ANALYSIS OF EFFECT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE IN IDX30 COMPANY LISTED IN INDONESIAN

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DECLARATION

I declare that the work in this academic writing was caried out by the regulation of Management and Science University. It is original and is the result by my own work unless otherwise indicated or acknowledged as referenced work, this study has not been submitted to any other academic institution or non-academic institution for any degree any qualification.

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ABSTRACT

This study examines the influence of corporate governance on company performance in IDX30 companies where the company already has good fundamentals and capital, for this study used data collection with secondary data methods. Sampling is an annual report from 30 company with a period of 4 years from (2018-2021) from a company listed on IDX30 which produces 120 samples. In this study the researcher found that the size of the board of directors and director's remuneration had a positive and insignificant relationship with company performance, and the proportion of independent and education background directors had an insignificant negative relationship with company performance, but the proportion of female directors had a positive and significant relationship with company performance.

Keywords: Board of directors, Director's remuneration, Proportion of independent directors, Education background, Proportion of female directors.

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1
INTRODUCTION

1.1 Introduction

This chapter provided the reasons for the research and reaches several points: Background of the research, problem statement, research question, research objectives, the significance of the research, scope of the research, limitations of the research, key terms, the structure of the proposal, and also the chapter conclusion.

1.2 Background of the study

Corporate governance is very important for a company, where corporate governance is the stone of any business. Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. but also, the relationship between the company and its interest groups that determine its strategic direction and performance. Applying proper corporate governance principles increases profitability and returns, improves competitiveness, credibility, and reputation, and improves relationships with key stakeholders such as investors, business partners, employees, customers, suppliers, financiers, government, and the community. governance standards reduce many of the risks that arise from day-to-day operations. With better performance and returns, such companies can attract investors whose investments can help finance further growth and development.

Transaction activities in the securities market cannot be separated from the influence of phenomena that occur in the surrounding environment. These phenomena include non-economic phenomena as well as economic phenomena. One of the events that affect the current condition of the capital market is the Covid-19 pandemic. Covid-19 is a disease caused by a virus called Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2). The World Health Organization (WHO) declared the Covid 19 virus a global pandemic on March 11, 2020. The pandemic caused by the Covid-19 virus has created a multidimensional crisis that is very different from previous systemic crises, such as the Asian financial crisis. In 1997, the 1997 global financial crisis, it can be said that the issue of corporate governance has become one of the important discussions to support economic recovery and stable economic growth in the future after Indonesia and in various other Asian countries. experienced an economic crisis in mid-1997 (Zhuang et al., 2001). Europe's debt crisis in 2011. In 2008, the world experienced a global financial crisis, when policymakers rushed to provide assistance programs to save financial institutions and companies, it triggered a major liquidity crisis. At that time leading banks and financial institutions such as Lehman Brothers, Freddie Mac, and Fannie Mae, Northern Rock experienced a collapse. More than ten years later, in 2020, the world is gripped and paralyzed by the crisis of the Covid-19 pandemic. What is important to note here is that a pandemic crisis is very different from a financial crisis with a global impact, which has a spillover effect on the economy. On the other hand, the Covid-19 pandemic crisis is a health-related crisis, not only having a broad impact on the economy at the same time but also having an impact on our daily lives. The Covid-19 pandemic has disrupted businesses and economies around the world. The restrictive policies that many countries have caused a decline in Gross Domestic Product and were implemented at a rate worse than the Great Depression. Some economists have predicted a worldwide recession as a result of this pandemic. Governments, central banks, and world economic institutions have taken decisions to save companies and businesses from collapse. Policymakers around the world have taken various steps to deal with the impending economic downturn. In Indonesia, the Covid-19 pandemic has slowed the national economy, reduced income, increased poverty, and reduced welfare. With the outbreak of the coronavirus (Covid-19), the government, Bank Indonesia, and OJK have issued various budget, currency, and financial services regulations to support efforts to recover the national economy. Facing the Covid-19 pandemic, there is a new complex reality and an impact that must be faced. The new environment is characterized by pressures and multiple stakeholder groups, expectations of community involvement and corporate responsibility to society, and uncertainty about the future. These factors complicate decision-making and define many challenges in implementing corporate governance during the current Covid-19 pandemic.

Financial statement analysis is an analytical method or technique in the form of a balance sheet, income statement, cash flow statement, or financial report from other data (Andy & Megawati, 2019, p. 1) to see a significant or meaningful relationship between one another both quantitative and non-quantitative data and understand the problems and opportunities contained in the financial statements so that they are useful in the investment decision-making process to be able to place the resources to be invested to decide on grants from creditors. Based on the explanation above, the author will research companies listed on IDX30 where IDX30 is a stock index that measures the price performance of 30 stocks with high liquidity and large market capitalization supported by good companies' fundamentals. A stock index is a statistical measure that reflects the overall price, stocks are selected based on certain criteria and methodologies and periodically. To measure market sentiment, it is used as a passive investment product such as Index Mutual Funds and Index ETFs and their derivative products, Benchmarks for portfolios, Proxies for measuring and modeling investments (returns), systematic risk, and risk-adjusted performance, as well as Proxy for asset class on asset allocation. By using the variables of Good Corporate Governance, Return on Assets (ROA), and Earning Per Share as dependent variables that affect company growth as the dependent variable. Return on Assets is part of the profitability ratio analysis. The ratio between net income is inversely proportional to total assets to generate profit. Which shows the results (returns) on the number of assets used in the company. In other words, Return on Assets (ROA) can be defined as a ratio that shows the many benefits that can be obtained from all the assets owned by the company according to Kasmir (2014: 201),

Based on the explanation above, the researcher is assumed to investigate more about Analyze the Effect of Good Corporate Governance, Return on Assets, and Return on Earning Per Share on Firm Growth in IDX30 Companies Listed on the Indonesia Stock Exchange During the Pandemic.

