Corporate Governance: Determining the Performance of Indonesia Companies

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Abstract
The purpose of this study is to determine the effect of the implementation of corporate governance mechanisms, namely independent variables are considering of the board of commissioners, managerial ownership, foreign ownership, debt financing, and audit quality. The dependent variable is company performance with control variables, which are company size and company age. The data used in this study are secondary data involving 103 companies listed on the Indonesia Stock Exchange for the period 2015-2018. The data used in this study were analyzed using SPSS version 25. The results of this study show that: the board of commissioners, managerial ownership, foreign ownership, debt financing and the only variable quality audit that affect the performance of the company late while variable size and age of the company can not be a variable control of the performance of the company.

Keywords: Corporate Governance, Board of Commissioners, Managerial Ownership, Foreign Ownership, Debt Financing, Audit Quality, Company Size, Age, Company Performance.

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1. Introduction
The development of corporate governance in Indonesia began in 1997. From the economic crisis that had many consequences that could not be avoided, one of which was the weak national economic growth and the number of companies that had collapsed and unable to survive (Iskandar and Chamlou in Hidayah 2008). The financial crisis that occurred in Southeast Asia and other countries is not only due to macroeconomic factors but the lack of good corporate governance in these countries as one of the cause of the economic crisis, the effects of which can still be felt to date.

Evidence shows the weak corporate governance practices in Indonesia lead to a deficiency in organizational decision making and corporate actions (Alijoyo et al, 1994 in Hastuti, 2011). According to Magdi and Nedareh (2002), corporate governance is how to run an organization in a way that ensures that owners or shareholders receive a fair return on their investment, while the expectations of other stakeholders are also met.

Five basic principles underlie the creation of corporate governance, namely transparency, accountability, responsibility, independence and fairness. Therefore, the existence of good governance is expected to reduce agency problems in a company based on corporate governance principles that ultimately corporate governance can be a tool to improve the performance of a company. Performance is a reflection of a company’s ability to manage and allocate its resources. With a good company performance will attract investors to invest.

There are two types of corporate governance mechanisms namely internal mechanisms and external mechanisms (Juwitasari, 2008). Internal governance mechanisms relate to the board of commissioners, managerial ownership, foreign ownership, debt financing, company size, and company age (Hassan and Halbouni, 2013), while the external governance mechanism is related to the quality of auditors conducted by stakeholders outside the company management.

Board of commissioners as a company organ responsible for ensuring that companies implement corporate governance good and collectively monitoring and advising the board of directors (NCG, 2006). Indonesia adheres to a two-tier board system which requires the Board of Directors as the manager and the Board of Commissioners is no longer possible to serve as a board of directors (Murhadi, 2009).

Also, according to Boediono (2005), besides that managerial ownership is the amount of share ownership managed by the management of all the company’s share capital. To reduce the problem of fortune, it can be done by aligning the interests between the principal and the agent. With an increase in managerial ownership, the company’s management will try to improve its performance to ensure the prosperity of shareholders. Cases concerning corporate governance to date have still occurred in Indonesia, such as in PT Kimia Farma (2002), PT Indo Farma (2004), or PT Waskita Karya (2009).

Ownership of shares by foreigners is shares owned by individuals, legal entities, the government and its parts having different statuses. Foreigners who have invested their shares in the country have a management system, technology, innovation, expertise, and pretty good marketing that can provide a positive influence on the performance of the company (Qiranata and Nugrahanti, 2013).

Related to the debt financing structure as part of the corporate governance mechanism, debt is all of the
company’s financial obligations to other parties that have not been fulfilled from creditors. According to Weston and Brigham (1993:458), wisdom capital structure consists of choosing between the rate of return and risk. The use of substantial debt means it can increase the risk level of the company’s revenue stream, but using more debt can also increase the desired rate of return.

Also, audit quality can be realized if it can meet generally accepted audit standards. Audit standards are general guidelines to help auditors fulfill their professional responsibilities in auditing financial statements. This standard includes consideration of professional qualifications such as competence and independence, reporting requirements, and evidence (Randal et al., 2011). Research on audit quality was also carried out by Meutia (@004), who concluded that for companies that use larger public accounting firms (Big 4), the resulting audit quality is also better.

