(RESEARCH ARTICLE)

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Analysis of the relationship between Good Corporate Governance (GCG) and financial performance before and after the covid 19 pandemic in pharmaceutical companies going public

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Abstract

This study aims to analyze the effect of the board of commissioners, audit committee, and managerial ownership simultaneously and partially on the company's financial performance. The board of commissioners, audit committee, and managerial ownership are used as independent variables. The company's financial performance used in this study uses ROA *(Return On Assets)* as the dependent variable. The population in this study are pharmaceutical companies listed on the Indonesia Stock Exchange in 2012-2020. The sample amounted to 7 companies listed on the Indonesia Stock Exchange. The analysis method used to test the hypothesis is to use multiple linear regression analysis using the SPSS program. The results of this study indicate that partially the board of commissioners has no effect on the company's *Return On Assets* (ROA) financial performance; The audit committee affects the company's Return On Assets (ROA) financial performance; and Managerial ownership affects the company's *Return On Assets* (ROA) financial performance. Furthermore, simultaneously the board of commissioners, audit committee, and managerial ownership affect the financial performance of the company's Return *On Assets* (ROA).

Keywords: Good Corporate Governance; Board of Commissioners; Audit Committee; Managerial Ownership; Financial Performance

1. Introduction

The Covid-19 pandemic which began on December 1, 2019 in Wuhan City, Hubei Province, China. And has spread throughout the world, one of which is Indonesia. The Covid-19 pandemic has not only affected, but has also paralyzed the business sector. Many sectors have suffered losses due to this pandemic, but there are sectors that are considered to be able to survive the conditions of the Covid-19 pandemic, namely the pharmaceutical sector. The chemical, pharmaceutical, and medical device sectors are considered to be able to support primary needs during the Covid-19 Pandemic handling period.

The phenomenon that occurred in early 2020 was the Covid-19 pandemic in Indonesia which had an impact on public health and paralyzed several other business sectors and suffered losses. Finance Minister Sri Mulyani said that there are a number of companies that have lost money but there are companies from other sectors that have benefited in the midst of the Covid-19 pandemic. The pharmaceutical sector is considered to be able to survive the Covid-19 pandemic. Pharmaceutical companies are considered to be able to support the needs during the handling of the Covid-19 pandemic.

Rudianto (2013) says that financial performance is the result of achievement or a manifestation that management achieves well in a certain period. The company's financial condition determines the interest of investors in investing their capital, because financial performance is an important factor that investors see when buying shares. Measurement

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of financial performance here uses financial ratios proxied by the solvency ratio Debt to Equity Ratio (DER) and the profitability ratio Return on Equity (ROE).

In addition to seeing the company's financial performance, the factors for the rise and fall of stock prices can be seen from GCG or corporate governance. GCG by The Indonesian Institute For Corporate Governance is defined as a structure or system implied to operate an industry whose main vision is to increase shareholder value in the long term and certainly take into account the needs of other stakeholders. The desired system of GCG is able to tighten supervision in the industry, including the board of directors, board of commissioners, audit committee, independent commissioners, and institutional ownership. To be able to escape from the land of crisis in Indonesia, a significant effort is to implement good corporate governance.

The implementation of Good Corporate Governance (GCG) in Indonesia is very late and still new when compared to other countries. Meanwhile, in Indonesia it is necessary to supervise companies in the financial sector. Efforts to supervise companies in the financial sector can be realized with the implementation of corporate governance practices or Good Corporate Governance (GCG). With the supervision of Good Corporate Governance (GCG) applied to the company, it is hoped that the implementation of Good Corporate Governance (GCG) will be improved and improved in order to improve company performance both financially and operationally. Therefore, many studies apply or focus on Good Corporate Governance (GCG).

In principle, corporate governance concerns the interests of shareholders, stakeholders, management in clear and transparent corporate governance, as well as the role of the board of directors, board of commissioners, audit committee, and independent commissioners Good Corporate Governance is a system that directs and controls the company in order to achieve corporate balance and accountability to stakeholders. Good Corporate Governance (GCG) research on company performance that takes the indicator of the board of directors with the results saying that the board of directors has no effect on financial performance, while other researchers say that the board of directors has a significant effect on financial performance in the company. Research with audit committee indicators, some say that the audit committee has a significant impact on management practices and financial performance, but some conclude that the audit committee has no significant effect on company performance. In research using the board of commissioners indicator, there are findings that the board of commissioners has no significant effect on performance. Meanwhile, other researchers say that the board of commissioners has an effect on company performance (Agustina, Jogi, & Si, 2015, Patrick, Paulinus, & Nympha, 2015, Sulistyowati & Fidiana, 2017).

Research on Good Corporate Governance (GCG) on the company's financial performance with the results showing the possibility of a multidirectional relationship. As research conducted by Hermalin & Weisbach (2001) states that Good Corporate Governance (GCG) is negatively related to company performance. Meanwhile, research conducted by Dalton et al. (1999) states that Good Corporate Governance (GCG) has a positive effect on company performance. And research conducted by Carningsih (2009) in Anita Dwi Kusumastuti (2013) states that corporate governance has no effect on firm value and financial performance. This will be a research gap in this study so that further research needs to be done on Good Corporate Governance (GCG) on company performance.

