The Influence of Good Corporate Governance and Company Size on Company Financial Performance

Empirical Study on Banking Companies Listed on the Indonesia Stock Exchange 2019-2022

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ABSTRACT

Bank companies are one of the sectors that encourage the pace of Indonesian economic growth. In order to run its business, banks are required to implement good corporate governance to minimize aberrations that might impact the company's financial performance. The Board of directors, ownership structure, and firm size are some of the most important parts of maintaining the bank business through the good corporate governance mechanism. This research was conducted to analyze and to study the influence of the size of the board of directors, institutional ownership, managerial ownership, and firm size on the company's financial performance that is projected on return on assets, where an empirical study was carried out on banking companies listed on the Indonesian Stock Exchange for the 2019-2022 period. The sample for this research came from 22 companies that met the purposive sampling criteria, where the companies were multiplied by 4 periods to obtain 88 samples. The results of this research show that partially, there is an influence of institutional ownership on financial performance. In contrast, the size of the board of directors, managerial ownership, and firm size have no partial effect on financial performance. Then for simultaneous testing, there is the influence of good corporate governance (board of director size, institutional ownership, managerial ownership), and firm size on financial performance.

Keywords*: Good Corporate Governance, Board of Director Size, Institutional Ownership, Managerial Ownership, Firm Size, Return On Assets*

INTRODUCTION

Indonesia's economic growth is driven by various existing sectors, one of which is the banking sector. This sector has a role in growing the people's business sector, increasing the economic capacity of entrepreneurs such as MSMEs, and also being the main source of funding for many parties. Therefore, if banking is not healthy, the economy will not be optimal (ekon.go.id, 2016).

In running its business, in addition to achieving the goals that have been set, the bank must also be able to maintain its survival. One form of bank effort in maintaining its survival is by making various efforts to maintain its financial performance. Financial performance can be interpreted as a picture of the achievement of success of a business entity. Financial performance according to Erawati & Wahyuni (2019) "Financial performance is the achievement that has been achieved through various efforts that have been carried out". In this study, financial performance is proxied by *Return On Assets* .

Based on the data displayed by OJK on its website, it shows that the development of banking ROA in Indonesia, especially conventional commercial banks, in 2022 has increased, but several years earlier there was a significant decline. The significant decline in ROA at that time was one of the many impacts caused by *Covid-19* which spread throughout the country, including Indonesia. Banks in Indonesia have also experienced a significant decline like this. This situation occurred during the monetary crisis in 1998 where many companies experienced a crisis, including banking companies.

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One of the causes of bankruptcy during the monetary crisis was because the implementation of *good corporate governance* had not been carried out regularly. To deal with this, the government, including Bank Indonesia and the Financial Services Authority (OJK), practiced various efforts to support the realization of GCG in Indonesia. One form of Bank Indonesia's efforts in encouraging the realization of GCG in Indonesia, especially for commercial banks, was the issuance of regulations by Bank Indonesia, namely PBI No. 8/4/PBI/2006 concerning the implementation of GCG for Commercial Banks. The regulation was issued in order to improve the domestic banking system to deal with the complexity of risks, protect the interests of various parties involved and improve bank compliance with applicable regulations.

Although regulations regarding *good corporate governance* have been established, in reality there are still many violations of *good corporate governance* in various banks in Indonesia. Reported from several news portals, there are still several cases related to corporate governance instruments such as what happened at Bank Jambi, in May 2023 one of the main directors of Bank Jambi was named a suspect in a corruption case of Rp310 billion for the case of default on medium-term debt securities (MTN) by PT Sunprima Nusantara (CNBC Indonesia, 2023).

Another case related to corporate management also happened to a Citibank customer. This was done by the Senior Relation Manager of Citigold Citibank Landmark branch, South Jakarta . The suspect broke into 34 accounts belonging to Citigold customers by forging customer signatures and transferring funds without orders from the customers. The losses caused by this action were reported to have reached Rp46.1 billion (Kompas.com, 2022). These cases show the poor implementation of GCG in several companies.

