance, concluding that the two variables partially affect the company's performance (ROA). Meanwhile, the variables IAC, Independent Commissioner, and Foreign-Owned Company partially do not affect the company's performance variable (ROA). However, when viewed simultaneously, the value of the probability F-statistic shows that all independent variables influence the company's performance variable (ROA).

The relationship between the results of the regression with the hypothesis built is described as follows:

- 1) H1: BOD affects company performance. **Table 3** shows that the probability value of 0.0296 is smaller than 0.05. It indicates that the BOD variables positively affect company performance (ROA). Therefore, it can be concluded that H1 is supported.
- 2) H2: BOC affects financial performance. **Table 3** shows that the probability value is smaller than 0.05. It indicates that the board of commissioner's variable has a positive effect statistically on company performance. Therefore, it can be concluded that H2 is supported.
- 3) H3: IAC affects performance finance. **Table 3** shows that the probability value is larger than 0.05. It indicates that the audit committee variable does not affect company performance. Therefore, it can be concluded that H3 is not supported.
- 4) H4: IC affects performance finance. **Table 3** shows that the probability value is larger than 0.05. It indicates that IC does not affect company performance. Therefore, it can be concluded that H4 is not supported.
- 5) H5: Foreign ownership affects performance finance. **Table 3** shows that the probability value is larger than 0.05. It indicates that foreign ownership does not affect company performance. Therefore, it can be concluded that H4 is not supported.

## 5. Conclusion

This research shows that the size of the BOD affects company performance. This is in line with research conducted by [Mustaghfiroh \(2016\)](#). The BOD is an important organ in carrying out the company's strategy. The BOD plays an important role in the company's financial performance by effective monitoring, allegedly able to control managers not to take action that benefits themselves. Good coordination among the boards of directors will ultimately positively impact company performance. Suppose the roles and functions of the directors in the company are carried out well. In that case, it can be assumed that the management will be more careful in carrying out the company's operational activities because the number of directors is judged to be related to the strength of supervision over the company's management. This research indicates that the size of the commissioner does not influence company performance. It is in line with research conducted by [Sukandar & Rahardja \(2014\)](#), which shows that a small number of commissioners can make the company has a higher performance. Through the role of the BOC in carrying out the operational supervision function of the company by management, the number of members of the BOC must be able to provide oversight of the results of the company's operational processes. The result indicates no effect between the IAC and company performance. This is in line with research conducted by [Rahmawati et al. \(2017\)](#), which shows that this condition occurs because the audit committee is in charge of helping the BOC to

monitor the financial reporting process carried out by management to increase financial statement credibility. The same duties are examining the accounting policies adopted by the company, assessing internal controls, examining external reporting systems, and regulatory compliance.

In theory, committee duties provide formal communication among the board, management, and external and internal auditors. This shows that the size of the audit committee does not guarantee the effectiveness of the audit committee's performance in conducting supervision. This research shows that IC significantly does not affect company performance. This is in line with research conducted by [Aprianingsih & Yushita \(2016\)](#), which states that IC has no impact on financial performance. This is caused by the inadequate number of IC so that it less affects company performance. The Independent Commissioner can act as a supervisory function on the company's management so that it less affects financial performance. This research result shows that the number of shares owned by the foreign status section had no effect and was insignificant to the company's financial performance. Foreign ownership does not affect financial performance because foreign ownership is not the only ownership that significantly drives stock prices. [Pangaribuan \(2018\)](#) found that foreign ownership compromises with management who discusses profit on the private side, not in general, it causes foreign ownership does not affect financial performance. This research supports the research results conducted by [Pangaribuan \(2018\)](#) & [Atmaja & Wibowo \(2016\)](#).

## 6. Acknowledgment

The authors are grateful to express gratitude to those who have had the pleasure of cooperating during this research.

## 7. Declaration of Conflicting Interests

The authors have declared no potential conflicts of interest concerning this article's research, authorship, and/or publication.

## References

- Aprianingsih, A., & Yushita, A. N. (2016). Pengaruh penerapan good corporate governance, struktur kepemilikan, dan ukuran perusahaan terhadap kinerja keuangan perbankan. *Profita Kajian Ilmu Akuntansi*, 4(4), 1-16.
- Aprinita, B. S. (2016). Pengaruh good corporate governance terhadap kinerja keuangan pada perusahaan sector consumer goods yang terdaftar di bursa efek Indonesia tahun 2012-2014. *Jurnal Bisnis dan Manajemen*, 52(11), 32-53. Retrieved from <https://journal.untar.ac.id/index.php/bm/article/view/719>
- Atmaja, A. A., & Wibowo, A. J. (2016). Pengaruh kepemilikan asing adan corporate social responsibility terhadap kinerja perusahaan yang terdaftar dalam indeks SRI-KEHATI tahun 2009–2013 (Thesis). Universitas Atma Jaya Yogyakarta. <http://e-journal.uajy.ac.id/8719/>
- Bayrakdaroglu, A., Ersoy, E., & Citak, L. (2012). Is There a Relationship Between Corporate Governance and Value-based Financial Performance Measures? A Study of Turkey as an Emerging Market. *Asia-Pacific Journal of Financial Studies*, 41(2), 224–239. <https://doi.org/10.1111/j.2041-6156.2012.01071.x>
- Chiang, H. T., & Lin, M. C. (2011). Examining board composition and firm performance. *The International Journal of Business and Finance Research*, 5(3), 15-26.