1.3 Research Issue and Problem Statement

With the pandemic still not over, of course, many companies have gone bankrupt or are close to bankruptcy and the impact of this situation is that many companies are unemployed or also quit, and IDX30 is a stock index that measures the price performance of 30 stocks, which has high liquidity and capitalization. A large market and supported by good company fundamentals. A stock index is a statistical measure that reflects price movements, stocks are selected based on certain criteria and methodologies as well as periodic assessments, in this case, the company's ability to be more prepared to face these problems, but many large companies experienced a decline in revenue, such as Cineplex, a Canadian company that has a variety of cinemas in various parts of the world, and investment monitors so that cineplex box office revenue fell 81% in 2020, and Giant which is one of the largest companies in the world. . Retailers that have existed since 2002 must close all of their outlets in Indonesia in July 2021, as a result, many giant works are affected by the closure of these outlets.

The decline in revenue greatly affected the company, where GGRM, which was previously listed on the IDX on February 2, 2022, was guaranteed by PT Elang Mahkota Teknologi Tbk. (EMTK), and the company HMSP is also supported by PT Waskita Karya Tbk, (WSKT). This shift in the position of course occurred due to a decline in performance due to the suppression of public purchasing power due to the pandemic which had an impact on the financial performance of issuers on the stock exchange. This position shift can occur because of the performance of the company's management, and how management manages the capital invested by the owner of the company. ROE is measured by the comparison between net income and total capital and how the company's ability to generate profits with all assets owned by a company. ROA shows the coefficient of the company in managing all its assets to earn income. ROA can be used as an indicator to find out how capable the company is in obtaining optimal profits seen from the position of current assets

1.4 Objectivity of the Study

The research objective is what the researcher wants to achieve in his research study. Research objectives are usually stated in layman's terms, namely words or a statement that someone outside of a particular field can understand. This part is possibly related to the hypothesis. In general, the purpose of this study is to analyze the effect of Corporate Governance on company performance Research Objective so the research objectivity in this study is

1.To examine the impact of board director on company performance

2.To examine the impact of independent director on company performance

3.To examine the impact of education background on company performance

4.To examine the impact of proportion women director on company performance

5.To examine the impact of remuneration director on company performance

1.5 Research Hypotheses

In this study, there are several research questions to be answered:

H1: Does the board size positively affect the Company's performance?

H2: Does the independent director's Composition positively affect the company's performance?

H3: Does the education background positively affect the company's performance?

H4: Does the proportion of women directors positively affect the company's performance?

H5: Does the remuneration director positively affect the company's performance?

1.6 Signification of the Study

The significance of this study is to determine how the effect of corporate governance on growth Of a company in IDX30. where's the company is a company that already has good fundamentals, does it affect the company's performance with the covid-

19, and whether the impact of the pandemic has a positive or converse impact on the company's growth.

1.7 Proposed Chapter Organization

This research will consist of chapter one, introduction, research background, problem statement, research questions, research objectives, research significance, scope of study, and operational definition. Chapter two is a literature review, it will describe the findings from the literature review and research framework which includes: independent variables, dependent variables, research objectives, research questions, and hypothesis between independent and dependent variables. Chapter three covers research methodology, population and sample, research design, sampling techniques, data collection, research instruments, and data analysis used for this research. This study involved 120 samples of Indonesian companies. chapter four covers data collected from 120 samples conducted through annual report selection data and analyzed using IBM-SPSS. This chapter also covers correlation variable which consists of independent variable and dependent variable. In addition, the results of the tested hypothesis are accepted. Lastly, chapter five consists of finding the relationship on each variable in addition to mentioning limitations in this study and recommendations for future research on this topic.

1.8 Summary

This chapter focuses on the beginning of this study. Furthermore, the background of the study and problem statement, research questions, research objectives, the significance of the study, the scope of the study, and the chapter layout for each chapter were clearly defined. And now about the purpose of the research in the future.

CHAPTER II
LITERATURE REVIEW

2.0 Introduction

In this chapter would like to discuss about the literature riview. Furthermore, it is separated into four sections. In the first section, it reviews the previous studies about corporate governance on firm performance, besides riview the theoretical study related to the concept of board size, independent director, education background, proportion women director, and remuneration director the last is ROA measured for company performance, the third is riviews about the **framework and hypotheses.**

2.1 Review of Previous Study

Early research by (Guluma Futur Bus J, 2021) with the objective investigate the impact of corporate governance (CG) measures on firm performance and the role of managerial behavior on the relationship between corporate governance mechanisms and firm performance using a Chinese listed firm, using 11,634 samples of Chinese listed firms from 2010 to 2018, with independent variable Independent board CEO duality, Ownership, Product market, and dependent variable ROA, the researcher find that The study findings showed that ownership concentration and product market competition have a positive significant relationship with firm performance measured by ROA and TQ. Dual leadership has a negative relationship with TQ, also (Fitri Andriyani Muzakir & Darmawan, 2018) with the objective to Observe the impact of corporate governance measured by the ranking of CGPI done by the Indonesian Institute for Corporate Governance (IICG) on the financial performance of companies measured using ROA, ROE, DER, DAR, and CR and sample from Nonfinancial companies registered in Indonesia stock exchange find that this study proves that better management carried out by the company does not mean dividends are distributed with larger shareholders and have positive ROA but negative ROE.

Researchers conducted by (Rezvan Pourmansouri, Amir Mehdiabadi, Vahid Shahabi, Cristi Spulbar & Ramona Birau, 2022) investigated the connection between the power of major shareholders and the modality of CG of companies listed on the Iranian capital market before and after the COVID-19 pandemic, using 120 companies listed on the Tehran Stock Exchange as a sample and variable independent that researcher using is quality of board composition and ownership, for variable dependent using ROA. The results showed that the concentration of ownership is harmful to adopting corporate governance (GCG) practices. In particular, the high level of voter ownership concentration weakens the corporate governance system (CGS). The results of this study, which was conducted using panel analysis, revealed that the concentration of ownership impairs the quality of CGS, and major shareholders cannot challenge the power of the main shareholder. (Kajola, Sunday O,2008) also, Examine the relationship between four corporate governance mechanisms and firm performance, with a sample of 20 companies from 2000 until 2006, with board size, board composition, chief executive status, and audit committee) as independent variables and Roe as a dependent variable. The results further reveal a positive significant relationship between PM and chief executive status however no significant relationship between the two performance measures and board composition and audit committee. And (Hasan Mansur, Anita Tangl, 2018) investigates the related corporate governance on firm performance of the Jordanian, with the sample from Banking, service, insurance (Amman stock exchange), ownership as an independent variable, and ROE as a dependent variable, the researcher found that the institutional ownership has better affect more than family ownership on the financial performance.