Size is also a reflection of the size of the company. A larger company size indicates that the company’s competitiveness is higher than its main competitors, and the values of the company will increase due to a positive response from investors.

Research on corporate governance that has influenced company performance has been carried out by researchers in Indonesia and outside Indonesia, with mixed results. From previous studies that prove different results, the authors are motivated to conduct further research on how corporate governance affects corporate performance, as measured by Tobin’s Q.

2. Theoretical Basis and Hypothesis Formulation

2.1 Agency Theory
Agency theory or often called agency theory, explains the relationship between two parties, namely the owner (Principal) and management (agent). Jensen and Meckling (1976) state agency relationships arise when one or more individuals (principals) pay other individuals (Employees or agents) to act on their behalf, delegating the power to make decisions to agents of employees (Purwantini, 2011).

In companies, corporate governance needs to be applied. Corporate governance is a concept that is based on agency theory, so it is expected to provide confidence to investors that they will receive a return on the funds invested (Herawaty, 2008).

Corporate governance mechanisms can reduce agency problems, which can then improve company performance (Purno and Khafid, 2013). By providing proper monitoring and protection to shareholders, the performance of a company must practice good practices as well (Haat et al., 2008).

2.2 Company Performance
Company performance is a measure of the company’s ability to achieve company goals. The company’s performance can be used as a benchmark assessment of the good or bad of a company. The company is said to be good if the company’s performance is excellent, and vice versa, if the company’s performance is terrible, the company is awful.

When linked with corporate governance, corporate governance is a driver of performance (Millstein et al., 1998; Keasey et al., 1997), in other words, the enforcement of corporate governance can encourage organizational performance (Trisnantari, 2012). The tool used to measure company performance is the company’s financial statements. Financial statements are one of the media used to measure the long-term performance of a company.

Measurement of company performance in this study uses the Tobin’s Q ratio. Tobin’s Q is a useful indicator for measuring company performance, as seen from the way management manages company assets (Sudiyatno and Puspitasari, 2010).

2.3 Board of Commissioners
The board of commissioners is a vital component of internal governance that allows for the resolution of problems inherent in the institutions that manage the organization. FCGI (2001) explains that the board of commissioners plays a significant role in the company, especially in the implementation of corporate governance.

KNKG (2006) distinguishes the board of commissioners into two categories. The first is an independent board of commissioners, and the second is a non-independent board of commissioners. An independent board of directors of commissioned if a commissioner that is not form an affiliated party with the company. While non-independent commissioners are commissioners who have an affiliation with the company. Affiliated is a party that has a business and family relationship with controlling shareholders, members of the board of directors, and other commissioners as well as with the company itself.

In ensuring creation of good corporate governance, independent commissioners are required to have credibility, professionalism, and functional integrity. The existence of independent commissioners has been regulated by the Indonesian stock exchange namely in the IDX board of directors decree No. 315/BEJ/06-2000 and disclosed in the IDX Board of Directors Decree No. 3015/BEJ/06-2000 that companies listed on the IDX must have an independent commissioners whose proportion is proportional to the number of shares owned by non-
controlling shareholders. In the regulation, the minimum number of independent commissioners in a company is 30% of all members of the board of commissioners.

The first hypothesis regarding an independent board of commissioners with company performance is:

H1: The board of commissioners influences company performance

2.4 Managerial Ownership
Managerial ownership is the number of shares owned by management (manager). In companies with managerial ownership, managers who are at the same time shareholders will certainly align their interest as managers with their interest as shareholders. Managers who also become shareholders will increase the value of the company so that with increasing company value, the amount of his wealth as an individual shareholder will also increase.