2. Material and methods

2.1. Materials

2.1.1. Good Corporate Governance

According to FCGI (2001) Good Corporate Governance is a set of rules that control the ties between shareholders, industry management (stakeholders), debtors, government, employees and other internal and external stakeholders related to their authority and obligations or can be said to be a coordination that controls and regulates the industry (Jensen, 2021). Sutedi (2012) the mechanism of good corporate governance external and internal industry mechanisms, among others:

External mechanism

This external mechanism is influenced by factors outside the industry including capital owners, public accountants, creditors and institutions that authorize legality.

Internal mechanism

This internal mechanism is influenced by factors outside the industry including institutional ownership, managerial ownership, independent board of commissioners, and audit committee.

According to Sidharta and Cynthia in Veno (2015) the term Good Corporate Governance is generally recognized as a good system and structure for managing companies with the aim of increasing shareholder value and accommodating various parties with an interest in stakeholder companies, such as creditors, suppliers, business associations, consumers, workers, government, and the wider community. This principle of Good Corporate Governance can be used to protect minority parties from takeover by managers and shareholders with legal mechanisms.

2.2. Principles of Good Corporate Governance

According to the Decree of the Minister of SOEs Number: Kep. 117 / MBU / 2002 concerning the implementation of Good Corporate Governance (GCG) practices cited by Febriyanto (2013) it is stated that the principles of Good Corporate Governance include:

- Fairness

Equal treatment of shareholders, especially minority shareholders and foreign shareholders, by disclosing important information and prohibiting private distribution and insider trading of shares.

- Disclosure and Transparency

The rights of shareholders, who must be provided with correct and timely information about the company, can participate in decisions regarding fundamental changes to the company and obtain a share of the company's profits.

- Accountability

Management responsibility through effective supervision based on the balance of power between managers, shareholders, the board of commissioners, and auditors, is a form of management accountability to the company and shareholders.

- Responsibility

The role of shareholders should be recognized as defined by law and active cooperation between companies and stakeholders in creating wealth, jobs, and financially sound companies.

2.3. Good Corporate Governance Mechanism

- Board of Directors

The board of directors has a very important role in a company. With the separation of roles from the board of commissioners, the board of directors has great power in managing the resources in the company. The board of directors has the task of ensuring the policies and resource strategies owned by a company, both for the long and short term (Sukandar & Rahardja, 2014).

- Board of Commissioners

According to Mulyadi (2002) the board of commissioners is a representative of the shareholders or owners of the company whose job is to supervise and manage the management of the company carried out by management and prevent too much control in the hands of management. The board of commissioners is responsible for determining whether management has fulfilled its responsibility to develop and organize internal control (Widagdo, 2014).

- Audit Committee

Based on the Decree of the Board of Directors of BEJ No. Kep 315/BEJ/06/2000 states that the audit committee is a committee formed by the Board of Commissioners of the company, whose members are appointed and dismissed by the Board of Commissioners, whose task is to assist in conducting examinations and research deemed necessary for the implementation of the functions of the board of directors in managing the company. In accordance with existing

provisions in Indonesia, the commissioner is the chairman of the audit committee. The audit committee is an extension of the board of commissioners in controlling and monitoring the board of directors (Lestari, 2013).

- Independent Commissioner

Independent Commissioners can be called supervisory institutions that solely work for the benefit of the company in general, independent commissioners no longer act on behalf of shareholders, but must maintain the interests of the company against all those included in the company, and maintain the establishment of the principles of Good Corporate Governance (GCG) in the company (Firmansyahrez, Dudipratomo, & Siskayudowati, 2016).

GCG indicators can be proxied by the size of the board of commissioners, independent commissioners, managerial ownership, audit committee and institutional ownership. However, in this study what is used is managerial ownership, independent commissioners and audit committees.

2.3.1. Financial Performance

To decide that a company has good performance, there are two most dominant assessments that are used as a basis for reference. This assessment must be done by looking at the financial and non-financial performance. Financial performance looks at the financial statements owned by the company concerned and it is reflected in the information obtained from the statements of financial position, comprehensive income, statements of changes in equity, statements of cash flow and notes to financial statements.

An analysis conducted to determine the extent to which a company has implemented using the rules of financial implementation properly and correctly elements of the company's financial performance, namely, elements that are directly related to the measurement of company performance are presented in the financial statements referred to as income statements, net income, often used as a measure of performance or as a basis for other measures (Finolitha Yulieth Lahonda, Ilat, & Tirayoh, 2014).

According to Fahmi (2012) financial performance is an analysis conducted to see the extent to which the company has implemented using the rules of financial implementation properly and correctly. According to Subramanyam and Wild (2013) financial performance is the recognition of income and expenses that generate more profit than cash flow to evaluate financial performance.