Also (Sulaman Jamil, Adnan Tariq, Mohsin Asif, Naila Afzaal & Amna Anwar, 2016) do a study about The impact of corporate governance mechanisms on firm performance in Pakistan Data were collected from 100 firms in the financial year 2014 and multiple regression analysis was used to determine whether the existing corporate governance mechanisms influence the firm performance or not, with variable independent board size, firm size, CEO duality, NED, debt to equity, government ownership, institution investor and variable dependent is company performance found that Institutional investor has a significant and positive impact on firm performance. Government Ownership, Debt to Equity Ratio, and Board Size have a negative and significant impact on firm performance. The remaining three variables (Firm size, CEO duality, and non- Executive director) have a non-significant relationship with firm performance. (Mohammad Abdullah Fayad Altawalbeh, 2020) do study to investigate the effect of corporate governance mechanisms on the firm's performance evidence from Jordan using 60 companies as a sample from industrial and service sectors that are listed on The Amman stock exchange (ASE), with an independent variable is ownership structure and board structure and company performance as a dependent variable and finding that revealed that board meetings frequency and government ownership positively and significantly impact the firm's performance, suggest that board meetings frequency is considered an indicator of the board effectiveness that enhances decision making quality and thus the firm performance, the results suggest that government ownership is providing a helping hand that improves the firm's performance. (Alfred C. Korir & Prof. Thomas Cheruiyot,2017) investigate the effects of corporate governance on firm performance among companies listed in NSE from 2006 to 2015 using 55 listed firms on the 55 listed firms in Nairobi Stock ExchangeNairobi Stock Exchange, the study found that board independence had a positive and significant relationship with firm performance measured as return on assets and return on equity.

2.2 Underpinning Theories

2.2.1 Board Size

The board of directors is a collective body that should act in the best interest of shareholders. Some study says that board size has a significant on firm performance but some study says that board size has an inverse between firm performance. Studies in China have results shown that there is a negative correlation between the size of the board of directors and corporate performance (Cao Chu Yan, Yang Zhi Hui & Liang Xin, 2021) the study selects 372 companies in the US S&P 500 from 2013 to 2017. Some studies from Indonesia using 34 companies as a sample find that board size has a negative significance between board size and firm performance (Dikky Wijaya & Saarce Elsye Hatane, 2017). (Anjala Kalsie & Shikka Mittal Shrivastav, 2016) find that board size has a positive and significant impact between board size and firm performance, and also (Boussenna Hemza, 2021) do study about the board of director size and firm performance using non- financial firm from french as a sample and findings show that there is a positive effect of board size on firm performance, another study from Colombian founds that large boards are associated with high performance on corporate reputation (Louis Antonio Orozco, Jose Vargas, & Raguel Galindo Dorado, 2018).

2.2.1 Independent Director

An independent director, in corporate governance, refers to a member of a board of directors who does not have a material relationship with a company and is neither part of the company executive team and not involved in the day-to-day operations of the company (CFI Team, 2022). Also (Fuzi et al., 2016) do study in a few countries by examining board independence and firm performance, and found that a mixed association between proportions of independent directors and firm performance even the companies comprised the highest number of independent directors, would not assure enhance firm performance. The board's independence positively influences the firm's performance (Reguera-Alvarado & Bravo, 2017) using composed of US-listed firms for the period 2008–2012 as a sample. Also (García Martín & Herrero, 2018) do analyses about the structure of boards of directors and their impact on business performance with variables independent of the size of boards, independence of the board, and diversity of boards the result find that there is a negative and significant relationship with the independence of the board and firm performance. (Mihail, Bogdan Aurelian, and Carmen Daniela Micu. 2021) do study about the impact of independent board members on the financial performance of companies listed on the Bucharest Stock Exchange during the period 2016–2020 and found that a higher share of the independent board members was associated with higher returns on equity ratio. Is it means that have a significant relationship between independent directors and firm performance, and last (Huson Joher Ali Ahmed, 2010) do re-examine whether or not the structure of the corporate governance as defined by the non-executive director matter leads to better performance using 100 firms as a sample and concludes that there is partial relation between corporate governance structure and corporate performance.

2.2.3 Education Background

Academic researchers are interested in determining how CEO education affects firms. One line of inquiry looks into the relationship between CEO education type and assertive behavior. Also, a previous study (Darmadi, 2011) finds that CEOs holding degrees from prestigious universities perform significantly better than those without such qualifications. (Adnan et al., 2016) investigate the impact of the education level of the board of directors affecting the firm performance (Silvina, Robin & Wisnu Yuwono,

2022) examine the impact of CEO Education on Firm Performance using a sample of 180 observations from IDX LQ45 listed on Indonesia Stock Exchange for period 2017 until 2020, and the CEO Education is defined by the field of study in economics, management, business, or accounting, and the result shows that there's a relationship between CEO Education and Firm Performance. CEO with economic, management, business, or accounting background have a positive and significant impact on Firm Performance. Also (Terrance Jalbert, Kimberly Furumo & Mercedes Jalbert,2011) examines the educational background of Chief Executive Officers (CEOs) from large U.S. firms. Forbes CEO compensation lists and Compustat data covering 500 or more firms annually are utilized in the analysis for the period 1997-2006. The finding is regressions of CEO educational variables on firm performance measures identify links between CEO education and firm performance.

2.2.4 Women Director

Women director is important because a female director can acquire knowledge on best practices in the industry and provide this critical resource to help management better understand the society in which it operates by holding multiple directorships of different firms. It enables firms to share timely and relevant information. Women executive directors have a stronger positive effect on firm performance than female independent directors, indicating that the executive effect outweighs the monitoring effect (Liu et al, 2014), according to (Mahnoor Sattar, Pallab Kumar Biwas & Helen Roberts, 2021) Women directors increase small firm profitability significantly, and the effect may be even better for high-risk firms, in the previous journal by Sattar et al. (2021) is about how matter woman director on firm performance on private firm, and also research from (T & Asri,2017) studied in Indonesia find that female director has a positive significant effect on firm performance in their research about the impact of a female director on firm performance.

