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ACTIVITIES OF THE BOARD OF COMMISSIONERS, INDEPENDENT BOARD OF COMMISSIONERS AND BOARD OF COMMISSIONERS SIZE, AND COMPANY SIZE AS INTERVENING VARIABLES: AGAINST COMPANY FINANCIAL PERFORMANCE

(Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) for the 2017 - 2021 period)

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Abstract
This study aims to determine the effect of the activities of the Board of Commissioners, the Independent Board of Commissioners and the Size of the Board of Commissioners, and Company Size as an Intervening Variable: on Company Financial Performance (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) Period 2017 - 2021) . This type of research uses secondary data. The population of this study includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The sampling technique used was purposive sampling. The population data for this study are companies registered at PT. Indonesia Stock Exchange and obtained a sample of 10 companies. The data analysis method used is Path Analysis with SPSS. The results of this study show that the activities of the Board of Commissioners, the Independent Board of Commissioners and the Size of the Board of Commissioners, and Company Size as Intervening Variables: on the Company's Financial Performance both partially and simultaneously have a positive effect and and significant and there is a negative effect and not significant.

Keywords : **Board of Commissioners' Activities, Independent Board of Commissioners, Size of the Board of Commissioners, Financial Performance and Company Size**

PRELIMINARY

Today's increasingly rapid economic competition has resulted in companies having to pay more attention directly to the performance of their companies. This is done so that the company's goals are achieved, namely maximizing profits and welfare of stakeholders. In achieving good financial performance, companies need to maximize operating activities such as maximizing sales and reducing expenses (Fahmi and Rahayu, 2017).

According to FCGI (2002) Good Corporate Governance (GCG) is good corporate governance as a top priority. In this paradigm, researchers will discuss the three organs of Good Corporate Governance (GCG), namely the size of the board of commissioners, the independent board of commissioners and the activities of the board of commissioners. The board of commissioners is an organ of the company whose job is to carry out general and/or specific supervision in accordance with the articles of association and provide advice to the directors.

The activities of the board of commissioners discuss sharpening the pattern of supervision of the board of commissioners according to roles, functions and responsibilities so that the implementation is effective and accountable. The meeting has also established a fixed schedule for regular monthly meetings and a mechanism for meeting the board of commissioners with the directors as well as to further empower the function of the audit committee in assisting the board of commissioners with regard to financial supervision. Independent commissioners are members of the board of commissioners who are not affiliated with management, other members of the board of commissioners and controlling shareholders, and are free from business relationships or other relationships that may affect their ability to act independently or act solely in the interests of the company. The manufacturing industry as one of the largest industries on the Indonesia Stock Exchange (IDX) is a sector supporting economic growth.

In addition to the good implementation of Good Corporate Governance (GCG), company size also influences the achievement of the company's financial performance. Company size can affect stock prices in the capital market. The stock price is the price formed from the interaction of the sellers and buyers of shares which is motivated by the expectation of the company's profit. Conditions of demand or supply of stocks that fluctuate every day will bring fluctuating stock price patterns as well. The difference between the purchase price and the selling price of the shares is the profit that investors enjoy on their stock investments (Wijaya, 2017).The Composite Stock Price Index (IHSG) is one of the stock market indices used by the Indonesia Stock Exchange (IDX). From the picture below, it can be seen that the movement of the Jakarta Composite Index (IHSG) has fluctuated for the last seven years.

Figure 1.1
Movement of the Jakarta Composite Index (IHSG) for the last 5 (five) years 2017 - 2021 period

Based on the chart above, it is known that the movement rate of the Jakarta Composite Index (IHSG) from 2017 to 2021 has fluctuated.