With this explanation, it can be concluded that financial performance is the company's achievement in a period that describes the company's financial condition with indicators of capital adequacy, liquidity and profitability. Munawir (2012: 31) states that the objectives of measuring the company's financial performance are:

- Knowing the level of liquidity. Liquidity shows the ability of a company to fulfill financial obligations that must be resolved immediately when billed.
- Knowing the level of solvency. Solvency shows the company's ability to meet its financial obligations if the company is liquidated, both short-term and long-term finances.
- Knowing the level of profitability. Rentability or often referred to as profitability shows the company's ability to generate profits during a certain period.
- Knowing the level of stability. Stability shows the company's ability to conduct its business stably, which is measured by considering the company's ability to pay its debts and pay interest expenses on its debts on time.

Benefits of Financial Performance According to Prayitno (2010) in Hanafie (2017), performance appraisal can benefit the company. The benefits of performance appraisal for company management are as follows:

- Manage organizational operations effectively and efficiently by maximizing employee motivation.
- Support employee decision-making such as promotion, transfer, and dismissal.
- Provide feedback to employees on how their supervisors evaluate employee performance.
- Identify employee training and development needs and provide criteria for promoting and assessing employee training programs.
- Provide facilities for award distribution.

According to Irham Fahmi (2012: 3), there are five stages in analyzing the company's financial performance in general, namely:

- Conduct a review of financial statement data. The review here is carried out with the aim that the financial statements that have been made are in accordance with the application of generally accepted rules in the world of accounting, so that the results of the financial statements can be accounted for.
- Perform calculations. The application of the calculation method here is adjusted to the conditions and problems being carried out so that the results of the calculation will provide a conclusion in accordance with the desired analysis.
- Comparing the results of the calculations that have been obtained. From the calculation results that have been obtained, a comparison is then made with the calculation results from various other companies.
- The most common methods used to perform this comparison are two, namely :
- Time series analysis, which compares across time or periods, with the aim that it will be seen graphically.
- Cross sectional approach, which is to compare the results of the calculation of ratios that have been carried out between one company and other companies within a similar scope that are carried out simultaneously. From the results of using these two methods, it is hoped that a conclusion will be made that states the company's position is in a very good, good, medium / normal, bad, and very bad condition.
- Interpreting the various problems found. At this stage, the analysis of seeing the company's financial performance is after the three stages, then interpretation is carried out to see what problems and obstacles the company is experiencing.

Finding and providing solutions to the various problems found. In this last stage, after finding the various problems faced, solutions are found to provide input or input so that what has become an obstacle and obstacle so far can be resolved.

In this study, what is used as a measure of financial performance is Return On Asset (ROA). ROA gives an idea of how more efficient management is by using assets to generate income. In analyzing financial statements, this ratio is the most highlighted, because it is able to show the company's success in generating profits. According to Arfan Ikhsan, et al (2016) ROA is able to measure the company's ability to generate profits in the past and then projected in the future. The assets in question are all company assets, obtained from own capital or from foreign capital that the company has converted into company assets that are used for the survival of the company.

The higher the ROA ratio means that the company is more effective in utilizing assets to generate net profit after tax. Thus it can be concluded that the higher the ROA means that the company's performance is more effective, because the rate of return will be greater (Brigham, 2001: 90). This will further increase the attractiveness of investors to the company. The increased attractiveness of the company makes the company more attractive to investors, because it can provide large profits (returns) for investors. In other words, ROA will affect the stock return that will be received by investors.

2.4. Methods

2.4.1. Research Approach

The type of research used in this study uses a quantitative approach. The data source used for this research is secondary data. These data sources are obtained from *websites* and various sources of books, journals and other related information.

2.5. Population

According to Sugiyono (2017), population is an area that is considered general or the same in terms of type, consisting of objects and subjects with certain qualities and characteristics in it that are applied from the researcher to serve as learning material and then end with a conclusion. The population in this study are all pharmaceutical companies listed on the Indonesia Stock Exchange in 2012-2020, namely 12 companies that present *good corporate governance* reports in their annual reports.

2.6. Sample

According to Sugiyono (2011) in Febry (2013) the sample is part or the number and characteristics possessed by the population. The samples in this study were 7 pharmaceutical companies listed on the Indonesia Stock Exchange.

Table 1 Sample Research Method

No.	Sample Criteria	Total
1	Pharmaceutical companies listed on the Indonesia Stock Exchange	12
2	Companies that do not have complete financial reports during the 2015-2020 period	(5)
3	Companies that meet the research sample criteria during the 2012-2020 period	7

Source: Data processed by the author, 2023.

2.7. Data Collection Technique

The author collects data through literature studies, namely by studying and analyzing secondary data in the form of records or reports on an activity that has been released to the public, namely the financial statements of pharmaceutical subsector companies listed on the IDX in the 2015-2020 period and the data used as instruments are quantitative, the nature of the data that can be calculated or measured directly.

2.8. Operational Definition of Variables

2.8.1. Independent Variable (X Variable):

To direct this research, the authors took the operational definitions of the research variables, namely: Independent variables are independent variables whose existence is not influenced by variables that will affect other variables.