Based on the background above, the formulation of the problem in this study is whether there is an influence of the size of the board of directors, institutional ownership, managerial ownership, and company size on financial performance partially? and is there an influence of *good corporate governance* and company size on financial performance simultaneously? The objectives to be achieved in this study are to determine the positive influence of the size of the board of directors, institutional ownership, managerial ownership, and company size partially on financial performance and to determine the influence of *good corporate governance* and company size on financial performance.

The board of directors is an organ or part of the bank that is responsible for managing the bank in accordance with the provisions of laws and regulations and the bank's articles of association. In carrying out their duties, the board of directors must meet various requirements set by Bank Indonesia, such as integrity, competence, experience, and health. The size of the board of directors refers to the number of directors in a business entity. Sukandar & Rahardja (2014) through their research stated that the size of the board of directors has a significant effect on the company's financial performance, meaning that increased performance is likely to occur if the number of board of directors increases. With the large number of directors owned by a business entity, each director will be placed and responsible for their respective fields of expertise so that the decisions made are not only centered on one party or one field but through various expertise and different perspectives from each existing director, while Fajri *et al.* (2022 *)* stated that the size of the board of directors has a significant negative effect, meaning that if the number of directors increases, financial performance will decline. H1 which can be formulated based on the explanation above is:

H1: There is a positive influence of the size of the board of directors on financial performance.

Institutional ownership refers to entities that have a significant interest in the company's participation including share ownership . Therefore, the existence of share ownership considered important as a means of control And monitoring in the development of corporate investment . Based on research conducted by Nilayanti & Suaryana (2019), institutional ownership positively affects the company's financial performance. With an increase in institutional ownership, it will improve the company's

monitoring mechanism so that it can minimize the actions of managers who take advantage of opportunities for their own interests. H2 which can be formulated based on the explanation above is:

H2: There is a positive influence of Institutional Ownership on Financial Performance.

Managerial ownership (KM) refers to the number of shares held by management from the total number of shares. The existence of shares owned by management can help equalize the interests of investors and management because management also experiences the direct consequences of the decisions made and the party is also responsible for the risks that may arise due to errors in decision making. Based on agency theory, increasing managerial ownership tends to minimize management's desire to use resources for its own interests. This ownership can also reduce agency costs, which ultimately optimizes financial performance. This is similar to the results of research conducted by Rahman *et al* (2019) which states that there is a significant positive effect between managerial ownership and *return on assets* . Large managerial share ownership can reduce agency cost problems which ultimately increase profitability and the company's overall work results. H3 formulated based on the explanation above is:

H3: There is a positive influence of Managerial Ownership on Financial Performance.

The larger the size of a company, especially a banking company, it is certain that the funds managed will be larger and more difficult to manage (Tisna & Agustami, 2016). This is in line with what Darmawati (2004) stated *in* Erawati & Wahyuni (2019) and Hidayat, Rasuli, & Nurazlina (2015) who stated that in order to support performance, large companies generally have significant financial advantages. The high or low scale of operations of large companies affects the way they process information, where business entities are expected to be able to increase economic efficiency and cut costs. Hindasah *et al* (2021) stated that there is a positive effect of company size on financial performance. Large companies with large assets are attractive to the public and attract more attention from the public because along with the increasing number of assets, the invested capital also increases. Because the size of the company is large and its assets are large, the turnover of money in the company will also be better than small companies. H4 which can be formulated based on the explanation above is:

H4: There is a positive influence of Company Size on Financial Performance.

Business entities that have good financial performance will generate high profits. This can be achieved by encouraging several factors such as *Good Corporate Governance* and Company Size (Tisna & Agustami, 2016). The better the implementation of governance in a business entity, the more it will affect the company's financial performance. Darmawati (2004), Tisna & Agustami (2016), and also Hindasah *et al* (2020) stated that company size has a positive effect on financial performance. Large companies with good governance are very likely to achieve good financial performance as well. H5 which is formulated based on the explanation above is:

H5: There is an influence of *Good Corporate Governance* and Company Size on Financial Performance.