According to Faizal (2004), to indicate that there is a common interest between management and shareholders can be measured by the size of the number of managerial holdings in the company. The increasing proportion of managerial ownership, the better the performance of the company so that managers will be motivated to improve their performance for the company. Research conducted by Waskito (2014) stated that managerial ownership variables have a positive and significant effect on corporate performance variables. Based on the explanation above, a hypothesis can be formulated as follows:

H2: Managerial Ownership influences company performance

2.5 Foreign Ownership
Foreign ownership is the ownership of the number of shares owned by different parties, both individuals and institutions, to the shares of companies in Indonesia (Aryani, 2011). Regarding foreign ownership, in the Patibandla (2007) in Nuraeni (2010) examined companies using data 1989-1999, and showed the results that foreign ownership had a positive relationship with company performance, without accounting for companies for companies with unknown heterogeneity. Based on the description above, then a hypothesis can be formulated as follows:

H3: Foreign Ownership influences company performance

2.6 Debt Financing
Debt if alternative funding for companies. With the debt policy, it will be able to reduce agency. Payment of interest will reduce the company’s total cash flow, so that debt can be seen a way to reduce agency conflict (Ahmad et al., 2012). In addition, this alternative is also considered as a low-cost alternative. Said to be cheap, because the interest costs to be borne are less than the profits derived from the use of the debt (Deniansyah, 2009 in Prayudi, 2010). This tends to lead to company performance. Then the second hypothesis can be formulated:

H4: Financing debt influences company performance.

2.7 Audit Quality
De Angelo (1981) defines audit quality as the auditor’s ability to find errors or fraud in the accounting system and pressure from clients to close books selectively even though fraud has been discovered. De Angelo also said that audit quality is related to independence and can be proxied by audit size. Ching et al., 2015 in his research concluded that high audit quality can contribute to the company’s financial performance because public accounting firms with large sizes are always seen to have more top audit quality so as to increase investor confidence. Companies audited by one of the Big Four audit firms (a proxy for audit quality) are expected to have a better market for company performance and more transparency in financial reporting (Mitton, 2002 in Haat 2008).

Then a hypothesis can be formulated as follows:

H5: Audit Quality influences company performance

2.8 Company Size
The size of the company can provide economic benefits for the company and generate cash inflows for the company by operating assets reflected from the total assets owned by the company (Im Manuella and Swandari, 2014). Large companies basically have greater financial strength in supporting performance, but on the other hand, companies are faced with more significant agency problems. Thus large companies can reduce the cost of producing low information compared to small companies. Where such reporting cannot necessarily be done without going through the excellent performance of the company.

H6: Company Size influences company performance

2.9 Company Age
Through the age of the company, investors can see whether a company is able to continue to survive and be able to compete in getting budirudd opportunities (Sembiring, 2012). In Kamaliah, Akbar and Kinanti (2009) research, the age of a company is defined as the age from the company’s establishment until the company is still able to
carry out its operations. In addition, the age of the company also affects efficiency in carrying out its operational activities (Ang, Cole, and Lin, 2000). Then a hypothesis can be formulated as follows:

H7: Company Age influences company performance

2.10 Research Model

| Independent Variables: |
|------------------------|
| 1. Board of Commissioners |
| 2. Managerial Ownership |
| 3. Foreign Ownership |
| 4. Debt Financing |
| 5. Audit Quality |

| Control Variables: |
|-------------------|
| 1. Company Size |
| 2. Company Age |

3. Research Methods

3.1 Population and Sample
The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2018. The sample selection in this study was determined using purposive sampling, which is sampling based on specific criteria. Data used in this study were collected from the financial statements of companies listed in Indonesia Stock Exchange during the period 2015-2018 can be seen in www.idx.co.id

3.2 Data Analysis Method
The data analysis method used in this study is a quantitative data analysis method that is processed with the Statistical Package for Social Science (SPSS)

\[ Y = \alpha + \beta_1 \text{DEKOM} + \beta_2 \text{INSIDER} + \beta_3 \text{FOREIGN} + \beta_4 \text{DEBT} + \beta_5 \text{AUDIT} + \beta_6 \text{UP} + \beta_6 \text{AGE} + \epsilon_1 \]

Where:

Y = Company Performance  
\( \alpha \) = Constant  
\( \beta_1, \beta_2, \beta_3 \) = Regression Coefficient  
DEKOM = Board of Commissioners  
INSIDER = Managerial Ownership  
FOREIGN = Foreign Ownership  
DEBT = Debt Financing  
AUDIT = Audit Quality  
UP = Company Size  
AGE = Company Age  
\( \epsilon_1 \) = Error Rate

