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Abstract: This study aims to examine the influence of the implementation of good corporate governance to the financial performance of the company. Good corporate governance is an independent variable that is measured using the following components: number of boards of directors, the proportion of board of commissioners, company size, and Debt to Equity Ratio. While the company's financial performance is a dependent variable measured by Return On Equity (ROE). The population in this research is all manufacturing companies of consumer goods industry sector listed in Indonesia Stock Exchange and continuously publish the financial report in 2015 until 2016. Pursuant to purposive sampling method, the sample obtained counted 34 company every year in year period 2015-2016, so the data obtained as much as 68 data observation. The result of this research shows that the proportion of board of commissioner has positive influence to company performance, and while the number of a board of directors, firm size and Debt to Equity Ratio there is no significant effect to financial performance. Based on the determination coefficient test (R²) obtained the coefficient of determination with value R² obtained is 0.277 and when converted to percent to 27.70%. This result shows the percentage of contribution of board of director, proportion of board of commissioner, firm size and debt to equity ratio to company financial performance equal to 27.70% while the rest equal to 72.30% influenced by other variables not included in this research model.

Keywords: Good Corporate Governance, Corporate Financial Performance.

1. INTRODUCTION

In Indonesia so many companies that have not implemented Good Corporate Governance (GCG) whereas GCG should have become a fundamental requirement for the company. But on the other hand, there are also many companies in Indonesia who have applied Good Corporate Governance (GCG) to their companies because they realize the importance of Good Corporate Governance (GCG) is for their company.

Good corporate governance is a perception that emphasizes the freedom of investors and stakeholders in a company to get reports and information about the company's financial performance is correct, correct, transparent, and reported exactly at the time that has been formed. Therefore, all companies in Indonesia should consider good corporate governance is a matter of importance and important as a step to improve the company's ability in terms of financial and corporate value, so that companies can apply good corporate governance in the company.

Corporate Governance is one of the keys to improving economic efficiency, which includes a range of relationships between company management, the board of directors, the board of commissioners, investors and people who have an important role in the company.
Corporate governance is also a tool for determining performance monitoring techniques.

With the implementation of Good Corporate Governance (GCG) can certainly give confidence or trust for the investor to invest in companies that implement Good Corporate Governance (GCG), which will increase the company's capital and increase the profit for the company. The company's ability to generate profits is the main focus of the company's financial performance assessment. It proves that Good Corporate Governance (GCG) can affect the performance of a company one of them is financial performance.

In Indonesia there have been many researches related to the influence of good corporate governance, but the effect shows the results are diverse and tend to be less consistent. Results contrary to the research of Addiyah & Chariri (2014) are shown by research Mudashiru et al. (2014), in a study entitled Corporate Governance and Organizational Performance, the results show that in general, corporate governance positively affects all performance indicators of the organization.

With previous research on good corporate governance that shows less consistent results, researchers want to reexamine whether the success of financial performance is influenced by good corporate governance. Study uses financial statements as data in analyzing the performance of companies to be investigated. Sucipto (2003) states that the financial statements are the most effective data to assess the financial performance of a company although not necessarily represent the results and economic conditions.

Therefore, the authors determine the title of the Influence of Good Corporate Governance on Financial Performance in the manufacturing industry sector consumer goods industry in 2015-2016 in research.

2. RESEARCH METHODS

This research uses quantitative research type. The instrument in this study is the annual financial statements contained in the stock exchanges of Indonesia, selected is the manufacturing sector of consumer goods manufacturing companies during the period 2015-2016 published on the official website located at www.idx.co.id.

3. METHODS OF DATA ANALYSIS

3.1 Descriptive Statistical Tests

Descriptive statistics are intended to provide an overview of the data under study. Assessment of sampling includes the total sample size (N), minimum value, maximum value, mean and standard deviation.

3.2 Test The Classical Assumptions

Classical assumption test such as normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

3.3 Regression Analysis

Multiple Regression Test was conducted to measure the regression function of the sample in estimating the actual value statistically, multiple regression test including test of coefficient of determination, F test and t test (Ghozali, 2011).