2.2.5 Remuneration Director

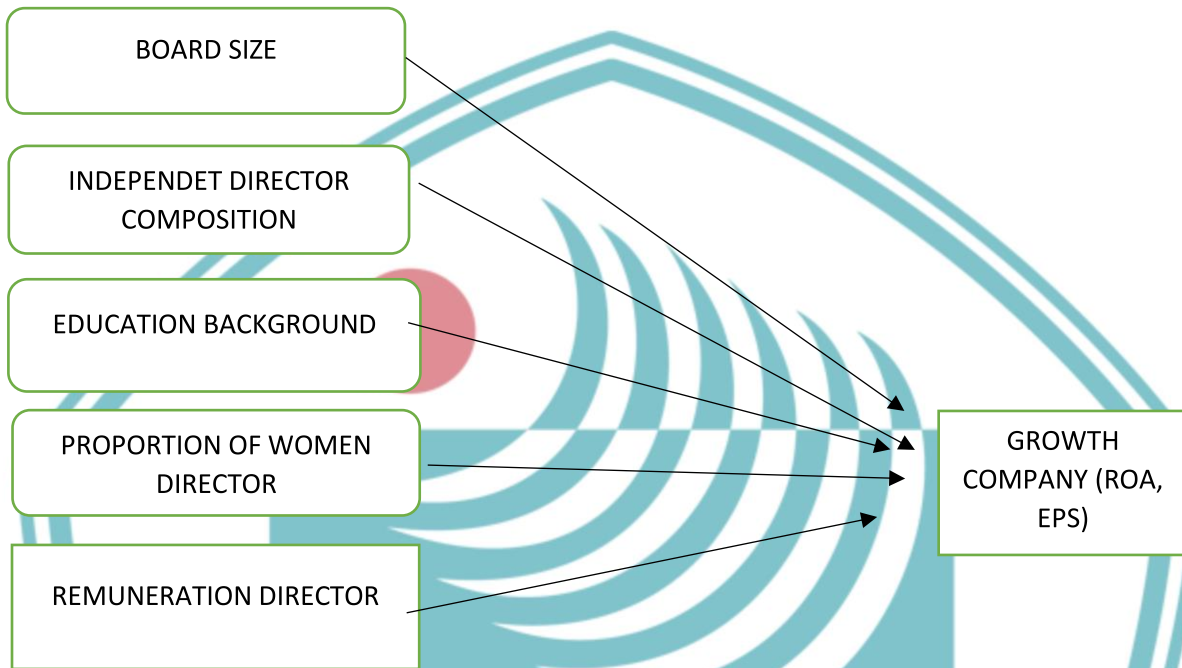
Remuneration is all other types of compensation that employees or company executives receive for their work. Compensation for the Board of Directors is a method of providing remuneration to company management, either through honorarium, compensation, or the use of company resources, with the approval of shareholders and management, where compensation is discussed in the GMS or General Assembly. Shareholders, (Tharun kumar Soni & Amrinder Singh, 2020) found that remuneration directors have a significant relationship between remuneration and firm performance. (AKTER et al., 2020) do study investigates the impact of board incentives as proxied by directors` remuneration on the financial performance of listed textile companies in Bangladesh, and found the results indirectly indicate that currently directors` remuneration in Bangladesh is not aligned with the firm performance. (Ibrahim et al., 2019) do research on the relations between directors' remuneration, and firm performance of Malaysian listed companies in the Telecommunication Industry, this study consists of 25 observations with a sample of five Malaysian listed companies for the period of 2013 to 2017, The regression results show directors' remuneration and board size have a negative relationship with firm performance.

2.2.6 Return on Asset (ROA)

Return on assets (ROA) measures how effectively a company can collect profits from its assets, the ROA measure also refers to financial ratios that show the company's profitability and its total assets. ROA can be used by company management, analysts, and investors to evaluate how effectively a company uses its assets to generate profits. Metrics are usually expressed as a percentage based on the company's average net income and assets. A higher ROA indicates that the company is more efficient and productive in managing its balance sheet to generate profits, while a lower ROA indicates that there is still room for improvement. According to a previous journal an indicator of how profitable a company is relative to its total assets. ROA gives an idea of how efficiently management uses its assets to generate earnings (Humera Khatab, Maryam Masood, Khalid Zaman, Sundas Saleem, and Bilal Saeed,2011). And also calculated by dividing a company's annual earnings by its total assets. ROA is displayed as a percentage. and sometimes this is referred to as "return on investment" and Some investors add interest expense back into net income when performing this calculation because they'd like to use operating returns before the cost of borrowing

2.3 Research Framework and Hypothesis

2.3.1 Research Framework



H1: Does the Board size positively affect the Company’s performance in the IDX30 company listed on the Indonesia stock exchange?

H2: Does the Independent Director’s Composition positively affect the company’s performance in the IDX30 company listed on the Indonesia stock exchange?

H3: Does the Education Background positively affect the company’s performance in the IDX30 company listed on the Indonesia stock exchange?

H4: Does the Proportion of Women Directors positively affect the company's performance in the IDX30 company listed on the Indonesia stock exchange?

H5: Does the Remuneration Director positively affect the company’s performance in IDX30 companies listed on the Indonesia stock exchange?

2.4 Summary

This chapter has discussed a literature review regarding the topic. There are three sections on this chapter. The first chapter and the second section discussed the underpinning theories regarding the topic, besides that discussed the previous study regarding the topic which is the effect of board size, independent director, remuneration director, education background, the proportion of women directors on company performance, the last section has discussed the framework and hypotheses regarding the study.