3.3 Variable Measurement

3.3.1 Board of Commissioners
\[ \frac{\text{Independent Commissioners}}{\text{Company Commissioners}} \times 100\% \]

3.3.2 Managerial Ownership
\[ \frac{\text{shares owned by management}}{\text{outstanding shares}} \]

3.3.3 Foreign Ownership
\[ \frac{\text{foreign ownership}}{\text{outstanding shares}} \times 100\% \]

3.3.4 Debt Financing
\[ \frac{\text{longterm debt}}{\text{total asset}} \]

3.3.5 Audit Quality
Audit quality is expressed as a dummy variable, i.e. if a company uses Big 4 audit services equal to 1 and 0 if it does not use Big 4 audit services.

3.3.6 Company Size
The size of the company can be measured by the total assets of the company. Determinants of company size are based on total assets.

3.3.7 Company Age
The natural logarithm of the number of years since the company was founded.
3.3.8 Company Performance (Tobin’s Q)

\[ \text{Tobin's Q} = \frac{\text{Market Share Value + Long term debt}}{\text{Total asset}} \times 100\% \]

4. Result and Discussion
4.1 Test of Normality with Skewness and Kurtosis
This test aims to test whether, in the regression model, dependent variable, independent variables, or both are normally distributed or not. A good regression model is standard data or normal detecting. The normality test with skewness and kurtosis can be seen in Table 1.

Table 1. Test of Normality

| Model       | Skewness Statistic | Kurtosis Statistic |
|-------------|--------------------|--------------------|
|             | Std. Error         | Std. Error         |
| DEKOM       | 1.116              | .135               |
| INSIDER     | -.947              | .414               |
| FOREIGN     | 1.203              | .135               |
| DEBT        | 1.322              | .135               |
| AUDIT       | .306               | .135               |
| UP          | 1.130              | .135               |
| AGE         | -1.453             | .136               |
| TOBINS'Q   | 2.374              | .135               |

Information: DEKOM (Board of Commissioners); INSIDER (Managerial Ownership); FOREIGN (Foreign Ownership); DEBT (Debt Financing); AUDIT (Audit Quality); UP (Company Size); Age (Company Age); TOBIN’S Q (Company Performance)

4.2 Test of Multicollinearity
The multicollinearity test has several provisions where the provisions of VIF are if VIF > 10, then there is multicollinearity. But if VIF<10, then there is no multicollinearity. The test results are:

Table 2. Test of Multicollinearity

| Model       | Tolerance | VIF  |
|-------------|-----------|------|
| (Constant)  | 1         |      |
| DEKOM       | .175      | 5.714 |
| INSIDER     | .716      | 1.397 |
| FOREIGN     | .699      | 1.431 |
| DEBT        | .116      | 8.593 |
| AUDIT       | .355      | 2.814 |
| UP          | .642      | 1.557 |
| AGE         | .672      | 1.488 |

Based on the table above, the results of the tolerance value calculation do not show that there is an independent variable that has a tolerance value <0.1 and none of the variables has a VIF >10. So it can be concluded that there is no correlation between the independent variables or multicollinearity does not occur.

4.3 Descriptive Statistics

Table 3. Descriptive Statistic

| Model       | N    | Minimum | Maximum | The mean   | Std. Deviation |
|-------------|------|---------|---------|-----------|----------------|
| DEKOM       | 325  | .25     | 1.00    | .5968     | 197789         |
| INCIDER     | 32   | .76     | 1.57    | 1.2858    | 28086          |
| FOREIGN     | 325  | .00     | .93     | 1.956     | 29732          |
| DEBT        | 324  | -2.22   | 8.29    | -.0885    | 142410         |
| AUDIT       | 325  | .00     | 1.00    | .4246     | .49505         |
| UP          | 324  | .00     | 12.41   | 3.4737    | 370471         |
| AGE         | 321  | .48     | 1.61    | 1.2724    | 266110         |
| TOBINS'Q   | 325  | .12     | 3.35    | .7168     | .48690         |

Valid N (listwise) 32
The table above provides information about the descriptive variable data being tested. From this table, it can be seen that the average number of companies included in the group of manufacturing companies that were sampled in the research of the Board of Commissioners amounted to 59.68% of the Board of Commissioners. While the standard deviation for the board of commissioners is 0.19789.