The independent variables in this study are:

- o Board of Commissioners (X1)

The Board of Commissioners is the number of members of the board of commissioners in a company. Measurement of the board of commissioners is carried out based on the number of members of the board of commissioners serving in a company stated in the annual report.

DK = Σ Board of Commissioners of the Company

- o Audit Committee (X2)

Audit Committee is the number of audit committee members in a company. The audit committee size variable is measured by calculating the number of audit committee members in the company's annual report listed in the corporate governance report.

KA = Σ Company Audit Committee

- o Managerial Ownership (X3)

This study uses the number of shares owned by company directors to define ownership. Managerial Ownership is the level of share ownership of management parties who actively participate in decision making. Managerial ownership is measured by calculating the percentage (%) of the number of shares owned by management, namely managers, affiliated commissioners (outside independent commissioners), and directors divided by the total number of shares outstanding.

$$\text{Managerial Ownership} = \frac{number\ of\ shares\ owned\ by\ directors\ and\ commissioners}{total\ number\ of\ common\ shares}$$

2.9. Dependent Variable (Y Variable)

The dependent variable is the variable that is influenced by other variables.

The dependent variable of this study is Financial Performance with ROA Level.

Return On Asset (ROA) (variable Y)

Return On Asset (ROA) is referred to as economic profitability which is used to measure the company's ability to generate net income based on a certain level of assets.

ROA is also often called ROI (Return On Investment).

$$\text{Return on Asset (ROA)} = \frac{net\ profit}{total\ assets} x100\%$$

Table 2 Operational Definition of Variables

Variables	Operational Definition	Indicator	Scale
Board of Commission ers (X1)	The number of members of the board of commissioners in a company. Measurement of the board of commissioners based on the number of members of the board of commissioners	DK= Σ Board of Commissioners of the Company	Ratio Scale
Audit Committee (X2)	The number of audit committee members in a company. Audit committee measurement is based on the number of audit committee members.	KA = Σ Company Audit Committee	Ratio Scale
Managerial Ownership(X3)	Number of shares owned by directors. The level of management share ownership that actively participates in decision-making.	Managerial Ownership $= \frac{number\ of\ shares\ owned\ by\ directors\ and\ commissioners}{total\ number\ of\ common\ shares}$	Ratio Scale
Return On Asset (ROA)	Referred to as economic profitability which is used to measure the company's ability to generate net income.	Return on Asset (ROA) = $\frac{net\ profit}{total\ assets} x100\%$	Ratio Scale

Source: Processed data, 2023

2.10. Data Processing and Analysis Techniques

2.10.1. Descriptive Analysis

Descriptive statistics are used in providing explanations of quantitative data in the form of company financial reports that are used as research objects and analyzing data by describing the data that has been collected in fact without having the intention of providing generally applicable conclusions (Sugiyono, 2017).

2.10.2. Classical Assumption Test

The classic assumption test is applied before hypothesis testing in research using regression analysis, in the regression model, if the forecasting results show small errors and have normally distributed data, it is a good regression model. In the classic assumption test there are several other test tools, namely: normality, multicollinearity and heteroscedasticity tests.

2.10.3. Multiple Linear Regression Analysis

The analysis method that will be used in this research is the multiple liner regression method, which is the analysis method used in testing two or more independent variables (X) with the dependent variable (Y), following the form of the multiple linear regression equation:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3\ X3 + \beta 4\ X4 + e$$

Where:

Y	= Financial Performance
X1	= Board Size
X2	= Board of Commissioners Size
X3	= Independent Board of Commissioners
X4	= Audit Committee
A	= Constant
b1,b2,b3,b4	= Regression Coefficient
e	= Error

2.11. Hypothesis Test

2.11.1. Partial Test (t Test)

The t test basically shows how far the influence of one independent variable individually in explaining the variation in the dependent variable (Ghozali, 2013).

2.11.2. Simultaneous Test (Test F)

The f statistical test is used to determine the significant effect of the independent variables on the dependent variable together (simultaneously).

2.11.3. Coefficient of Determination

The coefficient of determination (R square) is a coefficient that shows how much percentage of the independent variables can run the dependent variable.

2.12. Hypothesis

2.12.1. The Effect of Board Size on Financial Performance

The board of directors is the party in a company that carries out the task of carrying out the operation and management of the company. Directors control managerial compensation decisions, supervision and capital allocation in the company. The board of directors can contribute to company performance through strategic evaluations and decisions as well as reducing inefficiency and low performance (Hartono & Nugrahanti, 2014). Based on this description, the authors take the following hypothesis:

H1: Board size has a significant effect on financial performance.

2.12.2. The Effect of the Board of Commissioners on Financial Performance

A larger board of commissioners increases access to various resources to the company's external environment and has a positive impact on company performance. With a larger number of commissioners, the company's management monitoring mechanism will improve. With a large number of commissioners in the company, it increases access to various resources to the external environment and has a positive impact on company performance. as well as a large board of commissioners that is more diverse, can provide a blend of expertise, knowledge and skills. A larger board benefits the company from a resource dependency point of view (Agustina et al., 2015). Based on this description, the authors take the following hypothesis:

H2 : The Board of Commissioners has a significant effect on financial performance.