METHOD

This study is a study that uses quantitative methods, namely by performing mathematical calculations in order to test existing theories or hypotheses. This study examines several objects such as Good Corporate Governance which is projected on the size of the board of directors, institutional ownership, and managerial ownership and also company size as independent variables. Another object is financial performance which is projected on ROA as a dependent variable. The research subjects used are banking companies listed on the Indonesia Stock Exchange from 2019 to 2022 or can be said to be a population. In order to determine a sample from the population, the technique used is *purposive sampling* which uses several criteria. Based on this *sampling* , 22 companies were obtained as samples with 4 years of observation so that the total sample was 88 samples, where the data was secondary data sourced from the company's annual report . In

addition, researchers also use books, journals, and articles or news as references in presenting relevant information.

Handayani & Asmuji (2023) define descriptive statistical analysis as "A statistic used to analyze data by describing or depicting the collected data as it is without intending to make general conclusions". This analysis is limited to the accumulation of basic data in the form of descriptions without further effort to identify the relationship or influence between variables. Descriptive statistics are useful in providing a representation of the object being studied through sample data or population data as it exists in the field (unmodified).

Multiple regression analysis aims to test the influence of independent variables (X) on dependent variables (Y) and to determine how big the influence is. The regression model used is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + B4X4 + \varepsilon$$

With the following information:

Y = Return On Assets (ROA)
β = Regression Coefficient
X1 = Size of Board of Directors
X2 = Institutional Ownership
X3 = Managerial Ownership
X4 = Company Size
ε = Error Coefficient

Partial tests are conducted in order to determine the influence of each independent variable on the dependent variable. In this study, partial tests will test each influence of the independent variables in this study on the dependent variable. The criteria for seeing whether or not it has a partial effect are as follows:

1) If the calculated t value is smaller than the t table, and the significance value of the t test > 0.05, then H_0 is accepted and Ha is rejected so that there is no influence of the independent variable on the dependent variable.
2) If the calculated t value is greater than the t table and the significance value of the t test ≤ 0.05 then H_0 is rejected and Ha is accepted, so there is an influence of the independent variable on the dependent variable.

In the multiple linear regression equation model, the simultaneous influence test is carried out as a determination of whether the independent variables simultaneously affect the dependent variables. The value size used as a limit is 0.05 (5%). With the results of a significant F value of less than 0.05 indicating that the independent variables simultaneously affect the independent variables.

The proportion of independent variable variation that can explain the variation of the dependent variable can be seen through the determination coefficient test. If the linear regression analysis estimated by OLS produces a determination coefficient test of 0.630, then 63% of the variation of the dependent variable can be explained by the variation of the independent variable formulated in the research, while the other 37% is explained by other independent variables that are not used as variables. If the coefficient value is high, the empirical model will be better.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis Results

Table 1Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
UDD	88	3,0000	12,0000	7,7386	2,9730 4
KI	88	,3961	,9999	,9191	,1141 3
KM	88	,0000	,0019	,0002	,0003 7
UP	88	29,2017	35,2282	32,226 8	1,756 80

ROA	88	,0010	,0431	,0159	,01110
Valid N (listwise)	88				

Source: Data processed by the author using SPSS (2024)

