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The Influence Mechanism of Corporate Governance on Performance of the Company

Raja Adri Satriawan Surya Arumega Zarefar Vera Oktari
Riau, University, Po Box 1178, Riau, Indonesia

Abstract
This study aims to examine the influence of corporate governance mechanisms on Performance Of The Company. Corporate governance mechanisms which examined in this study include the board of commissioners and managerial ownership, foreign ownership, debt financing, audit quality. The population in this study used manufacturing companyies listed in Indonesia Stock Exchange for the period 2015 to 2018. The sample in this research determined by purposive sampling method with total sample of 103 annual reports. Result statistical tests showed that the board of commissioners has no effect on the performance of the company witth sign. value of 0.312> 0.05, managerial ownership has no effect on the performance of the company witth sign. value of 0.191 <0.05, foreign ownership has no effect on the performance of the company witth sign. value of 0.495> 0.05, debt financing has no effect on the performance of the company with sign. value of 0.408> 0.05, while the audit quality have effect on the performance of the company with sign. value of 0.844> 0.05.

Keywords: Board of Commissioners, Managerial Ownership, Foreign Ownership, Debt Financing, Audit Quality, Performance of Company
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1. Introduction

The development of corporate governance in Indonesia began in 1997. Various harmful effects of the economic crisis can not be avoided, one of which is the companies that suffer and not be able to survive and the weak growth of the national economy. (Iskander and Chamlou, in Hidayah 2008), the economic crisis that occurred in regional south asia and other countries not only due to macroeconomic factors but the weak of corporate governance in both these countries as one of the causes of the economic crisis, whose effects can still be felt.

Corporate governance is a concept proposed in order to improve corporate performance through supervision or monitoring management performance and ensure the accountability of management to the stakeholders with based a framework regulation (Nasution and Setiawan 2007 in Prasetiyo, 2010).

In creating corporate governance, there are five basic underlying principles were transparency, accountability, responsibility, independence danfairness. Therefore, the presence of good governance with based on the principles of corporate governance are expected to reduce agency problems within a company's corporate governance, which in turn can be a means of enhancing the performance of company. Performance is a reflection of the company's ability to manage and allocate resources. With a good performance will attract investor to invest.

One form of oversight of management companies is the implementation of the corporate governance mechanism. There are two types of corporate governance mechanism that internal mechanisms and external mechanisms (Juwitasari, 2008). Internal governance mechanisms related to the level of disclosure of corporate governance practices, board size, managerial ownership and the total of commissioners committees (Hassan and Halbouni, 2013). While the external governance mechanisms related to the supervision carried out by stakeholders outside company's manager, which is represented by the quality of the external auditor.

Board of commissioners as a company organ is collectively responsible for overseeing and advising the board of directors and ensuring that companies implement good corporate governance (NCG 2006).

Indonesia adopts a two-tier board system requiring the Board of Directors as a manager and the Board of Commissioners as the supervisory board of directors. Due to regulations, a board of commissioners may not be longer serves be the board of directors. However, the alliance system lead to the placement of the board of directors and board of commissioners, which is family relationship is still going on. This resulted in a lot of cases where parents as commissioners and son were in the position of the board of directors, so the potential to lead to management discretion and monitoring functions of board of commissioners becomes less effective to the board of directors (Murhadi, 2009).

In addition, according to Boediono (2005), managerial ownership is the number of shareholding by the management of the entire share capital of the company is managed. Managerial ownership can lead to harmony between the interests of shareholders and management of the company so that the agency problem can be reduced. With the improvement of managerial ownership, the management company will try to improve its performance to ensure the prosperity of our shareholders.

Cases about corporate governance is still happening in Indonesia such as PT Kimia Farma (2002), PT Indo Farma (2004), or PT Waskita Karya (2009). In fact, according to survey results ACGA (Asian Corporate

Governance Association) in 11 countries to the foreign business people in Asia in 2012 placed Indonesia as the worst country in the field of corporate governance (Nurcahyani, 2012). This reflects the corporate governance practices are still poorly on companies in Indonesia.