CHAPTER 3
RESEARCH METHODOLOGY

3.0 Introduction

This chapter will discuss the research methodology conducted to analyze the effect of corporate governance on firm performance in IDX30 companies listed in Indonesia. This chapter will explain the research design used in this study, population and sample method, data collection method, sampling & technique method, and data analysis methods used in data collection. An explanation of the research methods used, such as data collection techniques, by collecting data from the annual report will be explained in this chapter. Data analysis was carried out using SPSS software which will be described in this chapter.

3.1 Research Design

This research uses a Quantitative Method to collect data using secondary data in general secondary data refers to data that is collected by the annual report. Common sources of secondary data for social science include censuses, information collected by government departments, organizational records, and data that was originally collected for other research purposes. This research collects data by taking an annual report from 30 companies over 4 years period from 2018-2021 to collect the board composition, education background of directors, proportion of women directors, the proportion of independent directors, and remuneration of women directors.

3.2 Population and sampling

Based on Dana P. Turner & Hao Deng (2020:8) Sampling is the selection of a subset of the population of interest in a research study, for this study researcher focused on the company in IDX30 also researcher already notice in chapter 1 that the company in index measured to company or stock price performance of 30 stock with relatively large market capitalization, high liquidity and with a good a fundamental.

Figure 1 1: Sources idx.co.id

In this research, the population that the researcher used is 30 companies period 2018-2021, so the data have 120 samples, because every month Indonesia stock exchange will follow up the company performance from their fundamental and company capitalization, so maybe every month some company maybe can be left out from IDX30 line and some of them will stay in IDX30 line.

Tabel 1.1 1: Name list of Company

No	CODE	NAMA SAHAM
1	ADRO	Adaro Energy Tbk.
2	ANTM	Aneka Tambang Tbk
3	ASII	Astra International Tbk.
4	BBCA	Bank Central Asia Tbk.
5	BBNI	Bank Negara Indonesia (Persero) Tbk
6	BBRI	Bank Rakyat Indonesia (Persero) Tbk
7	BBTN	Bank Tabungan Negara (Persero) Tbk
8	BMRI	Bank Mandiri (Persero) Tb
9	BRPT	Barito Pacific Tbk
10	GGRM	Gudang Garam Tbk

11	CPIN	Charoen Pokphand Indonesia Tbk
12	EMTK	Elang Mahkota Teknologi Tbk
13	EXCL	XL Axiata Tbk
14	ICBP	Indofood CBP Sukses Makmur Tbk
15	INCO	Vale Indonesia Tbk
16	INDF	Indofood Sukses Makmur TbK
17	INKP	Indah Kiat Pulp & Paper Tbk
18	KLBF	Kalbe Farma Tbk
19	MDKA	Merdeka Copper Gold Tbk
20	MIKA	Mitra Keluarga Karyasehat Tbk
21	PGAS	Perusahaan Gas Negara Tbk
22	PTBA	Bukit Asam Tbk
23	SMGR	Semen Indonesia (Persero) Tbk
24	TBIG	Tower Bersama Infrastructure Tbk
25	TINS	Timah Tbk
26	TLKM	Telkom Indonesia (Persero) Tbk
27	TOWR	Sarana Menara Nusantara Tbk
28	UNTR	United Tractors Tbk
29	UNVR	Unilever Indonesia Tbk
30	WSKT	WSKT Waskita Karya (Persero) Tbk

3.3 Measurement of Variable

3.3.1 Board Size

Board size is an executive committee that jointly supervises the activities of an organization, (Board of directors - Wikipedia, 2022), board size is measured by the total of independent directors in one year.

3.3.2 Independent Director

Independent director in corporate governance refers to a member of a board of directors who does not have a material relationship with a company and is neither part of its executive team nor involved in the day-to-day operations of the company (Corporate Finance Institute, 2022). Independent director measurement by:

$$\frac{Total\ Independent\ Director}{Total\ Board\ Size\ Director}$$

3.3.3 Education Background

Education background in this study using specific educational background, such as accounting, business, administration, MBA from business school background measurement by:

$$\frac{Education\ Background}{Total\ Board\ Size\ Director}$$

3.3.4 Proportion of Women Directors

The proportion of women directors in a company is important to manage the company, and the proportion of women directors is measured by:

$$\frac{Women\ Director}{Total\ Board\ Size\ Director}$$

3.3.5 Remuneration Director

Directors' remuneration is the process by which directors of a company are compensated, either through fees, salary, or the use of the company's property, with approval from the shareholders and board of directors (Invoice Berry Online Invoicing Software, 2022) remuneration director measurement by the total of all the remuneration of all director.

3.3.6 Return on Asset

ROA net income is better able to predict future investment returns. ROA comprehensive income has more relevant value when only other items of comprehensive income that have the potential to be realized are included (Kusuma, 2021), ROA measurement by:

$$ROA=\frac{Net\ Income}{Total\ Asset}$$

3.4 Instrument and Data Collection Method

Secondary data is a source that does not directly provide data to data collectors, in this study the researcher must collect data from the annual report of every company, so in conclusion, this study uses secondary data that has already been collected from the annual reports of 30 company period 4 years means the researcher collected 120 data.

3.5 Data Analysis

3.5.1 Descriptive Analysis

Descriptive analysis is a statistical analysis method that aims to provide an overview or description of the research subject based on variable data obtained from certain subject groups. Descriptive analysis can be measured in the form of frequency distribution tables, histogram tables, mean values, standard deviation values, and minimum and maximum values.

3.5.2 Normality Test

Normality tests are used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. Based on Kim (2013), the variable is assumed to be normal distributions when the statements' skewness and kurtosis fall between -1 and 1.

3.5.3 Correlation Test

Pearson correlation is a form of the formula used to find the relationship between two variables, namely the independent variable or independent variable and the dependent or determined variable. Pearson correlation tool is used to determine whether there is a relationship between 2 variables, namely independent variables and variables that depend on intervals or ratios (parametric) which in SPSS is called a scale. Assumptions in Pearson correlation, data must be normally distributed. Correlation can produce positive (+) and negative (-) numbers. If the number of positive correlations means the relationship is unidirectional. Unidirectional means that if the independent variable is large, the dependent variable has a large increase. If it produces a negative number, it means that the relationship is not unidirectional. Not unidirectional means that if the value of the independent variable is large, the dependent variable is getting smaller. correlation numbers ranged from 0-1.