The regression equation formulated based on the developed hypothesis is:

\[ Y = A + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + E \]

\[ = -0.528 + 0.007X_1 + 1.091X_2 + 0.006X_3 + 0.071X_4 + E \]
Information:
A : Constants
B1, B2, B3, B4 : regression coefficients
X1: Number of boards of commissioners (DD)
X2: Proportion of the board of commissioners (DK)
X3: company size (UP)
X4: Debt to equity ratio (DER)
E : error

3.3.1 t-test
The t test is a test that can prove the influence of each independent variable to describe the dependent variable.

3.3.2 F Test
The F statistic test is used to determine whether the regression model can predict the independent variables (Piyanto, 2008).

3.3.3 Test Coefficient Of Determination
The determination coefficient test is performed to check the magnitude of the effect of the independent variable explaining the dependent variable.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics
Descriptive statistics aim to describe a data. The sizes to be used in the sample determination include the number of samples (N), minimum values, maximum values, mean and standard deviation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>DD</td>
<td>68</td>
<td>2.00</td>
<td>11.00</td>
<td>5.2206</td>
<td>2.05772</td>
</tr>
<tr>
<td>KK</td>
<td>68</td>
<td>0.33</td>
<td>0.80</td>
<td>0.4269</td>
<td>0.12927</td>
</tr>
<tr>
<td>UP</td>
<td>68</td>
<td>25.62</td>
<td>32.15</td>
<td>28.5429</td>
<td>1.62445</td>
</tr>
<tr>
<td>DER</td>
<td>68</td>
<td>-5.02</td>
<td>2.56</td>
<td>0.6954</td>
<td>0.88668</td>
</tr>
<tr>
<td>ROE</td>
<td>68</td>
<td>-0.22</td>
<td>1.47</td>
<td>0.1922</td>
<td>0.29594</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

4.2 Test The Classical Assumptions

4.2.1 Test of Normality
Normality test used is Kolmogorov-Smirnov statistical test that aims to determine whether the data is normally distributed or not.

<table>
<thead>
<tr>
<th>variabel</th>
<th>N</th>
<th>Kolmogorov-Smirnov</th>
<th>Sig</th>
<th>std description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized Residual</td>
<td>0.944</td>
<td>0.919</td>
<td>0.368</td>
<td>0.05 Normal</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

Value Kolmogorov - Smirnov Z obtained 0.919 and has a significance of more than 0.05 ie 0.368 which means H0 accepted because the data is normally distributed.

4.2.2 Test Multicollinearity
Multicollinearity test aims to show the relationship between each independent variable in multiple regression model. Regression model there should be no correlation between each independent variable Ghozali (2011).
According Ghozali (2011) if the result of tolerance value on multicollinearity test above 0.10 and VIF value below 10.00, it can be concluded that there is no problem multicollinearity among independent variables in the regression model. The tolerance values of the four variables (Board of Directors, Proportion of Board of Commissioners, Company Size and DER) are more than 0.1 that is 0.725; 0.759; 0.695; and; 0.953. While the result of calculation of VIF value from four variables shows the whole has VIF value below 10.00 that is 1.380; 1.381; 1.438; and; 1.050. Therefore it means there is no multicollinearity problem between variables in the regression model.

### 4.2.3 Test Autocorrelation

Autocorrelation test was conducted to test whether in linear regression model there is correlation between error disturbing. According to Sulistyowati (2012) one way to test the autocorrelation is to use Durbin Watson (DW) with the following conditions: 

- 1.10 < 1.54 without conclusion
- 1.55 < 2.46 no autocorrelation
- 2.47 < 2.90 without conclusion
- > 2.91 there is autocorrelation

### 4.2.4 Test Heteroskedasticity

The heteroscedasticity test has the purpose to test whether the regression model of variance inequality occurs from one observation to another. In this study heteroscedasticity test using glejser test. If the significance value> 0.05 then it can be said that there is no problem of heteroscedasticity.

### Table 3
Multicollinearity Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DD</td>
<td>0.969</td>
<td>1.032</td>
<td>No Problem</td>
</tr>
<tr>
<td>DK</td>
<td>0.583</td>
<td>1.714</td>
<td>No Problem</td>
</tr>
<tr>
<td>UP</td>
<td>0.696</td>
<td>1.437</td>
<td>No Problem</td>
</tr>
<tr>
<td>DER</td>
<td>0.364</td>
<td>2.749</td>
<td>No Problem</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

Based on the output of SPSS model above summary it can be concluded that the value of DW 2.307,obtained the value du = 1.7335; 4-du obtained 2,2665 and 4-dl obtained 2,5147. So the DW value lies between 1.55 and 2.46 or DW <2.46. it can be concluded that means there is no problem of autocorrelation.

