The Influence of the Good Corporate Governance Towards the Value Of the Company

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Abstract: This research aims to know the influence of good corporate governance the manufacturing sub sectors of food and drink that are listed on the Indonesia stock exchange period 2011-2016. For the measurement of the value of the company's researchers use the Price Earning Ratio (PER), while for corporate governance using the size of the Board of Directors, managerial ownership, firm size and Debt to equity Ratio (DER). The sample in this research company is a company manufacturing sub sector of the food and drink report financial report-row take part during the period 2011 – 2016. the results of this research show that the number of Directors, managerial and ownership of company size does not affect the value of the manufacturing companies listed on the Indonesia stock exchange period 2011-2016. Debt equity ratio effects while significantly to the value of the company.

***Keyword* : [Good Corporate Governance, Value Company].**

1. INTRODUCTION

The company is a place where a bunch of people to work or run a business in order to achieve a particular goal. The company is one of the economists who have an extremely important role against the viability of the economy and society in the face of this current era of globalization. Progress in the field of information and technology as well as the existence of openness pasarmenjadikan companies should pay attention to in a serious and open about the impact of the behaviour of the company itself to the environment and stakeholders (Nugroho, 2016). The most fundamental interest in running the company's activity is gaining profit or gain the most profit to prosperity for shareholders. The increase in the value of the company is high is a long-term goal that should be achieved in the company, which will be reflected in the price of shares in circulation in the market. Assessment of investors against companies can be observed through the movement of a rise or fall in the price of a company's shares. One of the factors that affect stock prices is earnings of companies in gaining profit. The high stock price effect on the value of the company is high. Not only the high value of the company that affect the company's prospects in the future, but the company's performance this time also affect the prospects of the company in the future.

In the role of an enterprise is required to maximize the relationship between the management, Board of Directors, Board of Commissioners, shareholders and stakeholders (stakeholders) that regulates and directs the activities of a company. One of the pillars of the system of market economy to regulate the relations of harmony throughout the elements of a company is a Good Corporate Governance (GCG). Good Corporate Governance (GCG) is a set of rules governing relations between shareholders, managers, creditors, Governments, employees and other shareholders in order to be balanced in the fulfillment of rights and obligations. Good Corporate Governance (GCG) is a must in order to build a formidable company. Good Corporate Governance (GCG) is required to create a system of strong and resilient company so that the company can make qualified through a management that is based on the principle of transparency, accountability, corporate responsibility, indepensi, fairness and equality.

Efforts that can be made by owners or shareholders to maximize value for the company is to hand over the management of the company to the experts or professional that is the Manager. The thing that also support the harmonious company or become a big or small Company is the size of a company. There are several parameters used to define small enterprises including big/i.e., number of employees, total assets, total sales achieved by the company in a given period as well as the number of outstanding shares (Joseph 2015).

The value of the company in this study was defined as market value, such as the research ever undertaken by Nurlaela and Islahuddin (2008) because the value of the market can deliver prosperity in maximum shareholders when stock prices the company increased. The higher the stock price, then the higher prosperity shareholders. In General, investors hand over management of the company's value to professionals like Manager or komosaris. Based on the description of background then taken the title of research "the influence of Good Corporate Governance of the company manufacturing company listed in BEI 2011-2016 period.

2. THE CORNERSTONE OF THE THEORY

2.1 Good Corporate Goverance

2.1.1 The size of the Board of Directors

The Board of Directors is in charge of managing the company. The Board of Directors is obligated to mempertanggung with the implementation of its duties to the shareholders through GMS. To assist in the execution of his duty, sesuia with predetermined procedures. The Board of Directors may use the services of an independent professional as an adviser.

Each Member of the Board of Directors must be either a calm and experienced for the position that he will hold. The Board of Directors must carry out tugasnyya well in the interest of the company and the Board of directors should ensure that the company carry out its social responsibility as well as paying attention to the interests of the various parties concerned (stakeholders).

The Board of Directors is obligated to constantly strive to dipatuhinya these guidelines.

2.1.2 Managerial Ownership

According to Bodie (2006) suggests that the managerial ownership is the separation between the outsider with insider parties. If a company has many stock owners, then large groups of individuals are clearly unable to participate actively in the management of the day – today. Therefore, they chose the Board of Commissioners who chooses and oversees the management of the company. The structure of this bebrarti that the owner is different with company managers.