Foreign shareholdings, the shares held by individuals, legal entities, government as well as the status of its parts abroad. Foreigners who invest their shares have the management systems, technology, innovation, expertise and pretty good marketing can bring a positive influence to the performance of the company (Wiranata and Nugrahanti, 2013). However, the impact of foreign ownership on corporate performance is still under debate (Dvorak, 2005; Mansfield and Romeo, 1980; Aitken & Harrison, 1997). Dvorak stated a model that companies with foreign institutional investors' holdings of high species will affect the company's policies, especially on the increased cost of R&D company and also improve performance of company as measured by Tobin's Q.

Related with the debt financing structure as part of the corporate governance mechanism, according to Weston and Brigham (1993: 459) wisdom capital structure consists of choosing between risk and return. The use of large debt means raising the level of risk of the company's revenue stream, but uses more debt also increases the expected returns.

In addition, the audit quality is the probability that an auditor found and reported the existence of a breach in the client's accounting system is concerned this auditor (DeAngelo, 1981). In the public sector, GAO (1986) defines quality audit as: "in accordance with professional standards and contract requirements for audit under consideration". Quality audit serves as a in accordance with professional standards and contract requirements when conducting audits. Quality audit is a management tool used to evaluate, confirm or verify the activities related to quality (Charles, 1989) .The quality of the audit could be realized if it can meet the generally accepted auditing standards. Audit standards are guidelines to assist the auditor to fulfill their professional responsibilities in the audit of the financial statements.

Research on corporate governance which affect the performance of the company have been carried out by researchers in Indonesia and outside Indonesia, with diverse results. Research conducted by Haat, et al (2008), examines the relationship between corporate governance, disclosure, timely submission of financial statements and performance of company in Malaysia. Research results get no significant relationship between corporate governance with financial statement disclosure or timeliness of financial reports. However, corporate governance has a significant influence on the performance of the company. Results were obtained also that the disclosure and timely submission of financial statements did not have a significant relationship with financial performance.

From previous studies that demonstrate the different results, the authors are motivated to do more research on how corporate governance affects the performance of the company as measured by Tobin's Q.

2. Theoretical Framework and Hypothesis Formulation

2.1. Agency theory

Agency Theory explain the relationship between the two parties, the owner (principal) and management (agent). Agency theory of Jensen and Meckling (1976) stated the agency relationship or agency relationship arises when one or more individuals (principal) hire another individual (employee or agent) to act on its behalf, delegating the power to make the decision to agents or employees (Purwantini 2011).

Principals are mandating the agent to act on behalf of the principal, while the agent is a party entrusted by the principal to run the company. Agents are obliged to responsilibty for what has been mandated by the principal to him. Agency Theory is designing the right contract to align the interests of the principal and the agent in the event of a conflict of interest (Arifin, 2005).

2.2. Agency Theory and Corporate Governance Mechanism

Application of the company's corporate governance is very important to implement. Corporate governance is a concept based on agency theory, which is expected to serve as a tool to provide assurance to investors that they would receive a return on the funds invested (Herawaty, 2008).

Corporate Governance Mechanism can reduce the agency problem which then can increase the performance of the company (Purno and khafid 2013). A good performance of a company will be achieved when there is a good practice as well. This is done by providing monitoring and better protection to shareholders (Haat, et al., 2008).

2.3. Internal Governance

The Board of Commissioners is an important component of internal governance that allows for solving problems inherent to the institution that manages the organization. FCGI (2001) explains that the Board of Commissioners holds a very important role in the company, especially in Corporate governance.

KNKG (2006) distinguishes board of commissioners into two categories. The first is the independent commissioners and the second is non-independent commissioners. An independent board of commissioners who do not come from a party affiliated with the company. While the non-independent commissioner is a commissioner who has an affiliate relationship with the company. What is meant by Affiliated having business and family relationships with controlling shareholders, directors and other commissioners, as well as by the company itself.