- Chhibber, P., & Majumdar, S. (1999). Foreign Ownership and Profitability: Property Rights, Control, and the Performance of Firms in Indian Industry. *The Journal of Law and Economics*, 42(1), 209–238. <https://doi.org/10.1086/467423>
- Forum for Corporate Governance in Indonesia. (2002). *Peranan Dewan Komisaris dan Komite Audit dalam pelaksanaan Corporate Governance* (3<sup>rd</sup> ed.). Jakarta, Indonesia: Author.
- Haji, A. A. (2014). The relationship between corporate governance attributes and firm performance before and after the revised code. *International Journal of Commerce and Management*, 24(2), 134–151. <https://doi.org/10.1108/ijcoma-02-2012-0009>
- Hardikasari, E. (2011). *Pengaruh penerapan corporate governance terhadap kinerja keuangan pada industry perbankan yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2006–2008* (Undergraduate Thesis). Universitas Diponegoro. <http://eprints.undip.ac.id/26909/>
- Haat, M. H. C., Rahman, R. A., & Mahenthiran, S. (2008). Corporate governance, transparency and performance of Malaysian companies. *Managerial Auditing Journal*, 23(8), 744–778. <https://doi.org/10.1108/02686900810899518>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405x\(76\)90026-x](https://doi.org/10.1016/0304-405x(76)90026-x)
- Johl, S. K., Kaur, S., & Cooper, B. J. (2015). Board Characteristics and Firm Performance: Evidence from Malaysian Public Listed Firms. *Journal of Economics, Business and Management*, 3(2), 239–243. <https://doi.org/10.7763/joebm.2015.v3.187>
- Leung, S., Richardson, G., & Jaggi, B. (2014). Corporate board and board committee independence, firm performance, and family ownership concentration: An analysis based on Hong Kong firms. *Journal of Contemporary Accounting & Economics*, 10(1), 16–31. <https://doi.org/10.1016/j.jcae.2013.11.002>
- Li, M., & Simerly, R. L. (2002). Environmental Dynamism, Capital Structure And Innovation: An Empirical Test. *The International Journal of Organizational Analysis*, 10(2), 156–171. <https://doi.org/10.1108/eb028948>
- Lin, C. J., & Catholic, F. J. (2011). An examination of board and firm performance: evidence from Taiwan. *The International Journal of Business and Finance Research*, 5(4), 17–34.
- Liu, Y., Miletkov, M. K., Wei, Z., & Yang, T. (2015). Board independence and firm performance in China. *Journal of Corporate Finance*, 30, 223–244. <https://doi.org/10.1016/j.jcorpfin.2014.12.004>
- Maretha, N., & Purwaningsih, A. (2013). Pengaruh penerapan good corporate governance terhadap kinerja perusahaan, dengan komposisi aset dan ukuran perusahaan sebagai variable kontrol. *Modus*, 25(2), 153–169. Retrieved from <https://ojs.uajy.ac.id/index.php/modus/article/view/560>
- Mulyasari, F., Djaelani, A. Q., & Salim, M. A. (2016). Pengaruh mekanisme good corporate governance terhadap kinerja keuangan perusahaan. *E-Jurnal Riset Manajemen*, 6(4), 139–152. Retrieved from <http://riset.unisma.ac.id/index.php/jrm/article/view/473>
- Mustaghfiroh, S. (2016). *Pengaruh dewan direksi, dewan komisaris dan dewan pengawas Syariah terhadap kinerja keuangan Bank Pembiayaan Rakyat Syariah di Jawa Tengah 2013–2014* (Undergraduate Thesis). Universitas Islam Negeri Walisongo Semarang. <http://eprints.walisongo.ac.id/id/eprint/6296/>
- Nurziah, F., & Darmawati, D. (2014). Analisis pengaruh corporate governance, kepemilikan manajerial, dan kepemilikan institusional terhadap intellectual capital disclosure. *Jurnal*