The variable structure of managerial ownership of companies in Indonesia is concentrated ownership where there are controlling shareholders in a company. Of the companies sampled in this study on average 1.2858% of the company had managerial ownership.

Variable foreign ownership measured by the proportion of shares to outstanding shares owned by institutions has an average value of 19.56% and with a standard deviation of 0.29732.

Variable debt financing as measured by long-term debt divided by total assets of the company has an average value of 8.85%.

For audit quality variables measured using dummy variables, the average audit quality is 42.46%, the minimum value of this audit quality is 0 and the maximum value is 1.00.

Variable size of the company measured by the total assets then the average size of the company is 3.4737%, with a standard deviation of 3.70471.

Table 4. presents the pearson correlation matrix of the variables studied. The table is presented as follows:

| Correlations | DEKOM | INCIDER | FOREIGN | DEBT | AUDIT | UP | AGE | TOBINSQ |
|--------------|-------|---------|---------|------|-------|----|-----|---------|
| DEKOM        |       | .388    | .023    | -.025| .024  | .004| -.032| .153    |
| Sig. (2-tailed) | 1     | .028    | .679    | .659 | .661  | .946| .567 | .006    |
| N             | 325   | 32      | 325     | 324  | 325   | 321 | 325   |         |
| INCIDER       |       |         |         |      |       |     |      |         |
| Pearson       | .388  | 1       | -.146   | .254 | -.009 | -.006| -.007| .345    |
| Correlation   | .028  | .426    | .160    | .959 | .974  | .971 | .053  |         |
| Sig. (2-tailed) | 32    | 32      | 32      | 32   | 32    | 32  | 32    |         |
| N             | 325   | 32      | 325     | 324  | 325   | 321 | 324   |         |
| FOREIGN       |       |         |         |      |       |     |      |         |
| Pearson       | .023  | -.146   | 1       | .067 | .202  | -.014| .013  | -.111   |
| Correlation   | .679  | .426    | .227    | .000 | .802  | .811 | .045  |         |
| Sig. (2-tailed) | 325   | 32      | 325     | 324  | 325   | 321 | 325   |         |
| N             |       | 32      | 32      | 32   | 32    | 32  | 32    |         |
| DEBT          |       |         |         |      |       |     |      |         |
| Pearson       |       | -.025   | .254    | .067 | 1     | .000 | .043  | .195    |
| Correlation   | .659  | .160    | .227    | 1    | 1.000 | .444| .759  | .000    |
| Sig. (2-tailed) | 324   | 32      | 324     | 324  | 324   | 320 | 324   |         |
| N             | 325   | 32      | 325     | 324  | 325   | 321 | 325   |         |
| AUDIT         |       |         |         |      |       |     |      |         |
| Pearson       |       | .024    | .009    | .202 | .000  | 1   | .977  | -.061   |
| Correlation   | .661  | .959    | .000    | 1.000| .081  | .279 | .561  |         |
| Sig. (2-tailed) | 325   | 32      | 325     | 324  | 325   | 321 | 325   |         |
| N             |       | 32      | 32      | 32   | 32    | 32  | 32    |         |
| UP            |       |         |         |      |       |     |      |         |
| Pearson       |       | .004    | -.006   | -.014| .043  | .977 | 1     | -.055   |
| Correlation   | .946  | .974    | .802    | .444 | .081  | .748 | .322  |         |
| Sig. (2-tailed) | 324   | 32      | 324     | 323  | 324   | 321 | 324   |         |
| N             |       | 32      | 32      | 32   | 32    | 32  | 32    |         |
| AGE           |       |         |         |      |       |     |      |         |
| Pearson       |       | -.032   | -.007   | .013 | -.017| -.061| .018  | 1       |
| Correlation   | .567  | .971    | .811    | .759 | .279  | .748 | .308  |         |
| Sig. (2-tailed) | 321   | 32      | 321     | 320  | 321   | 321 | 321   |         |
| N             |       | 32      | 32      | 32   | 32    | 32  | 32    |         |
| TOBINSQ       |       |         |         |      |       |     |      |         |
| Pearson       | .153  | .345    | -.111   | .195 | -.032| -.055| -.057 | 1       |
| Correlation   | .006  | .053    | .045    | .000 | .561  | .322 | .308  |         |
| Sig. (2-tailed) | 325   | 32      | 325     | 324  | 325   | 321 | 325   |         |
| N             |       | 32      | 32      | 32   | 32    | 32  | 32    |         |