According to Stiles and Taylor (2001) explains that a high proportion of independent directors will increase the company's financial performance. This is similar to that expressed by Yawson (2006) that when a high proportion of external commissioner then external commissioners will give strict sanctions to the workers who experience a decrease in performance. In ensuring the creation of a good corporate governence the independent commissioner is required to have credibility, professionalism, integrity. Independent commissioner to take responsibility for proactively encouraging that the commissioner in his duties as a supervisor and advisor to the board of directors to ensure the company has an effective business strategy, ensuring the company complies with applicable laws and regulations specified values in the company, so the company have the good corporate governance (Putra, 2015).

Another aspect of corporate governance role duality, is when the CEO also serves as chairman of the board. CEO Duality is a person who served into the two roles is CEO (board of directors) and chairman of the board (board of commissioners) of the company (Booth et al., 2002). CEO (board of directors) is responsible for managing the entire resources of the existing organization with the power given by the board of directors, while the board of commissioners become CEO supervisory.

According to the NCG (2006), the company's board of directors as an organ and responsibility in managing of collegial duty the company. Each member of the Board of Directors to carry out the task and take appropriate decisions denganpembagian duties and responsibilities. However, execution of tasks by each member of the Board of Directors remains a shared responsibility. The position of each member of the Board of Directors including the Managing Director are equivalent. Management function by the Board of Directors includes five (5) main task management, risk management, internal control, communication, and social responsibility.

The separation of the role of the board of commissioners, board of directors has the power to the management of all the resources that exist in the company. Boards of directors have a duty to determine the policy and strategy of the resources owned by the company, both for short term and long term. The size of the board of directors is a corporate governance mechanism is very important in determining the performance of the company. However, with the differences in the findings of the researchers in previous studies, the evidence necessary is debatable. This study is intended to provide evidence of more comprehensive look at the role of the size of the board of directors on performance the company.

The first hypothesis of the independent board of directors on the performance of the company is:

H1: The Board Of Commissioners Effect The Performance Of The Company

2.4. Managerial Ownership

Based on agency theory, the differences of interest between managers and shareholders resulted led to conflict of so-called agency conflicts. Conflicts of interest so potentially have led to the need for a mechanism that is applied that is useful to protect the interests of shareholders (Julius, 2013). One way to reduce conflicts between the principal and the agent can be done by improving the managerial ownership of a company. Cruthley & Hansen (1989) in the Julius and Yeterina (2013) states that share ownership by managers will encourage the pooling of interest between principal and agent so that managers act in accordance with the wishes of shareholders and can improve the performance of the company.

Managerial stock ownership will encourage managers to be cautious in making decisions because they participate directly feel the benefits of the decision and bear the losses as a consequence of a wrong decision (Listyani, 2003). According Wahidahwati (2002) managerial ownership is a shareholder of the management (board of directors and board of commissioners) who are actively involved in decision making. Based on the above explanation can be formulated hypotheses as follows:

H2: Managerial Ownership Effect The Performance Of The Company

2.5. Foreign ownership

Foreign ownership (foreign shareholding) is the total of shares owned by foreigners. Companies partly owned by foreign investors usually tend to face problems information asymmetry due to geographic and language barriers. Therefore, companies with large foreign ownership will be encouraged to report or disclose the information in volunteer dan large. The disclosure of information can reduce agency cost that happened in the company (Xiao et al, 2004 in Rahmadiyani, 2012).

Foreign ownership is ownership shares the total of shares owned by foreigners either by individuals or organizations to stock companies in Indonesia (Aryani, 2011).