2.1.3 Size Company

According to Brigham, et al (2001) the size of the company is flat – average total net sales for the year in question until a couple of years. In this case the sale is greater than the variable costs and fixed costs, it will be retrieved amount of income before taxes. Conversely, if the sale is less than the variable costs and fixed costs then companies will suffer losses.

2.1.4 Debt Equity Ratio

Debt in Equty Ratio is a financial ratio is one of the Group's solvency ratio is classified. Debt equity ratio is the ratio of the debt and capital use to gauge the magnitude of the ratio. Debt equity ratio indicates the percentage of the provision of funds by shareholders against lenders. The higher the ratio, the lower the corporate funding provided by shareholders.

2.1.5 Value Company

Sartono (2010) reconsideration of the value of the company is the value of a company as a business that is operating. The presence of excess value selling above value of liquidation is the value of management organizations who run that company.

3. RESEARCH METHODOLOGY

3.1 This Type Of Research

Based on the type of data used in this research included quantitative approach. Quantitative research is research that emphasizes its analysis on numerical data (numbers), ranging from data collection, interpretation of the data, as well as the appearance of the results are processed with statistical methods (Nurlaela, Melawati, &Titisari, 2016).

3.2 Research Variables.

3.2.1 Dependent Variable

The value of the company is very important for a company, because with maximize the value of the company means also maximizes the main goal of the company. The increased value of the company is an achievement that is in accordance with the wishes of the owners, because with the increasing value of the welfare of the company, then the owner will also increase. In this research the value of the company in size with Price Earning Ratio (PER).

3.2.2 Independent Variable

3.2.2.1 The Size Of The Board Of Directors

The Board of Directors as an organ of the company in charge of and responsible for legally managing company. The size of the Board of Directors is measured by using indicators of the number of members of the Board of Directors of a company.

3.2.2.2 Managerial ownership.

According to Bodie et al (2006) managerial ownership is the separation of ownership between the outsider with insider parties. If a company has many stock owners, then large groups of individuals are clearly able to participate actively in the management of the company a day – day. Therefore, they chose the Board of Commissioners, which selects and supervises the management of the company. This structure means that the owner is different with company managers. This provides stability for the company that is not owned by the company owner and interim managers.

3.2.2.3 Size Company

According to Sujianto (2001) the size of the company is the big picture to the small companies indicated by total assets. following the formula of the size of the company.

3.2.2.4 Debt Equity Ratio

Debt Equity Ratio is a ratio used to assess the debt with equity. This ratio is sought by way of compare between the entire debt includes debt smoothly with the rest of the equity. The formula to find the debt equity ratio can be used in comparison with the total liabilities total equity.

4. RESULTS AND DISCUSSION

4.1 Normalitas Test Result

Variable	Stan dard	Asymp. Sig. (2-tailed)	Descrip-tion
The Size Of The Board Of Directors Managerial ownership Size Company Debt Equity Ratio	0,05	<0,200	Normal

Source: data were processed by SPSS

Based on the table above shows the value significance of 0.130, then H0 are received. So it can be concluded that the number of Directors of the independent variable, the managerial ownership, size of company and DER Gaussian.

4.2 Multicollinearitas Test

Tolerance size managerial ownership, Board of Directors, the size of the company and the debt equity ratio (DER) is greater than 0.1 and VIF is smaller than 10, then it can be concluded that there is no problem of multicollinearity in regression model between independent.

4.3 Heteroskesdastisitas Test

The value of the P value independent variables the number of Directors, managerial ownership, firm size and the debt equity ratio (DER) is greater than 0.05, it can be concluded that there are no symptoms of heteroskesdastisitas in this research.

4.4 Autocorrelation Test

Based on the chart it can be concluded that dU< DW < 4 – dU means not going autocorrelation in the study.

5. CONSCLUSION

a. The number of directors do not affect significantly to the value of the company.
b. Research results is in line with research conducted by Rustendi and Jimmi (2008) which concluded that the managerial ownership has no effect against the positive value of the company. Otherwise inconsistent with research conducted by Wahyudi and Pawestri (2006) concluded that ownership of the managerial influence on the value of the company.
c. Results of this study are inconsistent with research conducted by Herawati (2008) concluded that the size of the company to the value of the company.
d. Debt equity ratio effect significantly to the value of the company.
e. Adjusted R square Value of 0.137 or 13.7%. This means independent variable i.e. the number of Directors, managerial ownership, firm size and the debt equity ratio was only able

to explain the dependent variable the value of the company amounting to 13.7%, while 86.3% explained by other variables

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