- Keuangan dan Perbankan*, 16(2), 172-192. Retrieved from <https://journal.perbanas.id/index.php/jkp/article/view/194>
- Pangaribuan, R. C. (2018). *Pengaruh struktur kepemilikan dan struktur pengelolaan terhadap kinerja keuangan pada perusahaan property and real estate yang terdaftar di Bursa Efek Indonesia pada tahun 2014-2016* (Undergraduate Thesis). STIE Indonesia Banking School. <http://repository.ibs.ac.id/209/>
- Peni, E., & Vähämaa, S. (2011). Did Good Corporate Governance Improve Bank Performance during the Financial Crisis? *Journal of Financial Services Research*, 41(1-2), 19-35. <https://doi.org/10.1007/s10693-011-0108-9>
- Putra, I. G. C., Wedasari, D., & Rahmasari, G. A. P. W. (2020). The Effect of Intellectual Capital and Corporate Governance on The Performance of Village Credit Institutions. *International Journal of Applied Business and International Management*, 5(3), 35-40. <https://doi.org/10.32535/ijabim.v5i3.979>
- Rahmawati, I., Rikumahu, B., & Dillak, V. J. (2017). Pengaruh Dewan Direksi, Dewan Komisaris, Komite Audit Dan Corporate Social Responsibility Terhadap Kinerja Keuangan Perusahaan. *JAE: Jurnal Akuntansi & Ekonomi*, 2(2), 54-70. <https://doi.org/10.29407/jae.v2i2.866>
- Salvatore, D. (2005). *Managerial economics in a global economy* [M. Th. Anitawati, Trans]. Jakarta, Indonesia: Salemba Empat.
- Sarafina, S., & Saifi, M. (2017). Pengaruh good corporate governance terhadap kinerja keuangan dan nilai perusahaan (Studi pada Badan Usaha Milik Negara (BUMN) yang terdaftar di Bursa Efek Indonesia periode 2012-2015). *Jurnal Administrasi Bisnis*, 50(3), 108-117. Retrieved from <http://administrasibisnis.studentjournal.ub.ac.id/index.php/jab/article/view/2012>
- Scott, W. R. (2011). *Financial accounting theory* [6<sup>th</sup> ed]. Canada: Prentice-Hall.
- Setiawan, S. (2006). Opini going concern dan prediksi kebangkrutan perusahaan. *Jurnal Ilmiah Akuntansi*, 5(1), 59-67.
- Sukandar, P. P., & Rahardja. (2014). Pengaruh ukuran dewan direksi dan dewan komisaris serta ukuran perusahaan terhadap kinerja keuangan perusahaan (Studi empiris pada perusahaan manufaktur sector consumer good yang terdaftar di BEI tahun 2010-2012). *Diponegoro Journal of Accounting*, 3(3), 689-695. Retrieved from <https://ejournal3.undip.ac.id/index.php/accounting/article/view/6211>
- Tertius, M. A., & Christiawan, Y. J. (2013). Pengaruh good corporate governance terhadap kinerja perusahaan pada sector keuangan. *Business Accounting Review*, 2(1), 223-232.
- Widyaningsih, F., & Utomo, S. W. (2013). The Effect of Good Corporate Governance and Ownership Structure on Company Performance (Empirical Study of Manufacturing Companies Listed in IDX 2010-2011). *Journal of Accounting and Education*, 2(2), 71-77.
- Widyati, M. F. (2013). Pengaruh dewan direksi, kommisaris independent, komite audit, kepemilikan manajerial dan kepemilikan institutional terhadap kinerja keuangan. *Jurnal Ilmu Manajemen*, 1(1), 234-249.

---

### About the Authors

1. **Asrudin Hormati** obtained his Master's degree from Universitas Brawijaya, Indonesia, in 2012. The author is an Assistant Professor at the Department of Accounting, Faculty of Economics and Business, Universitas Khairun, Indonesia.  
E-Mail: [asrudinhormati@unkhair.ac.id](mailto:asrudinhormati@unkhair.ac.id)
2. **Nurdin** obtained his Master's degree from Universitas Gadjah Mada, Indonesia, in 2012. The author is an Assistant Professor at the Department of Accounting, Faculty of Economics and Business, Universitas Khairun, Indonesia.  
E-Mail: [nurdin.hayat@unkhair.ac.id](mailto:nurdin.hayat@unkhair.ac.id)
3. **Rinto Syahdan** obtained his Master's degree from Universitas Muslim Indonesia in 2008. The author is an Assistant Professor at the Department of Accounting, Faculty of Economics and Business, Universitas Khairun, Indonesia.  
E-Mail: [rinto@unkhair.ac.id](mailto:rinto@unkhair.ac.id)
4. **Irfandi Buamonabot** obtained his Bachelor of Economics from Universitas Khairun, Indonesia, in 2009 and his Master's degree in Human Resources Management from Universitas Gadjah Mada, Indonesia, in 2012. The author is an Assistant Professor at the Department of Management, Faculty of Economics and Business, Universitas Khairun, Indonesia.  
E-Mail: [irfandi@unkhair.ac.id](mailto:irfandi@unkhair.ac.id)