From the output table above we know the value of Sig. (2-tailed) between DEKOM and TOBIN’S Q is 0.006<0.05, which means that there is a significant correlation between DEKOM variables and TOBIN’S Q.

From the output table above we know the value sig. (2-tailed) between INSIDER and TOBIN’S Q is 0.053>0.05, which means there is no significant correlation between INSIDER variables and TOBIN’S Q.

From the output table above we know the value sig. (2-tailed) between FOREIGN and TOBIN’S Q is 0.045<0.05, which means there is a significant correlation between DEBT and TOBIN’S Q variables.
From the output table above we know the value sig. (2-tailed) between DEBT and TOBIN’S Q is 0.000<0.05, which means there is a significant correlation between DEBT and TOBIN’S Q variables.
From the output table above we know the value sig. (2-tailed) between AUDIT and TOBIN’S Q is 0.844>0.05, which means there is no significant correlation between AUDIT variables and TOBIN’S Q.
From the output table above we know the value sig. (2-tailed) between UP and TOBIN’S Q is 0.561>0.05, which means there is no significant correlation between UP Variables and TOBIN’S Q.

4.4 Coefficient of Determination ($R^2$)
The coefficient of determination used the ability to measure the model in explaining the variation of independent variables. The following results the calculation of the hypothesis determination coefficient.

| Model | R  | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|----|----------|-------------------|---------------------------|
| 1     | 0.778 | 0.605 | 0.489 | 2592 |

a. Predictors: (Constant), AGE, INCIDER, UP, AUDIT, FOREIGN, DEKOM, DEBT

Based on the table, the coefficient of determination in the regression models get the value of adjusted $R^2$ of 0.592. this means that 59.2% of variation in Company Performance can be explained by the board of commissioners, managerial ownership, foreign ownership, debt financing, audit quality, company size, company age while the rest can be explained by factors other than the independent variable.

4.5 Research Result and Discussion

Table 6. Result

| Model | Unstandardized Coefficients | Standardized Coefficients |
|-------|-----------------------------|---------------------------|
|       | B | Std. Error | Beta | t | Sig. |
| 1     | (Constant) | -0.69 | .482 | -1.144 | .887 |
|       | DEKOM | 2.57 | .728 | 108 | .353 | .727 |
|       | INCIDER | .410 | .195 | .319 | 2.103 | .046 |
|       | FOREIGN | .029 | .430 | .010 | .067 | .947 |
|       | DEBT | -151.85 | .153 | -0.037 | -977 | .923 |
|       | AUDIT | .464 | .154 | .649 | 3.012 | .006 |
|       | UP | .007 | .016 | .067 | .420 | .678 |
|       | AGE | -210 | .241 | -.136 | -872 | .392 |

Information: DEKOM: Board of Commissioners; INCIDER: Managerial Ownership; FOREIGN: Foreign Ownership; DEBT: Debt Financing; AUDIT: Audit Quality; UP: Company size; AGE: Company Age TOBINS’Q: Company Performance

The Effect of the Board of Commissioners on Company Performance
The hypothesis test table above gives a sign value. DEKOM of 0, 727 > 0.05, meaning that DEKOM has no effect on TOBINS’Q . This shows that with the large number of members of the board of commissioners, it allows companies to get less performance higher . Through the role of the board of commissioners can carry out the oversight function of the company's operations by the management, then from the total membership of the board of commissioners can provide oversight of the results of the company's operational processes. So the first hypothesis (H 1 ) is rejected.