2.12.3. The effect of independent commissioners on financial performance

The independent board of commissioners can improve the supervisory function of the company. The independent board of commissioners is a commissioner who has no business relationship with the board of directors or shareholders. The existence of an independent board of commissioners in the company can help and reduce agency problems and prevent opportunistic behavior. The independent board of commissioners can help companies to avoid external or internal threats so that they can maintain company resources in order to obtain high profits, which in turn can improve financial performance in the company (Candradewi & Sedana, 2016). Based on the description above, the authors can hypothesize that:

H3 : The independent board of commissioners has a significant effect on financial performance.

2.12.4. The Effect of Audit Committee on Financial Performance

The audit committee is tasked with maintaining the creation of an adequate company supervisory system and the implementation of Good Corporate Governance (GCG). With the effective functioning of the audit committee, the control of the company will be better so that conflicts or agency problems that occur due to management's desire to improve their own welfare can be minimized. According to the OECD Principles and research (Niinimaki, 2001), external auditors play an important role as bank supervisors to ensure control of financial statements in order to improve company performance (Veno, 2015). Based on the description above, the authors can hypothesize that:

H4 : The Audit Committee has a significant effect on financial performance.

3. Results

3.1. Data Analysis

3.1.1. Presentation of Research Data

Data Analysis of Board of Commissioners (X_1)

Table 3 Data Analysis of Board of Commissioners (X_1)

Company Name	Board of Commissioners									Total	Average
	2012	2013	2014	2015	2016	2017	2018	2019	2020		
DVLA	5	5	5	4	4	4	1.33	1.33	1.33	30.99	3.44
INAF	4	4	3	2	2	2	2	2	2	23	2.55
KLBF	4	4	5	4	4	4	1.33	1.33	1.33	28.99	3.22
MERK	2	2	2	2	2	2	2	1	1	16	1.77
PYFA	2	2	2	2	2	1	1	1	1	14	1.55
SIDO	6	2	2	2	2	1.5	1.5	1.5	1.5	20	2.22
TSPC	4	4	4	4	4	1.5	0.67	1.5	0.67	24.34	2.70
AMOUNT	27	23	23	20	20	16	9.83	9.66	8.83	157.32	17.45
AVERAGE	3.85	3.28	3.28	2.85	2.85	2.28	1.40	1.38	1.26	22.47	2.49

Data Source: Processed by the author (2023)

Audit Committee Data Analysis (X_2)

Table 4 Audit Committee Data Analysis (X_2)

Company Name	Audit Committee									Total	Average
	2012	2013	2014	2015	2016	2017	2018	2019	2020		
DVLA	3	4	4	3	3	3	4	4	4	32	3.55
INAF	4	3	3	3	4	4	2	2	2	27	3
KLBF	3	3	3	3	2	2	1	1	1	19	2.11
MERK	3	3	3	3	2	2	3	2	3	24	2.66
PYFA	3	3	3	5	5	5	4	4	4	36	4
SIDO	3	3	3	3	3	3	3	3	3	27	3
TSPC	3	3	3	3	3	3	3	3	3	27	3

| AMOUNT | 22 | 22 | 22 | 23 | 22 | 22 | 20 | 19 | 20 | 192 | 21.32 |
| AVERAGE | 3.14 | 3.14 | 3.14 | 3.28 | 3.14 | 3.14 | 2.85 | 2.71 | 2.85 | 27.4 | 3.04 |

Data Source: Processed by the author (2023)

3.1.2. Managerial Ownership (X₃)

Table 5 Data Analysis of Managerial Ownership (X_3)

Company Name	Managerial Ownership									Total	Average
	2012	2013	2014	2015	2016	2017	2018	2019	2020		
DVLA	0	0	0	0	0	0	0.28	0.28	0.28	0.84	0.009
INAF	0	0	0	0	0	0.10	0.10	0.10	0.10	0.40	0.04
KLBF	0.04	0.009	0.009	0.009	0.009	0.008	0.85	0.85	0.85	2.634	0.29
MERK	0.001	0.001	0	0	0	0.001	0.22	0.22	0.22	0.663	0.07
PYFA	23.08	23.08	23.08	23.08	23.08	16.00	16.00	16.00	16.00	179.4	19.93
SIDO	100.0	81.00	81.00	81.00	81.00	50.00	50.00	50.00	50.00	624.00	69.33
TSPC	0.102	0.097	0.081	0.068	0.072	0.006	0.006	0.006	0.006	0.438	0.04
AMOUNT	123.2	104.8	104.7	104.5	104.6	66.115	67.46	67.46	67.46	808.375	89.709
AVERAGE	17.60	14.88	14.88	14.87	14.88	9.44	9.63	9.63	9.63	115.48	12.81