Relating to foreign ownership, in research Patibandla (2007) in Nur'aeni (2010) examined the company using data from 1989-1999, and showed that foreign ownership has a positive correlation with the performance of the company, without accounting for the company that is not known heterogeneity , Based on the description above, it can be formulated a hypothesis as follows:

H3: Foreign Ownership Effect The Performance Of The Company

2.6. Debt Financing

Munawir (2007) argues that the debt is all financial obligations to other parties who have not been met, which is a source of debt capital funds or companies from creditors. Meanwhile, according to Sutrisno (2009) the debt is a capital that comes from loan from banks, financial institutions, or by issuing bonds, and the use of these companies provide compensation in the form of interest into fixed interest for the company. The funding decision with debt (debt financing) is a form of efforts to resolve the conflict agency (agency conflict) on cash flow. This will drive the performance and value of the company for the better (Prasad, 2013).

Debt is a financing alternative for the company. Debt policy can reduce agency conflicts that exist in the company. Payment of interest will reduce the total cash flow, so that the debt can be seen as a way to reduce the 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 cost to be certified by the smaller from the utilization derived of such debt of the profits (Deniansyah 2009 in Prayudi, 2010). This is likely to lead to the company's performance. The second hypothesis can be formulated are:

H4: Debt Financing Effect The Performance Of The Company

2.7. Quality Audit

Quality audits (audit quality) is defined as a combination of the probability of an auditor's ability to find a violation in the client's financial reporting and report the violation (DeAngelo, 1981). According to Ching et. al (2015) in his research that concluded that high quality audits can contribute to the company's financial performance because the public accounting firm with a large size is always seen to have a higher quality audit so as to increase investor confidence.

As stated by Carcello, et. al. (1992), the quality audit provided by the KAP Big Four and non-BigFour on the financial statements of a company can affect public view on a company's performance. Audit quality is determined by factors other than the audit team also determined by technical experience and experience in the industry, responsive to the needs of the client, and good communication with client (Susanti, 2011).

The companies are audited by one of the Big Four audit firms (a proxy for quality audit) is expected to have a better market in the company's performance as well as more transparency in financial reporting (Mitton, 2002 in Haat, 2008). Therefore, if a company is audited by one of the Big Four audit firms and audit quality meets the accepted quality standard, the company's performance is expected to be better and to be more transparent financial reporting. It can be formulated a hypothesis as follows:

H5: The Higher Audit Quality Significantly Effect The Performance of Company

2.8. Corporate Governance

Corporate governance refers to a method of organization that are regulated, administered, directed or controlled, and goal to set. various participants, who have an interest in the organization, determining the direction and performance of the organization. The main participants are the shareholders, management and board of directors (Dellaportas, 2005).

According to the finance minister of Indonesia based on Decision No 740 / kmko / 1989 dated June 30, 1989, stated that the company's performance is achievement company in a period which reflects the health of the company. A company's performance is a measure of the manager's success in running the company. Therefore, both public and closed company should be looked at corporate governance not just as a mere accessory, but also as an increase in performance and value of companies (Tjager 2003 in Darmawati 2004).

Company performance

The company's financial performance is a measure of the ability of the company to achieve its goals. The financial performance of the company can be used as a benchmark of good or bad judgments about a company. Company said to be good if the company's performance is good, and vice versa if the company's performance is bad then the company is bad.

If linked to corporate governance, the corporate governance is driving performance (Millstein et al., 1998; Keasey, et al., 1997), in other words the enforcement of corporate governance can drive corporate performance (Trisnantari, 2012). Tool is used to measure the performance of the company is the company's financial statements. The financial report is one of the media that is used to measure long-term performance of the company.

Measurement of company performance in this study using Tobin's Q ratio. Tobin's Q is a useful indicator to measure the performance of companies that judging by the way in managing the asset management company (Sudiyatno and Puspitasari, 2010) in the measurement of company performance using Tobin's Q.