### Table 4
Autocorrelation Test

<table>
<thead>
<tr>
<th>Durbin Watson</th>
<th>dL</th>
<th>dU</th>
<th>4-dL</th>
<th>4-Du</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.307</td>
<td>1.485</td>
<td>1.733</td>
<td>2.514</td>
<td>2.266</td>
<td>No Problem</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017
4.3 The Regression Test

Multiple Regression Test Done to measure the accuracy of the sample regression function in estimating the actual value statistically, at least it can be measured from the coefficient of determination, the statistical value F and the statistical value t (Ghozali, 2011).

Table 5
The Regression Test

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.528</td>
<td>Good corporate governance, was zero, financial performance is of -0.528</td>
</tr>
<tr>
<td>DD</td>
<td>0.007</td>
<td>Any increase in the DD 1, will increase the ROE of 1.091.</td>
</tr>
<tr>
<td>KK</td>
<td>1.091</td>
<td>Any increase in the KK 1, will increase the ROE of 1.091.</td>
</tr>
<tr>
<td>UP</td>
<td>0.006</td>
<td>Any increase in the UP 1, will increase the ROE of 0.006.</td>
</tr>
<tr>
<td>DER</td>
<td>0.071</td>
<td>Any increase in the DER 1, will increase the ROE of 0.071.</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

4.4 Test the Hypothesis

4.4.1 t-Test

T test results are described in the table below:

Table 6
The t-test results

<table>
<thead>
<tr>
<th>Model</th>
<th>t_{hitung}</th>
<th>t_{table}</th>
<th>Sig.</th>
<th>Std</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DD</td>
<td>0.383</td>
<td>1.669</td>
<td>0.703</td>
<td>&gt;0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>DK</td>
<td>3.873</td>
<td>1.669</td>
<td>0.000</td>
<td>&gt;0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>UP</td>
<td>0.253</td>
<td>1.669</td>
<td>0.801</td>
<td>&gt;0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>DER</td>
<td>1.938</td>
<td>1.669</td>
<td>0.057</td>
<td>&gt;0.05</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

Below is the translation of t test results according to the table:

a. Board of directors of financial performance. Value t table <t arithmetic <t table (-1.669 <0.383 <1.669), meaning H0 is accepted, then H1 is rejected. While the significance value of H1> 0.05 (0.703> 0.05) showed insignificant influence.

b. The balance of the board of commissioners to the financial performance of the company. Value -t table <t arithmetic <t table (-3.873 <1.669), meaning H0 is rejected, then H2 is accepted. While the significance value of H2> 0.05 (0.000 <0.05) showed significant influence.

c. The size of the company's financial performance. Value t table <t arithmetic <t table (-1.669 <0.253 <1.669), meaning H0 is accepted, then H3 is rejected. While the significance value of H3> 0.05 (0.801> 0.05) showed insignificant effect.

d. DER to the company's financial performance. T table value <t arithmetic <t table (-1.669 <1.938 <1.669), meaning H0 is accepted, then H4 is rejected. While the significance value of H4> 0.05 (0.057> 0.05) showed a significant effect.

4.4.2 Test The Accuracy Of The Model (F Test)

Test results can be seen from the probability value that is if the probability value (significant) above from the number of 0.05 it is concluded that together the dependent variable is not influenced by independent variables. Whereas if the probability value is below the number 0.05 then together the dependent variable is influenced by the independent variable.
Table 7
F-Test Results

<table>
<thead>
<tr>
<th>Description</th>
<th>$F_{hit}$</th>
<th>$F_{table}$</th>
<th>$\text{Sign}_{hit}$</th>
<th>$\text{Sig.}$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>F Test</td>
<td>6.033</td>
<td>2.52</td>
<td>0.006</td>
<td>0.05</td>
<td>effect of simultaneous</td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

The value of $F$ arithmetic is 6.033 while the value of $F$ table is 2.52. Because $F$ arithmetic equal to 6.033 > $F$ table equal to 2.52, hence hypothesis accepted, hence can be concluded that regression model fulfill model feasibility test.

4.4.3 Test Coefficient Of Determination.

Testing whether the independent variable has a major influence in explaining the dependent variable is the purpose of the test coefficient of determination.