Data Source: Processed by the author (2023)

3.1.3. Financial Performance (ROA)

Table 6 Development of *Return On Asset* (ROA) in Pharmaceutical Companies Listed on the Indonesia Stock Exchange

Company Name	ROA									Total	Average
	2012	2013	2014	2015	2016	2017	2018	2019	2020		
DVLA	13.85%	10.57%	6.57%	7.83%	2.29%	2.29%	2.47%	2.49%	2.09%	50.45%	5.60%
INAF	3.56%	4.18%	0.11%	0.42%	10.13%	10.45%	10.61%	8.58%	10.27%	49.11%	5.45%
KLBF	18.84%	17.41%	17.06%	15.02%	15.55%	15.55%	15.35%	15.32%	15.14%	135.24%	15.02%
MERK	18.93%	25.17%	25.61%	22.21%	8.86%	8.73%	8.22%	7.67%	7.78%	133.18%	14.79%
PYFA	3.90%	3.53%	1.54%	1.93%	6.92%	6.80%	6.74%	6.74%	8.10%	48.13%	5.34%
SIDO	18.01%	13.75%	14.80%	15.64%	14.15%	14.15%	14.58%	14.94%	15.12%	135.14%	15.01%
TSPC	13.70%	11.80%	10.44%	8.42%	7.55%	7.37%	7.04%	6.98%	6.89%	80.2%	8.91%
AMOUNT	90.79%	78.05%	76.13%	70.63%	65.45%	65.34%	65.01%	62.72%	65.39%	631.45%	70.12%
AVERAGE	12.97%	11.15%	10.87%	10.09%	9.35%	9.33%	9.28%	8.96%	9.34%	90.20%	10.01%

Source : www.idx.co.id (Data processed) 2023

4. Discussion

4.1. Descriptive Analysis

Descriptive data variables used in this study are Financial Performance Return On Assets (ROA) and Good Corporate Governance (Board of Commissioners, Audit Committee, Managerial Ownership) in Pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) from 2012 to 2020. The data analysis method used in this study is the statistical analysis method using the multiple linear regression equation model. The following shows general statistical data from all data used in the following table:

Table 7 Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Board of Commissioners(X1)	63	.67	6.00	2.4971	.16870	1.33900
Audit Committee (X2)	63	1.00	5.00	3.0476	.10475	.83141
Managerial Ownership (X3)	63	.00	100.00	12.8314	3.18251	25.26037
ROA (Y)	63	-4.18	25.61	10.1510	.78517	6.23212
Valid N (listwise)	63					

Source: Data Processed by Researchers 2023 Using SPSS statistics 20

From the descriptive statistics table as shown in Table 7, it can be explained as follows:

4.1.1. Board of Commissioners

The size of the board of commissioners in 7 companies has an average of 2.4971, a minimum value of 0.67, a maximum value of 6.00, and a standard deviation of 1.33900. The average value is greater than the standard deviation, meaning that the value distribution of the board of commissioners variable is good.

4.1.2. Audit Committee

The size of the audit committee in 7 companies has an average of 3.0476, a minimum value of 1.00, a maximum value of 5.00, and a standard deviation of 0.83141. The average value is greater than the standard deviation, meaning that the distribution of audit committee values is good.

4.1.3. Managerial Ownership

The size of the audit committee in 7 companies has an average of 12.8314, a minimum value of 0.00, a maximum value of 100.00, and a standard deviation of 25.26037. The average value is smaller than the standard deviation, meaning that the distribution of Managerial Ownership values is not good.
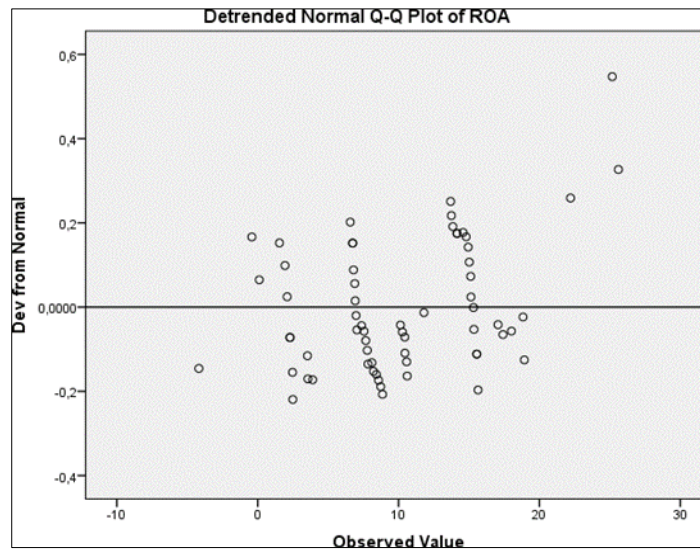
4.1.4. Return On Assets (ROA)

The size of the audit committee in 7 companies has an average of 10.1510, a minimum value of -4.18, a maximum value of 25.61, and a standard deviation of 6.23212. The average value is greater than the standard deviation, meaning that the distribution of the company's Return On Assets (ROA) value is good.