The strength of the correlation relationship is:
0: No correlation
0.00 - 0.25: very weak correlation
0.25 - 0.50: enough correlation
0.50 - 0.75: strong correlation
0.75 - 0.99: very strong correlation
1: perfect correlation

3.5.6 Regression Test

According to (*Regression Analysis Using SPSS: Concept, Interpretation, Reporting* -, 2021), Regression technique that used to assess the strength of a relationship between dependent and independent variable. in this study the researcher using bivariate regression test. Regression test also have Inferential Tests for regression is Regression Coefficient, Intercept, t-statistics, Change in Regression Coefficient and Regression Coefficient in this study also do Regression coefficient is a measure to know how strongly each independent variable predicts the dependent variable.

3.6 Summary

The research methodology has been covered in this chapter, which explain how the research design, sampling, measurement variable, techniques of data collecting, and the final data analysis are all covered in this chapter.

CHAPTER IV
RESULT AND CONCLUSION

4.0 Introduction

This chapter describes the summary of the research. As this research has the purpose to determine the relationship between the dependent variable company performance with the independent variables return on asset, board size director, independent directors, the proportion of women directors, remuneration director, and education background. This chapter will conclude with the results of the descriptive analysis, normality test, correlation test, and regression test.

4.1 Descriptive Analysis

Based on the data collected on 120 annual report the researcher found from the analysis data using descriptive collect data based on the table:

Table 4.1.1 1: ***Descriptive Result on Board Size Director***

	N	Mean	Std. Deviation
Board Size Director	30	7.6833	2.74485

Table 1 illustrates the dependent variable for a firm performance to be measured with the total board director, it was computed by calculating the total board size director from the annual report and therefore the total average board size director of the overall company. From the table mean value is 768.33% and the value standard deviation is 274.485% means the total board size director as an independent variable didn’t have significant relation.

Table 4.1.2 1*: *Descriptive Result of Independent Director

	N	Mean	Std. Deviation
Independent Director	30	1.7917	0.50465

Table 2 illustrate the independent variable for a firm performance to be measured with the total independent director, it was computed by calculating the total independent director from the annual report and therefore the total average independent director of the overall company. From the table mean value is 179.17% and the value standard deviation is 50.465% means the independent director as an independent variable didn't have significant relation.

Table 4.1.3 1*: *Descriptive Result on Percentage Education Background

	N	Mean	Std. Deviation
Percentage Education Background	30	0.6585	0.20769

Table 3 illustrate the independent variable for a firm performance to be measured with the percentage of education background, it was computed by calculating the education background of the director and divided by the total of board size the director, and therefore the total average education background of the overall company. From the table value mean is 65.85% and the standard deviation is 20.76% means the independent variable percentage of education background didn't have significant relation.

Table 4.1.4 1 : Descriptive Result on Percentage of Women Director

	N	Mean	Std. Deviation
Percentage Women Director	30	0.0133	0.01017

Table 4 illustrate the independent variable for a firm's performance to be measured with the percentage of women director. it was computed by obtaining the percentage of women directors from the annual report, therefore the total average women director. From the table value of the mean is 1.3% and the standard deviation is 1.017% Means the independent variable percentage of women directors have significant relation.

Table 4.1.5 1: Descriptive Result of Remuneration Directors

	N	Mean	Std. Deviation
Remuneration Director	30	63249355230.6833	82866575496.25821

Table 5 illustrate the independent variable for a firm's performance by measuring with the remuneration director. It was computed by obtaining the board director's remuneration from the annual report, therefore the total remuneration of the director in 1year directors. From the table mean score is 63249355230.6833 for all the companies in IDX 30 and the standard deviation is 82866575496.25821 which means the remuneration director didn't have significant relation.

Table 4.1.6 1**: **Descriptive Result on Return on Asset (ROA)

	N	Mean	Std. Deviation
Return On Asset (ROA)	30	0.0731	0.07477

Table 6 illustrate the dependent variable for the firm's performance by measuring with return on asset (ROA) which was computed by the total firm net income for 4 years divided by the average of total net assets. From the table mean score is 0.0731 means all the companies in IDX 30 that mean overall have a 7.3% of return on assets in terms of how much profit all the companies in IDX 30 can generate from their total asset.

4.2 Normality Test

Table 4.1.7 1**: **Table Normativity Test

	Skewness	Kurtosis
Return On Asset (ROA)	2.163	6.780
Board Size Director	0.711	-0.317
Independent Director	-0.244	-0.845
Percentage Education Background	-1.035	2.938
Percentage Women Director	1.135	3.224
Remuneration Director	2.162	4.158

From table 7 we can see that based on Kim (2013), the variable is assumed to be normal distributions when the statements skewness and kurtosis fall between -1 and 1. Independent directors with the value of skewness are -0.244 and kurtosis at -0.845 and board size directors with the value of skewness at 0.711 and kurtosis at -0.317 are assumed to be normal distributions and for ROA with the result of skewness 2.163 and kurtosis 6.780, Percentage Education Background with skewness -1.035 and kurtosis 2.938, percentage women director with value of skewness 1.135 and kurtosis 3.224 and remuneration director 2.163 and kurtosis at value 4.158 cannot be assumed to be a normal distribution. Because the value doesn't fall between -1 and 1.

4.3 Correlation Analysis

Table 4.1.8 1**: **Pearson Correlations

	AVBS	AVID	AVPEB	AVPPWD	AVRD	ROA
AVBS	1	0.225	0.269	-0.165	0.381*	-0.008
AVID		1	0.346	0.089	-0.130	-0.222
AVPEB			1	0.168	0.268	-0.113
AVPPWD				1	0.010	0.297
AVRD					1	0.111
AVROA						1

*. Correlation is significant at the 0.05 level (2-tailed).

Based on Jim Frost (2022) correlation measured the strength of the relationship between two variables. A correlation between variables indicates that as one variable changes in value, the other variable tends to change in a specific direction. From table 8 we can see from 6 variables just one variable that has a correlation with the other variable is it average boards size director with average remuneration director with correlation value is 0.382* means if board size increased, remuneration director also tend to increase, for the other variable is it average independent director didn't have a correlation with any variable, average percentage education background also didn't have a correlation with another variable, average percentage proportion of women director didn't have a correlation with another variable, average return on asset also didn't have a correlation with another variable.