LITERATURE REVIEW

Company Financial Performance - Return on Assets (ROA)

Return on Assets (ROA) is one of the profitability ratios. Return on Assets (ROA) is able to measure a company's ability to generate profits in the past to then be projected in the future. According to Harmono (2011), the following formula is used to measure financial performance:

$$\text{Return On Assets (ROA)} = \frac{\text{Net profit before tax}}{\text{Total assets}}$$

Board of Commissioners' activities

The meeting of the Board of Commissioners discusses sharpening the pattern of oversight of meetings and has also established a fixed schedule for regular monthly meetings and the mechanism for meeting the board of commissioners with the directors as well as to further empower the function of the audit committee in assisting the board of commissioners with regard to financial supervision. The activity of the independent board of commissioners can be calculated using the following formula

$$\text{Board of commissioners activities} = \text{Number of board of commissioners meetings in a year}$$

Independent Board of Commissioners

Independent commissioners are members of the board of commissioners who are not affiliated with management, other members of the board of commissioners and controlling shareholders, free from business relationships or other relationships that may affect their ability to act independently or act solely in the interests of the company (KNKG, 2006). The independent board of commissioners can be calculated using the following formula (Aprianingsih, 2016).

$$\text{Board of independent commissioners} = \frac{\text{Number of independent commissioners}}{\text{Number of members of the board of commissioners}}$$

Size of the Board of Commissioners

The Board of Commissioners is an organ of the Company whose job is to carry out general and/or specific supervision in accordance with the Articles of Association and provide advice to the directors. (FCGI, 2002). The board of commissioners can be calculated using the following formula (Sinaga, 2014).

$$\text{Size of the board of commissioners} = \text{Number of members of the board of commissioners}$$

Company Size

Company size is one of the important variables in company management. Company size reflects how much sales the company gets (Sinaga, 2014). Company size is calculated using the following formula (Sari, 2014).

$$\text{Company size} = \text{Total assets}$$

RESEARCH METHODOLOGY

This research was conducted at the Indonesian Stock Exchange including data on stock returns obtained from IDX Statistics or the Indonesian Capital Market Dictionary (ICMD). The data used in this study involves quantitative data. Population is a collection of all measurements, objects or individuals being studied. The population used in this study is a

manufacturing company registered at PT. Indonesia Stock Exchange (IDX) 2017-2021. the sample used in this study were 10 manufacturing companies registered with PT. Indonesia Stock Exchange (IDX) during 2017-2021 which has certain criteria.

The sampling technique used purposive sampling to obtain a representative sample according to the specified criteria. The purposive sampling method is sampling based on the subjective considerations of the researcher where the conditions must be met by the sample. In this study the authors use secondary data obtained from the financial reports of manufacturing companies for 2017-2021 which are published publicly.

Data analysis uses the classical assumption test, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test.

Multiple linear regression analysis using two models namely

Regression Model I

$Y= \alpha + b1x1 + b2x2 + e$

Regression Model II

$Z = \alpha + b1x1 + b2x2 + b3Y + e$

Hypothesis testing and path analysis (Path Analysis)

Line I model

$Y = \rho yx1 + \rho yx2 + \rho zy + \varepsilon 1$

Line II model

$Z = \rho zx1 + \rho zx2 + \varepsilon 2$

RESULTS AND DISCUSSION

RESULTS

Normality test results

Table 1.
Kolgomorov-Smirnov normality test results

	Unstandardized residual Model 1	Unstandardized residual Model 2
asymp. Sig. (2-tailed)	0.841	0.061

Source: SPSS 21, Data processed

Multicollinearity test results

Table 2
Multicollinearity test results of tolerance and VIF (model one)

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ADK	,891	1,122
	DKI	,919	1,089
	UDK	,966	1,036

a. Dependent Variable: ROA

Source: SPSS 21, Data processed

Table 3
Multicollinearity test results of tolerance and VIF (model two)