1. Based on the data in Table 4.1, the minimum number or value of variable X1 is 3 and the maximum value is 12 with a *mean value of* 7.7386, which means that the average number of boards of directors in the sample companies is relatively large because the *mean value* is close to the maximum value. The data above also displays the standard deviation value of the sample companies, which is 2.97304, which is smaller when compared to the average value (*mean*), which means that it can be concluded that the data distribution pattern is homogeneous.
2. According to the results of descriptive statistics, the smallest value of X2 is 0.3961 and the largest value is 0.999 with a *mean value* of 0.9191, which means that the average institutional ownership of sample companies is large because it is close to its maximum value. Table 4.1 also displays the standard deviation value of the X2 variable, which is 0.11413, which is smaller than the average value. Therefore, it can be concluded that the data is distributed homogeneously.
3. Based on the results of descriptive statistics, the smallest value of variable X3 is 0.000 while the largest value is 0.0019 and the *mean value* is 0.0002 which means that the average managerial ownership in the sample banks is small because it is close to its minimum value. Table 4.1 also displays the standard deviation value of variable X3, which is 0.00037, which is less than the *mean value* . Therefore, it is concluded that the data distributed is homogeneous.
4. Based on the results of descriptive statistics, the minimum value of variable X4 is 29.2017 while the maximum value is 35.2282 and the *mean value* is 32.2268 which means that the average company size in the sample companies is large because it is close to its maximum value. Table 4.1 also displays the standard deviation value of variable X3 which is 1.75680 which is less than the average value. Therefore, it is concluded that the distribution of data is homogeneous.
5. Based on the results of descriptive statistics, the minimum value of variable Y is 0.0010 while the maximum value is 0.0431 and the *mean value* is 0.0159 which means that the average *return on asset* 1 in the bank sample is small because it is close to its minimum value. Table 4.1 also displays the standard deviation value of variable X3 which is 0.01110 which is smaller than the average value. Therefore, it can be concluded that the distribution of data is homogeneous.

Normality Test

Table 2*Kolmogorov-Smirnov* Test Results

		RES
N		77
Normal Parameters [a,b]	Mean	,0000000
	Std. Deviation	,00949166
Most Extreme Differences	Absolute	,096
	Positive	,096
	Negative	-,089
Test Statistics		,096
Asymp . Sig. (2-tailed)		,074 [c]

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

Source: Results of Normality Test via SPSS (2024)

Based on the table above, to see whether the data is normal or not, look at the *asymp sig value* , where the value obtained is 0.074 which is greater than 0.05 so the conclusion is that the data is normally distributed.

Multicollinearity Test

Table 3Multicollinearity Test Results

Coefficients [a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	UDD	,103	9,672
	KI	,650	1,537
	KM	,921	1,086
	UP	,100	9,993

a. Dependent Variable: ROA

Source: Multicollinearity Test Results via SPSS (2024)

The table above shows that the tolerance values are > 0.01 and the VIF values are < 10 for each variable. This means that the data does not show any multicollinearity among the variables, which means that there is no relationship between one independent variable and another.

Autocorrelation Test

Table 4Autocorrelation Test Results

Source: Results of secondary data processing using SPSS (2024)

Model Summary[b]

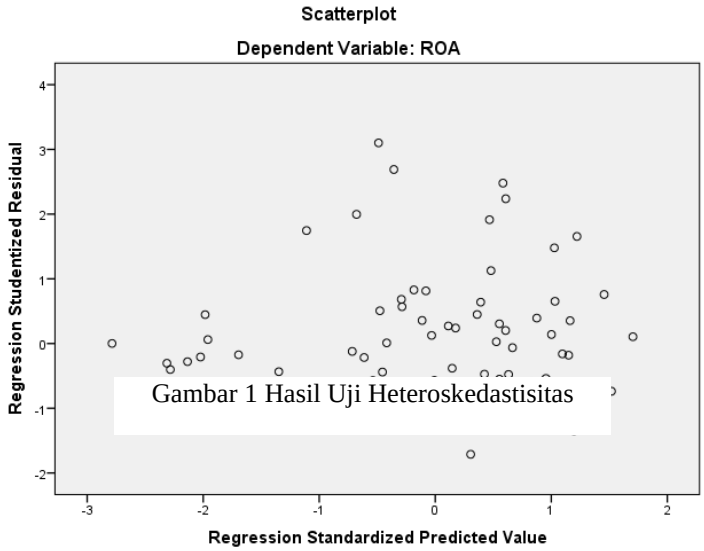
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,459[a]	,211	,167	,00975	2,183

a. Predictors: (Constant), UP, KM, KI, UDD

b. Dependent Variable: ROA

Durbin Watson (DW) value shown above is 2.183. When compared to the Durbin Watson table with dL (1.5228) and dU (1.7407) values, these values can meet the requirements for no autocorrelation, namely, DU < DW < 4 – DU. If these numbers are entered, then 1.7407 < 2.183 < 2.2593, which means the requirements have been met.