Table 7
Test Coefficient Of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R^2$</th>
<th>Adj $R^2$</th>
<th>Std. Error of Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.526</td>
<td>0.277</td>
<td>0.231</td>
<td>0.25951</td>
<td></td>
</tr>
</tbody>
</table>

Source: of Results Data, 2017

It is known that the value of $R$ is 0.526. That is, the correlation between the variables of the number of boards of directors, the balance of the board of commissioners, the size of the company, and the DER to the company's performance of 0.526.

The value of $R^2$ obtained is 0.277 and when converted to percent to 27.70%. That is, the percentage of the board's contribution, the balance of the board of commissioners, the size of the company and the DER to the company's performance is 27.70%. While other variable such as managerial ownership, audit committee, ROA, ROI not included in this research model contribute contribution percentage of 72.30% to company performance.

5. DISCUSSION

5.1 Influence of the Board of Directors on Financial Performance.

Hypothesis testing states that the board of directors has no significant effect on financial performance. These results are in line with the results of Bukhori & Raharja (2012), Dabor et al. (2015) and Tjandra (2015) that the number of boards of directors has no effect on the performance of the company. In contrast to the acquisition of tests conducted by Veno (2015), Lukas & Basuki (2015), and Addiyah & Chariri (2014) indicate that the number of boards of directors affects the financial performance of a company.

A company's financial performance is not influenced by the board of directors. This is likely due to the greater number of boards of directors will also increase the problem in terms of communication and coordination. The increasing number of boards also makes the oversight more difficult, the greater the number of boards of directors of a company resulting in an increasing number of different mission interests or visions between each of the existing board directors causing agency issues arising from the separation between management and control.
5.2 The influence of the board of commissioners on financial performance.

The results of this study explain that the proportion of board of commissioner has a significant effect on the financial performance of the company. The results of the research are shown in the test by Sari & Asyik (2013), Retno & Priantinah (2012), Herlambang & Darsono (2015) the result explained that the board of commissioners influences the financial performance of a company. While this research is in contrast to the results of research conducted by (Bukhori & Raharja, 2012) Addiyah & Chariri (2014), Veno (2015), Istighfarin & Wirawati (2015), Darwis (2009), and Tertius & Christiawan (2015), showing that financial performance is not influenced by the board of commissioners.

Board of commissioners is regarded as the highest internal control, which is responsible for monitoring management actions. With monitoring the board of commissioners the company can run in accordance with applicable regulations and can guarantee the continuity of the company. Thus, the more the number of boards of commissioners, the composition of experience and expertise owned by each board of commissioners increased, so monitoring the company better and can minimize various forms of violation or fraud against the company.

5.3 The effect of firm size on financial performance.

The study explains that financial performance is not influenced by firm size seen from total assets of a company. The corresponding results are indicated by the tests performed by (Bukhori & Raharja, 2012), Addiyah & Chariri (2014) and Herlambang & Darsono (2015) indicating that firm size has no effect on company's financial performance.

This test is in contrast to the Tertius & Christiawan test (2015), that in its tests concluded that financial performance is influenced by firm size.

Large companies will get more attention from the community so they will be more careful and accurate in doing financial reporting.

5.4 The Effect Of Debt To Equity Ratio (DER) On Financial Performance

It was concluded that DER had no effect on company's financial performance. This proves testing in line with Cyrillius (2002) that DER has a significant negative effect on ROE and ROA. DER has no effect on the company's financial performance, this may be because the higher the DER number means the more debt financed expenditures. So that indicates the management of the company is still considered not good or bad, and will affect the company's financial performance can not grow so that the company's financial performance difficult to grow and difficult to progress.

6. CONCLUSION

With this test is expected to be able to know the effect of the number of boards of directors tehadap financial performance, the proportion of the board of commissioners to the financial performance, the size of the company on financial performance, DER to financial performance. The population used in this study is the consumer goods industry sector in manufacturing companies that
publish their financial statements on the Indonesia Stock Exchange period 2015-2016 as many as 68 companies. Selected industrial groups because manufacturing industry is the largest group compared with other industry groups. Using purposive sampling method with certain criteria in determining the sample of research data.

Descriptive statistics indicate that correlation analysis indicates that the board of commissioners positively affects the company's financial performance, while the number of boards of directors, firm size and debt to equity ratio are negatively correlated with the company's financial performance.

7. REFERENCES