4.1.5. Classical Assumption Test

The classical assumption test is applied before the hypothesis testing process in a type of research, namely quantitative and this test is a requirement that must be applied to determine the characteristics of a model used. In this study there are 3 (three) types of classical assumption tests used, namely: normality test, multicollinearity test and heteroscedasticity test.

4.1.6. Normality Test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. The way to see the normality of residuals is to look at the histogram, the following normality test will be presented in the form of a normal plot graph:

Source: Data Processed by Researchers 2023 Using *SPSS statistics 20*

Figure 1 Normality Test

In Figure 1, it can be seen that the normal Q-Plot graph display appears to fulfill the normality test assumption, because the data spreads around the diagonal line and follows the direction of the diagonal line. In addition, testing can be done using Kolmogorov-Smirnov statistics. The following normality test can be seen in the following table:

Table 8 Normality Test One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test			
			UnstandardizedResidual
N			63
Normal Parameters[a,b]	Mean		0E-7
	Std. Deviation		5,59419934
	Absolute		,122
Most Extreme Differences	Positive		,122
	Negative		-,105
Kolmogorov-Smirnov Z			,971
Asymp. Sig. (2-tailed)			,302
	Sig.		,279[c]
Monte Carlo Sig. (2-tailed)	99% Confidence Interval	Lower Bound	,267
		Upper Bound	,291

a. Test distribution is Normal; b. Calculated from data; c. Based on 10000 sampled tables with starting seed 2000000; Source: Data Processed by Researchers 2023 Using SPSS statistics 20

Based on the table above, it can be seen that the asymp sig value of 0.302 is greater than 0.05. So it can be concluded that the regression model is normally distributed. Because the probability value is greater than 0.05.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between the independent variables, a good regression model should not have a correlation between the independent variables. The multicollinearity test is carried out by looking at the tolerance value and the Variance Inflation Factor (VIF). If the tolerance value is above 0.10 and the VIF value is below 10, then there is no multicollinearity between the independent variables. The following is the output table of the multicollinearity test results in the study:

Table 9 Multicollinearity Test Results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
	X1	,993	1,007
1	X2	,990	1,010
	X3	,984	1,017

a. Dependent Variable: ROA; Source: Data Processed by Researchers 2023 Using SPSS statistics 20

Based on the table above, it is known that the VIF value of all independent variables is less than 10.00 and the tolerance value is more than 0.10, so it can be concluded that all independent variables do not have problems with Multicollinearity.

Heteroscedasticity Test

This test aims to test whether in the regression model there is an inequality of variance from residuals from one observation to another (Ghozali, 2006). If the variance of the residuals from one observation to another is constant, it is called homoscedasticity and if it is different it is called heteroscedasticity. To detect the presence or absence of heteroscedasticity, the Glesjer test is used. The results of the heteroscedasticity test can be seen in the following table:

Table 10 Heteroscedasticity Test

Coefficients[a]						
Model		Unstandardized Coefficients		StandardizedCoefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	15.973	3.080		5.186	.000
1	X1	.618	.546	.133	1.133	.262
	X2	-2.697	.880	-.360	-3.064	.003
	X3	.067	.029	.270	2.290	.026

Dependent Variable: ROA; Source: Data Processed by Researchers 2023 Using *SPSS statistics 20*

Based on the test results above, it can be seen that the significant value of the independent variable Audit Committee (X2) is smaller than the specified significance value, namely 0.003 <0.05 and the significant independent variable managerial ownership (X3) is smaller than the specified significance value, namely 0.262 >0.05 so it can be concluded that the regression model on the audit committee variable and managerial ownership has heteroscedasticity, while on the independent variable board of commissioners the significant value is greater than the specified significant value, namely 0.262>0.005, it can be concluded that there is no heteroscedasticity.

Multiple Liner Regression Analysis

Multiple regression analysis is a hypothesis analysis method to find whether there is an influence between two or more independent variables on the dependent variable in the study.The following is the data from the multiple regression analysis results in the study:

Table 11 Multiple Linear Regression Analysis Results

Coefficients[a]					
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
	(Constant)	15.973	3.080		5.186	.000
1	X1	.618	.546	.133	1.133	.262
	X2	-2.697	.880	-.360	-3.064	.003
	X3	.067	.029	.270	2.290	.026

a. Dependent Variable: ROA; Data Processed by Researchers 2023 Using *SPSS statistic 20*

Based on the table above, the multiple linear regression equation is obtained as follows:

Y = 15.973 + 0.618X1 + -2.697X2 + 0.067X3 + e

The coefficients of the multiple linear regression equation above can be interpreted as follows:

o The constant value of 15.973 states that if all independent variables (board of commissioners (X1), audit committee (X2), managerial ownership (X3)) are considered constant or worth 0, then the company's financial performance (Y) will be 29.479.
o The regression coefficient of the board of commissioners (X1) of 0.618 states that if the board of commissioners (X1) increases by one unit while the other variables (audit committee (X2) and managerial ownership (X3)) are considered constant, the company's financial performance (Y) decreases by 0.618.
o The audit committee regression coefficient (X2) of -2.697 states that if the audit committee (X2) increases by one unit while the other variables (board of commissioners (X1) and managerial ownership (X3)) are considered constant, the company's financial performance (Y) decreases by -2.697.
o The regression coefficient of managerial ownership (X3) of 0.067 states that if managerial ownership (X3) increases by one unit while the other variables (board of commissioners (X1) and audit committee (X2)) are considered constant, the company's financial performance (Y) increases by 0.067.