The Effect of Managerial Ownership on Company Performance
For INSIDER the above hypothesis gives a sign value of 0.0 46 < 0.05 meaning that INSIDER has an effect on TOBINS’Q. Therefore the hypothesis (H 2 ) is accepted . To unite the interests of shareholders with managers, management of ownership is used. The more the proportion of managerial ownership increases, the better the performance of the company . This is because the conditions in Indonesia, where the proportion of managerial ownership in the company is still very low, so as to help bring together the interests between managers and owners do application of managerial ownership in order to motivate managers to take steps to increase company performance um can run it effectively.

The Effect of Foreign Ownership on Company Performance
Based on testing the second hypothesis to get the results that the FOREIGN variable gives the value of the sign. 0, 9 47 > 0.05 means that FOREIGN has no effect on TOBINS’Q then H 3 is rejected . These results make it clear that foreign owners have not been able to implement good corporate governance like foreign companies in general and in the case of foreign owners do not carry out strict supervision of management in running the company, so this has an impact on company performance. Another reason is due to the low composition of foreign ownership in local companies, so that foreign shareholders have less influence in terms of decision making and supervision.

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The Effect of Debt Financing on Company Performance
The results of this study indicate that DEBT has no effect on TOBINSQ. This can be seen from the results of the t test obtained, indigo i sign, 0.923 > 0.05 which means that it is not significant. The results of this study are supported by Sofyaningsih and Hardiningsih (2011) who state that the debt policy on company performance because the sources of corporate funds in the form of debt and capital have weaknesses and shortcomings so that the source of funds is only adjusted by a number of business climate, interest incurred due to debt or returns expected by shareholders. S chinga hypothesis to four (H4) is rejected.

The Effect of Audit Quality on Company Performance
Seen in Table 4, Which shows that the audit quality variable has a value of sig. 0.006 is smaller than the value probabilitas 0.05 or 0.00 value 6 < 0.05, which means that audit quality significantly affect the performance of the company. So H5 accepted.

In line with agency theory that one way to reduce conflicts of interest between principals and agents is done by improving audit quality by Big4 KAP audit services that will have market trust. The results of this study are in line with the results of previous studies that show a positive relationship between audit quality and company performance, such as Lennox (1999) which proves that auditors from big eight accounting firms are more accurate than auditors from non big 4 accounting firms.

The Effect of Company Size on Company Performance
The hypothesis test table above gives a sign value. UP of 0.678 > 0.05, meaning that UP has no effect on TOBINSQ. This result is not in line with research conducted by (Tisna and Agustami, 2016) which states that the size of the company's positive effect on the company's performance. So the first hypothesis (H6) is rejected. The condition is probably caused by the use of assets that are not optimal so they are not able to improve performance. Companies that have great financial strength basically can support performance, but on the other hand, large companies are also faced with a bigger agency problem because it is more difficult to monitor.

The Effect of Company Age on Company Performance
Baed seventh hypothesis testing shows that AGE variable results that have been of value sign. At 0,392 > 0.05 means AGE has no affect the TOBINSQ then H7 rejected. This finding supports the research of Stephen D Smith, et al (1996) which the longer the company's life span and the company's experience turned out to have diverse performance, some were better and some were not.

5. Conclusion, Limitations and Recomendation
Based on the results of hypothesis testing from data analysis, it can be concluded as follows: The data used in this study are normally distributed, there is no multicollinearity. The test results show that of the seven variables namely the board of commissioners, managerial ownership, foreign ownership, debt financing, and audit quality only audit quality variables that affect company performance while company size and age variables cannot be a control variable on company performance.

This study has limitations, namely: this study took a sample of companies included in manufacturing companies on the Indonesian Stock Exchange with a year of observation from 2015 to 2018, so the results of the study have not been able to provide broader generalization power to other insurance sectors.

Based on the limitations of the study as described above, the following are some suggested improvements for future researchers. (1) the next researcher is expected to be able to increase the scope of the research sample in order to provide research results that provide stronger and better generalizations. (2) The next researcher is expected to test other variables that are relevant to the company's performance.

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