Heteroscedasticity Test



Gambar 1 Hasil Uji Heteroskedastisitas

According to the image above, the points do not form a clear pattern and the points are also evenly distributed above and below the number 0 on the Y axis so it can be concluded that the data does not experience heteroscedasticity.

Multiple Linear Regression Analysis

Table 5 Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,1057	,060		-1,772	,081
	UDD	,0004	,001	-,101	-,310	,757
	KI	,0708	,029	,316	2,434	,017
	KM	12,8253	7,657	,183	1,675	,098
	UP	,0017	,002	,273	,825	,412

a. Dependent Variable: ROA

Source: Data Test Results by the Author via SPSS (2024)

The regression model obtained based on the table is:

$$ROA = -0{,}1057 + 0{,}0004UDD + 0{,}0708KI + 12{,}8253KM + 0{,}0017UP$$

The following is an explanation of the regression model equation obtained:

a. A fixed value of -0.1057 means that if each independent variable has a constant value, then the value of the dependent variable is -0.1057.
b. The coefficient of the Board of Directors Size Variable (X1) shows a figure of 0.0004, which means that the financial performance value (Y) will increase by 0.0004 for every 1 point increase in the UDD variable.
c. The coefficient of the Institutional Ownership Variable is 0.0708, which means that for every 1 point increase in the institutional ownership variable, financial performance (Y) will increase by 0.0708.
d. The coefficient of the Managerial Ownership Variable is 12.8253, which means that every time the Managerial Ownership variable increases, the financial performance value will increase by 12.8253.
e. The coefficient of the Company Size variable is 0.0017, which means that every time the Company Size variable increases, the financial performance value will increase by 0.0017.

T Statistic Test (Partial)

Table 6Partial Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,1057	,060		-1,772	,081
	UDD	,0004	,001	-,101	-,310	,757
	KI	,0708	,029	,316	2,434	,017
	KM	12,8253	7,657	,183	1,675	,098
	UP	,0017	,002	,273	,825	,412

a. Dependent Variable: ROA

Source: Data tested by the author via SPSS (2024)

In order to understand the influence of each independent variable on its dependent variable, a partial test can be used. Researchers concentrate on the significance value of each variable to determine the partial test results and also compare the calculated t with the t table. Table 4.7 above displays the calculated T value and also the significance value for each variable. The calculated T value in the table above will be compared with the t table value. To find the t table value in this study, researchers refer to the critical value of the t distribution, to find the t table value, researchers first look for the df (degree of freedom) value which is done with the formula df = N - k - 1 where n is the total number of samples, k is the number of variables in the study. So that the result of df = 77 - 4 - 1 = 72. Based on this calculation, the t table value obtained is 1.66629. The results obtained are explained in the following table:

1. The size of the board of directors (UDD) has a sig of 0.757 which is more than the 5% significance level and also the calculated t value (-0.310) < t table (1.66629) which means

accepting Ho and rejecting H1 so that the results obtained are that there is no influence of the size of the board of directors on financial performance.
2. In the table above, the Institutional Ownership (KI) variable has a sig of 0.017 which is below 5% (0.05). In addition, the results of the calculated t (2.434) > t table (1.66629) are obtained, which means rejecting Ho and accepting H2 so that the results obtained are that there is a significant influence of institutional ownership on financial performance.
3. In the table above, the managerial ownership (KM) variable has a calculated t (1.657) > t table (1.66629) while having a sig of 0.098 which is greater than the 5% significance level. This means accepting Ho and rejecting H3 so that the results obtained are that there is no influence of managerial ownership on financial performance.
4. In the table above, the company size variable (UP) has a sig of 0.412 which is above 5% (0.05) and has a calculated t (0.825) < t table (1.66629). This means accepting Ho and rejecting H4 so that the results obtained are that there is no influence of company size.