Hypothesis Test
o Partial Test (t Test)

The t test basically shows how far the influence of one independent variable individually in explaining the variation in the dependent variable (Ghozali, 2013). The following is the output table 11 partial test (t test) in the study:

• The influence of the board of commissioners on the company's financial performance

Based on the parameter results in Table 11, the calculated t value is 0.133 while the significance level is 0.262 which is greater than the specified significance level of 0.05. Because the calculated significance value is greater than the specified significance value (0.262> 0.05), the null hypothesis (Ho) is accepted, which means rejecting the alternative hypothesis (H1). This means that there is no effect of the board of commissioners on financial performance.

• The effect of the audit committee on the company's financial performance

Based on the parameter results in Table 11, the calculated t value is -3.064 with a negative direction while the significance level is 0.003 smaller than the significant rate of 0.05. Because the calculated significance value is smaller

than the specified significance value (0.003 <0.05), the null hypothesis (Ho) is rejected, which means accepting the alternative hypothesis (H2). This means that there is an effect of the audit committee on financial performance.

- The effect of managerial ownership on company financial performance.

Based on the parameter results in Table 11, the calculated t value is 2.290 while the significance level is 0.026 which is smaller than the significant rate of 0.05. Because the calculated significance value is smaller than the specified significance value (0.026 <0.05), the null hypothesis (Ho) is accepted, which means accepting the alternative hypothesis (H3). This means that there is an effect of managerial ownership on financial performance.

o Simultaneous Test (Test F)

The f test is used to determine the significant effect of the independent variables on the dependent variable together (simultaneously). The following is the output of the simultaneous test table (f test) in the study:

Table 12 Simultaneous Test (F Test)

ANOVA [a]						
	Model	**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	467.744	3	155.915	4.741	.005[b]
1	Residuals	1940.294	59	32.886		
	Total	2408.038	62			

A: Dependent Variable: ROA; b. Predictors: (Constant), X3, X1, X2 Data Processed by Researchers 2023 Using *SPSS statistics 20*

Based on the parameter results in the table above, the calculated F value is 4.741 while the significance level is 0.005 which is smaller than the significant level, namely 0.05. Thus, the null hypothesis (Ho) is rejected, which means that the independent variables simultaneously affect the dependent variable.

o Coefficient of Determination (R^2)

The results of the coefficient of determination can be seen in Table 13

Table 13 Coefficient of Determination (R^2)

Model Summary [b]				
Model	**R**	**R Square**	**Adjusted RSquare**	**Std. Error of theEstimate**
1	.441[a]	.194	.153	5.73466

A: Predictors: (Constant), X3, X1, X2; Dependent Variable: ROA; Data Processed by Researchers 2023 Using *SPSS statistics 20*

The coefficient of determination is used to determine the magnitude of the influence caused by the board of commissioners, audit committee, and managerial ownership on the company's financial performance. From the regression output results, the *Adjusted R square* (R^2) value is 0.153. This value indicates that changes in the dependent variable Financial Performance (Y) of 15.3% are caused by the variables of the Board of Commissioners (X1), Audit Committee (X2), and Managerial Ownership (X3) while the remaining 84.7% can be explained by other factors outside these variables.

5. Conclusion

Based on the results of research that has been conducted on factors that affect stock prices, including *Current Ratio, Earning Per Share, Debt to Equity Ratio, and Return On Asset* in pharmaceutical subsector manufacturing companies for the 2012-2020 period, the following conclusions can be drawn:

o The Board of Directors, Board of Commissioners, Independent Commissioners and Audit Committee simultaneously affect Financial Performance. Judging from the results of data processing where F count is 4.741 while the significance level is 0.005 smaller than the significant level of 0.05. Thus, the null hypothesis (Ho) is rejected, which means that the independent variables simultaneously affect the dependent variable.

o Partially, the Board of Commissioners does not have a significant influence on Financial Performance.

o Partially, the Audit Committee has a significant influence on Financial Performance.

o Partially Managerial Ownership has a significant influence on Financial Performance.

o *Adjusted R square* (R^2) value of 0.153. This value indicates that changes in the dependent variable Financial Performance (Y) of 15.3% are caused by the variables of the Komiaris Board (X1), Audit Committee (X2), and Managerial Ownership (X3) while the remaining 84.7% can be explained by other factors outside these variables.

Compliance with ethical standards

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Disclosure of conflict of interest

Authors contributed during this research and no conflict of interest from authors while writing this reseach.

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