4.4 Regression Analysis

Table 4.1.9 1: Regression model summary statistics on (ROA)

Predictor	B	SE	t-statistic
(Constant)	0.110	0.075	0.156
Board Size	0.003	0.006	0.632
Independent Director	-0.033	0.032	0.312
Percentage Education Background	-0.055	0.082	0.508
Percentage Women Director	0.175	0.100	0.092
Remuneration Director	8.871E-14	0.000	0.726
R Squared		0.179	
Adjusted R-Squared		0.001	
F statistic		1.005	
Significant F		0.437	
Dependent Variable: AVROA			

Based on the Corporate finance Institute (2022) Regression is a set of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. It can be utilized to assess the strength of the relationship between variables and for modeling the future relationship between the variables, based on the table 9 board size director have a positive relationship with company performance with a value of 0.003 but not significant at a value of 0.632, independent directors have a relationship with company performance at value -0.003 but not significant at value 0.312, percentage education background have a negative relationship with company performance with value -0.055 and not significant with value 0.508, but for the percentage of women, directors have a positive relationship with company performance with a value of 0.175 and significant at a value of 0.092 and last for remuneration director have a positive relationship with company performance but not significant at a value of 0.726. in this research, R Squared 0.179 means that the independent variable in the model can predict 17,9% of the variance in the dependent variable .and for adjusted R-squared is 0.001 the researcher found that F statistic 1.005 and the researcher also found the result on significant value is 0.437.

4.5 Summary of Finding

Direct Hypotheses Summary

Table 4.1.10 1: Direct hypotheses summary

Hypotheses	Beta	T-statistic	Decision
Board size → company performance	0.003	0.632	Not accepted
Independent director → company performance	-0.033	0.312	Not accepted
Education background → company performance	-0.055	0.508	Not accepted
Proportion women director → company performance	0.175	0.092	Accepted
Remuneration director →	8.871E-14	0.726	Not accepted

company performance			

H1: Does the Board size positively affect the Company's performance in the IDX30 company listed on Indonesia Stock Exchange?

In the previous section, which involved hypothesis analysis, the alternative hypothesis was rejected by applying correlation analysis, which gave a coefficient value of -0.008, indicating the strength of the negative relationship between board size and firm performance. and an insignificant value of 0.632 which is more than 0.05 so the hypothesis is rejected. This section involves the analysis of hypotheses. This effect was further investigated using multiple regression analysis, which yielded a value of 0.003 for the standard value of beta, which serves as evidence.

H2: Does the Independent Director's Composition positively affect the company's performance in the IDX30 company listed on Indonesia Stock Exchange?

In the second hypothesis, the alternative hypothesis is rejected by applying correlation analysis, which gives a coefficient value of -0.222 which indicates a negative relationship between the proportion of independent directors and company performance, and an insignificant effect is also found. value of 0.312 which is more than 0.05 so the hypothesis is rejected. This section involves the analysis of hypotheses. This effect was further investigated using multiple regression analysis, which resulted in a minus value of -0.033 for the standard value of beta.

H3: Does the Education Background positively affect the company's performance in the IDX30 company listed on Indonesia Stock Exchange?

The alternative hypothesis was rejected after a correlation analysis was carried out which gave a coefficient value of -0.113 which indicates a negative relationship between educational background and company performance and no significant effect was found. of 0.508 which is more than 0.05 so the hypothesis is rejected. This section involves the analysis of hypotheses. and this hypothesis was also investigated further using multiple regression analysis, which resulted in a negative value of -0.055 for the standard beta value, thus becoming a strong reason to reach the decision that the 3rd hypothesis was rejected.

H4: Does the Proportion of Women directors positively affect the company's performance in the IDX30 company listed on Indonesia Stock Exchange?

In the next hypothesis, this hypothesis is accepted after a correlation analysis is carried out which gives a coefficient value of 0.113 which indicates a positive relationship between the proportion of female directors and company performance and also found a significant positive effect of 0.092 so that the hypothesis is accepted. This section involves the analysis of hypotheses. and this hypothesis was also investigated further using multiple regression analysis, which resulted in a value of 0.175 for the standard beta value so that it became a strong reason why this hypothesis was accepted.

H5: Does the Remuneration Director positively affect the company's performance in the IDX30 company listed on Indonesia Stock Exchange?

In the last hypothesis, the author found that this hypothesis was rejected after a correlation analysis gave a coefficient on ROA of 0.297 which indicated a positive relationship between director remuneration and company performance and also found a positive effect with a beta value of 8.871E-14 but not significant with a value of 8.871 E-14. with a t statistic of 0.726 so that it becomes strong evidence that this hypothesis is rejected.

CHAPTER V
DISCUSION AND CONCLUSION

5.0 Introduction

This chapter presents an overview of the research that the researcher conducted. In this chapter, the author will discuss a summary of the research findings that the researcher has done and the researcher will explain empirically the results of this study, followed by conclusions, recommendations from researchers, and also the limitations of this research, and the last is suggestions. for further researchers.

5.1 Summary of Research Findings

This research was conducted to provide a solid response to the research questions posed
stated earlier in the paper and determine whether the hypothesis for it is acceptable or not
rejected depending on the data collected and its analysis. From the data that has been collected by researchers from 120 company annual reports data with a period of 4 years, the results of this study are as follows:

5.1.1. Hypotheses 1

In this research project, the first research question does the board size positively affect the company performance in IDX30? Hypotheses 1 is then developed based on this research question to determine the impact of board size directors on company performance in IDX30 company listed on the Indonesian stock exchange, after the result analysis researcher find that board size directors have a positive relationship with company performance but not significant at ROA, therefore there indicates not significant of the first researcher question than from the result of H1 not accepted, the finding similar to the journal article by Agung Mirah Purnama Sari &Putu Agus Ardiana (2014) do study about the effect of the board of director size and firm performance on manufacturing companies found that board size has a positive impact but is not significant on company performance. A possible interpretation of this result is that the size of the board of directors is considered effective but does not have a definite impact on the company's performance, because the size of the director depends on the needs of the company. But this research has different results with journal Anjala Kalsie & Shikka Mittal Shrivastav (2016) found that board size has a result positive and significant effect between board size and firm performance, and also (Boussenna Hemza, 2021) do the study about the board of director's size and firm performance using non- financial firm from french have result positive and significant. There is a possible reason to support this result is that a large board size can manage the company in any sector, and can improve the company's growth because the director will work more effectively.