F Statistic Test (Simultaneous Test)

Table 7Simultaneous Test Results

ANOVA

Model		Sum Of Squares	Df	Mean Square	F	Sig.
1	Regression	,002	4	,000	4,807	,002[b]
	Residual	,007	72	,000		
	Total	,009	76			

a. Dependent Variable: ROA
b. Predictors: (Constant), UP, KM, KI, UDD

Source: Results of data testing by the author via SPSS (2024)

In table 7, the calculated F value obtained is 4.807 and the significance value is 0.002. The F table value will be compared with the f table value. In determining the f table, the researcher first determines the df for the numerator (N1) and df for the denominator (N2), where the formula used for N1 is k -1 which means df (n1) in this study is 5-1 = 4. Then for df (n2), the formula used is n - k, which means df in this study is 77-5 = 72 so that the F table value is obtained = 2.50 which is <f count and in table 4.7, the *sig value* is below 0.05. This means rejecting Ho and accepting H5 which means that there is an influence of Good Corporate Governance and Company Size on financial performance simultaneously. In addition, a *sig value* below 0.05 can also mean that the model is worthy of being tested.

Coefficient of Determination Test

Table 8Results of Determination Coefficient Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,459[a]	,211	,167	,00975

a. Predictors: (Constant), UP, KM, KI, UDD
b. Dependent Variable: ROA

Source: Data Test Results via SPSS (2024)

In order to show or display how much variation of the dependent variable is explained by the proportion of the independent variable, a determination coefficient test can be performed. Table 4.12 shows the results of the determination coefficient with a value of 0.167, which means that the independent variables in the study (UDD, KI, KM, and UP) only explain the variation of the dependent variable (ROA) by 16.7% and the remaining 83.3% is explained by other variables not examined in this study.

The Effect of Board of Directors Size on Financial Performance

In the first hypothesis, the statement conveyed is that there is an influence of the size of the board of directors on financial performance, but based on partial testing for the variable of the size of the board of directors, the research results obtained are a significance of 0.757 where the value is above the significance level of 0.05 and t count (-0.310) < t

table (1.66629) so that H1 is rejected which means there is no influence of the size of the board of directors on financial performance. In terms of improving financial performance, the size of the board of directors does not affect financial performance because in managing a company, it not only requires a large number of directors but also requires sufficient competence and experience to manage the company as stated in "POJK Number 55/POJK.03/2016" Article 6 paragraph 2 and paragraph 3 which reads "The majority of members of the board of directors must have at least 5 years of experience in the operational field and at least as a bank Executive Officer" and "Each member of the board of directors must comply with the requirements for the assessment of capability and compliance in accordance with the Financial Services Authority Regulation concerning the Assessment of Capability and Properness for Main Parties of Financial Services Institutions" In this study, sufficient results have not been found to support the hypothesis that the size of the board of directors has a significant effect on financial performance.

The Influence of Institutional Ownership on Financial Performance

Based on partial testing for institutional ownership variables, the research results obtained are *sig* of 0.017 where the value is below the 5% significance level and has a calculated t (2.434)> t table (1.66629) so that H2 is accepted which means there is an influence of institutional ownership on financial performance. When viewed from table 4.8, the linear regression coefficient for the institutional ownership variable is 0.0708 positively, this means that the influence of institutional ownership on financial performance is a positive influence so that it can be concluded that if institutional ownership increases, financial performance will also increase. With institutional ownership in the company, the monitoring mechanism in the company will increase so that it can minimize the actions of managers who take advantage of opportunities for their own interests. Based on "POJK number 56 / POJK.03 / 2016 Article 2 paragraph 2a and 2b", there is a maximum limit on bank share ownership, where 40% of the bank's capital, for the category of shareholders in the form of legal entities of bank financial institutions and non-bank financial institutions, 30% of the bank's capital for the category of shareholders in the form of legal entities not financial institutions. However, this maximum limit does not apply to the central government and institutions that aim to save the bank. Based on this decision, it is very possible that institutional ownership has a large value, including the bank samples in this study that have very large institutional ownership and are almost fully owned by institutions, this happens because several bank samples in this study are state-owned commercial banks. Because of the large institutional ownership, it is very possible that financial performance can be affected by this.