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ADK	,707	1,415
	DKI	,694	1,440
	UDK	,965	1,036
	ROA	,684	1,461

a. Dependent Variable: UP

Source: SPSS 21, Data processed

Autocorrelation test results

Table 4
Autocorrelation test results

Model	Std. Error of the Estimate	Durbin-Watson
1	3,86865	1,557
2	1,59933	0,725

Source: SPSS 21, Data processed

Results of Multiple Linear Regression analysis

Table 5
Multiple Linear Regression test results (model one)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
)nstant)	-2,117	2,421		-,875	,386
)K	,230	,066	,448	3,466	,001
:I	15,603	4,050	,490	3,853	,000
)K	,054	,290	,023	,186	,853

a. Dependent Variable: ROA

Source: SPSS 21, Data processed

Table 6
Multiple Linear Regression test results (model two)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,211	1,009		17,056	,000
	ADK	-,044	,031	-,236	-1,424	,161
	DKI	1,447	1,926	,126	,751	,456
	UDK	-,183	,120	-,216	-1,523	,135
	ROA	-,027	,061	-,074	-,436	,665

a. Dependent Variable: UP

Source: SPSS 21, Data processed

Hypothesis test

t test results

From the results of data processing can be presented in the following table:

Regression Model I

Table 7
Partial over all independent variables

Independent Factor	t	Significant
ADK	3,466	,001
DKI	3,853	,000
UDK	,186	,853

Source: SPSS 21, Data processed

Regression Model II

Table 8
Partial over all independent variables

Independent Factor	t	Significant
ADK	-1,424	,161
DKI	,751	,456
UDK	-1,523	,135
ROA	-,436	,665

Source: SPSS 21, Data processed

Test results f

Regression Model I

Table 9
Testing the hypothesis of all variables simultaneously

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	317,489	3	105,830	7,071	,001[b]
Residual	688,455	46	14,966		
Total	1005,944	49			

a. Dependent Variable: ROA

b. Predictors: (Constant), UDK, DKI, ADK

Source: SPSS 21, Data processed

Table 10
Testing the hypothesis of all variables simultaneously

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	16,501	4	4,125	1,613	,188[b]
Residual	115,104	45	2,558		
Total	131,605	49			

a. Dependent Variable: UP

b. Predictors: (Constant), ROA, UDK, ADK, DKI

Source: SPSS 21, Data processed

Coefficient of Determination (R2)
Regression Model I

Table 11
Coefficient of determination test results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	,562[a]	,316	,271	3,86865	1,557

a. Predictors: (Constant), UDK, DKI, ADK
b. Dependent Variable: ROA
Source: SPSS 21, Data processed

Regression Model II

Table 12
Coefficient of determination test results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	,354[a]	,125	,048	1,59933	,725

a. Predictors: (Constant), ROA, UDK, ADK, DKI
b. Dependent Variable: UP
Source: SPSS 21, Data processed

DISCUSSION

Table 13
Hypothesis testing results

hypothesis				B	Sign	Comparison	Decision
Ha1	ADK	To	ROA	0,230	0,001	0,05	Received
Ha2	DKI	To	ROA	15,603	0,000	0,05	Received
Ha3	UDK	To	ROA	0,054	0,853	0,05	Rejected
Ha4	ADK	To	UP	-0,044	0,161	0,05	Rejected
Ha5	DKI	To	UP	1,447	0,456	0,05	Rejected
Ha6	UDK	To	UP	-0,183	0,135	0,05	Rejected
Ha7	ADK, ROA	To	UP	-0,236	0,153	0,05	Rejected
Ha8	DKI, ROA	To	UP	0,126	10,375	0,05	Rejected
Ha9	UDK, ROA	To	UP	-0,216	0,035	0,05	Received
Ha10	PU	To	ROA	-0,074	0,665	0,05	Rejected

Source: SPSS 21, Data processed

CONCLUSION

Based on table 13, the results of the testing and discussion regarding the Activities of the Board of Commissioners, the Independent Board of Commissioners and the Size of the Board of Commissioners, and Company Size as Intervening Variables: On the Company's Financial Performance, both partially and simultaneously, there is a positive and significant effect and there is an influence negative and not significant.

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