5.1.2. Hypotheses 2

Besides the second research question highlighted does the Independent Director's Composition positively affect the company's Growth? Then H2 is formed to study the impact of independent directors on company performance in IDX30 company listed on the Indonesian stock exchange, also H2 is not accepted because the result is independent directors have a negative relationship with ROA and not significant, the reason increase the independent director in company IDX30 may result will not make any effect to the company performance, because every month all the company in IDX30 passed the criteria and always maintained the company fundamental by Indonesia stock exchange, on the other hand, this result has different findings from the journal by Guluma future (2021) found that independent director has a positive significant result on company performance, the reason to support this journal is increased the number of independent directors will more manage the fairness and will maintain a balance between the interests of shareholders and the protection of other stakeholders.

5.1.3 Hypotheses 3

Thirdly researcher's question is Does the Education Background positively affect the company's Growth? Then H3 is formed to study the impact of educational background on company performance in IDX30 company listed on the Indonesia stock exchange, also H3 not accepted researcher found that the result Is there is no relationship between education background or means negative relationship and not significant, this research have similarly with the journal by Lita kumasari (2018) found that CEO index has a negatively significant effect on Return on Asset (ROA), The possible interpretation of this result is because the sample taken by the researcher is an educational background based on a business education background, accounting, or has a basis in business, it is concluded from this study that the educational background does not have to be from a business background to affect the company's growth, but can be from various other educational backgrounds such as engineering, civil, etc, on the other hand, this research has a different result from journal resources study by Silvina, Robin & Wisnu Yuwono, (2022) examine the impact of CEO Education on Firm Performance using a sample of 180 observations from IDX LQ45 listed on Indonesia Stock Exchange for period 2017 until 2020 found that there is the relationship between CEO education background with company performance, a possibility that can support this research is some company may increase education background of the board size will impact the company performance.

5.1.4. Hypotheses 4

The four research questions are whether the proportion of female directors has a positive effect on company growth ? Hypotheses are then formed to study the effect of the proportion of female directors on company performance, on IDX30 companies listed on the Indonesian stock exchange, after the result analysis researcher find that proportion of women directors has a positive relationship with company performance and is significant at ROA, therefore there indicates significant the four researchers from the result of H1 not accepted. This study is similar to the journal by (Mahnoor Sattar, Pallab Kumar Biwas & Helen Roberts, 2021) found that female directors significantly increase the profitability of small firms, and the effect may be better for high-risk firms, this study may support this study and journals can increase female directors will be better for the company because it is more focused, and employees are well managed and because good management helps the company to have a good performance too, on the other hand this research have a different result with the journal by (Ahmad, Raja Kamaruzaman, Hamdan and Annuar, 2019), and (Yang et al., 2019) the researcher found that the proportion of women director on board is negatively correlated with ROA, means this journal indicates that the firm performance may not be de depends on the number of women director on board.

5.1.5. Hypotheses 5

The last for research question 5 is, does the remuneration director have positively effect on company performance? H5 is then developed based on this research question to determine the impact of the remuneration director on the company performance in IDX30 company listed in Indonesian stock exchange, based on the result analysis, the research finding show that remuneration director has positive relationship on ROA but negative impact on company performance, to support this result may the remuneration is the reward of all the efforts that has been done by the employee. Hence it is not a driving factor for employee to improve their performance. On the other hand this journal have different result by (Sardjana, Sudarmo and Suharto, 2019) the resources found that remuneration director effect the company performance, may to support this research may increasing the remuneration will increase the employee motivation to perform well, also same with director increase the remuneration director will increase the company performance because they will doing great at their work.

5.2 Conclusion

Based on the finding this study was conducted to determine the effect of corporate governance on company performance in IDX30 company that listed in Indonesia stock exchange, there are 5 variables in this study, first Board size director, second is Proportion of Independent director, thirdly is education background, next is proportion of women director, and the last is remuneration director. base d on the result showed that variable board size director has positive relationship but not significant on ROA means increase board size not have significant effect on company performance because board size can increase based on what company need, proportion independent director also has a negative relationship and not significant on ROA means increase independent director didn’t have impact to company performance in IDX30 , education background also has negative relationship with company and not significant on ROA means specific education background not have impact on company performance , and for proportion women director has a positive and significant relationship with company performance, the last for remuneration director has a positive relationship with ROA but not significant means increase the remuneration director not effect on company performance, the from this study show that corporate governance in company IDX30 affect the company performance but not significant, may the reason to support this study because based on the company name all the company chosen by the good fundamental and capitalization so every month the company performance always maintained.

5.3 Recommendation

For further research, it is expected for the independent variable to choose other variables that may be more relevant to the company's performance, such as maybe if you want to use educational background, maybe more relevant if it is more specific, such as certification, and for independent directors, because in Indonesia the existence of an independent director has just been implemented. recent years. so that researchers who will conduct further research can use other variables such as how much share ownership, and for company performance to further strengthen the research, further researchers can also use ROE as the dependent variable, and finally researchers may need to add data collection period for 10 years.

5.4 Limitations of Study

In conducting this research, the researcher had limited time in this research so the researcher could only conduct short research in a short time, and for data collection, the researcher also experienced some limitations because in Indonesia an independent director was only needed in the last few years, so it has limitations. in carrying out this research. collecting data.

5.5 Future Research

Hopefully, for further research, many variables can be accepted, and the researcher hopes for further research. Hopefully, this research can be a reference for further research and researchers hope that future researchers can use the time well in collecting data for analysis, and hopefully, for further research, all variables can be accepted and support previous research

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