The Influence of Managerial Ownership on Financial Performance

In the third hypothesis, the statement conveyed is that there is an influence of managerial ownership on financial performance, but based on partial testing for the managerial ownership variable, the research results obtained have a calculated t value (1.675) > t table (1.66629) while the significance value is above 0.098 so that H3 cannot be accepted, which means that there is no significant influence of managerial ownership on financial performance. Based on *agency theory* and also several previous studies, managerial ownership is considered to be able to minimize agency costs so that it can improve financial performance, but in several companies that are samples in this study, managerial ownership cannot improve their financial performance. This happens because several sample companies tend to have managerial ownership with a very small value, even some of them do not have managerial ownership. Based on "POJK Number 56 / POJK.03 / 2016 concerning the Maximum Limit of Share Ownership Article 2 No. 2c" states that the maximum limit of share ownership in a bank for the individual shareholder category is 20% of the bank's capital, where in the sample banks, individual shareholders are dominated by Indonesian individual residents while a small part is owned by managerial ownership. However, the financial performance between companies that have managerial ownership and companies that do not have managerial ownership has almost the same financial performance. So it can be concluded that because of its small value, managerial ownership does not affect financial performance.

The Influence of Company Size on Financial Performance

In the fourth hypothesis, the statement conveyed is that there is an influence of company size on financial performance, but in partial testing with a focus on the company size variable, the results obtained are inversely proportional to the existing hypothesis, namely the results obtained are a significance of 0.757 where the value is above the significance level of 0.05 and also t count (0.825) < t table (1.66629) so that H4 is rejected which means there is no influence of the size of the board of directors on financial performance. Large companies do not necessarily guarantee that financial performance will always increase and small companies do not necessarily have small or declining financial performance. This can be seen from the data used as a sample in this study. Although the company is smaller in size, the company can still produce financial performance that exceeds the average. Improving financial performance is not only by enlarging the company, but also by implementing the right policies.

The Influence of Good Corporate Governance and Company Size on Financial Performance.

In the fifth hypothesis, the statement conveyed is that there is an influence of *good corporate governance* and company size on financial performance. If partially only the institutional ownership variable has a significant influence, in the simultaneous testing of the independent variables on the dependent variable in this study, the results obtained are the *sig value* in the F test is 0.002 which is smaller than 0.05. This means accepting H5 so that the conclusion that can be drawn is that there is a simultaneous influence *of good corporate governance* and company size on financial performance. The four components above can at least have a significant influence if they are applied together in the company. These components complement each other and are interrelated with each other so that they can affect the financial performance it has.

CONCLUSION

Based on the tests that have been conducted, the results show that there is no effect of the size of the board of directors on financial performance. The number of board of directors cannot affect financial performance, but must also be accompanied by the competence and experience of the board of directors in the company. The same results were also obtained that managerial ownership and company size do not have a positive effect on financial performance. Managerial ownership owned by sample companies tends to be small so that it cannot have a significant effect on financial performance and the increase or decrease in financial performance is not based on the size of the company but can be influenced by policies and how the company manages its assets as an effort to maintain its financial performance.

As for institutional ownership, the results obtained are that there is a positive influence of institutional ownership on financial performance. Large institutional ownership can increase the assets owned by the company and can also be a supervisor or control for management in implementing company policies. Then simultaneously, the results obtained are that there is an influence of *good corporate governance* and company size on financial performance. The four components above can at least have a significant effect if they are applied together in the company. These components complement each other and are interrelated with each other so that they can affect the financial performance it has.

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