3. Research methods

3.1. Population and Sample

The population in this research is manufacturing companies listed in Indonesia Stock Exchange in 2015 until 2018. The sample used in this study were 108 corporate annual reports. The sampling technique used purposive sampling method, the sampling technique with certain 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
Methods of data analysis used in this study is the method of analysis of quantitative data that is processed by a computer program Statistical Package For Social Science (SPSS) 17. Testing the hypothesis in this study using multiple linear regression analysis. Multiple linear regression model developed in this study are as follows.

$$\mathrm{KP} = \beta 1.\mathrm{DEKOM} + \beta 2.\mathrm{DUAL} + \beta 3.\mathrm{XDIR} + \beta 4.\mathrm{INSIDE} + \beta 5.\mathrm{FOREIGN} + \beta 6.\mathrm{DEBT} + \beta 7.\mathrm{AUDIT} + \varepsilon 1 \quad (1)$$

Where KP is an endogenous variable (dependent) consisting of Corporate Performance and Corporate Governance are the exogenous variables (independent), dekom (independent board of commissioners), DUAL (Role Duality), XDIR (quality director), Insider (Managerial Ownership), FOREIGN (foreign ownership), DEBT (debt financing), AUDIT (quality audit) β is the path coefficients, while ε is the residual measurement error (measurement error).

3.3. Measurement Variable
3.3.1. Composition of the Board of Commissioners

$$\text{Independent Commissioner} = \frac{\sum \ \text{Independent Commisioners}}{\sum \text{Company Commisioners}} \times 100\%$$

3.3.2. Managerial ownership

$$\text{Managerial Ownership} = \frac{\%\textit{Stock by management}}{\textit{Total Outstanding Stock}}$$

3.3.3. Foreign ownership

$$\text{Foreign ownership} = \frac{\textit{Total Foreign Ownership}}{\textit{Total Outstanding Stock}} \times 100\%$$

3.3.4. Debt Financing

$$\text{Debt Ratio} = \frac{\textit{Total Debt Long Term}}{\textit{Total asset}}$$

3.3.5. Quality Audit
Audit quality is expressed with a dummy variable, ie when in an enterprise using bigfour audit services equal to 1 and 0 if not using bigfour audit services.

3.3.6. Performance the Company (Tobins'q)

$$\text{Tobins'q} = \frac{\textit{Stock Market Value} + \textit{Total Debt Long Term}}{\textit{Total asset}} \times 100\%$$

4. Results and Discussion

4.1. Normality Test With Skewness And Kurtosis
This test aims to test whether the dependent variable in the regression model, the independent variable or both normal distribution or not. A good regression model is normal data or normal detection. The normality test of skewness and kurtosis can be seen in Tabel.1

Tabel 1. Descriptive Statistics

Descriptive Statistics

	N statistics	skewness statistics	Std. Error	kurtosis statistics	Std. Error
dekom	412	.516	.120	.881	.240
INSIDER	52	-.579	.330	-.310	.650
FOREIGN	412	1,166	.120	-.075	.240
DEBT	412	1,812	.120	8592	.240
AUDIT	412	.275	.120	-1934	.240
TOBINS'Q	412	.609	.120	2,053	.240
Valid N (listwise)	52				

Information : Dekom: BOC; INSIDER: Managerial Ownership; FOREIGN: Foreign Ownership; DEBT: Debt Financing; AUDIT: Audit Quality; TOBINS'Q: Corporate Performance.

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

Table 2. Multicolinearity

Model		collinearity Statistics tolerance	VIF
1	(Constant)		
	Dekom	.852	1,174
	INSIDER	.676	1,480
	FOREIGN	.819	1,222
	DEBT	.583	1,714
	AUDIT	.592	1,690

a. Dependent Variable: TOBINS'Q

Information : Dekom: BOC; INSIDER: Managerial Ownership; FOREIGN: Foreign Ownership; DEBT: Debt Financing; AUDIT: Audit Quality; TOBINS'Q: Corporate Performance.

Based on the table above, the results of calculation of the value tolerance does not indicate that there is an independent variable that has a tolerance value of less than 0.1 and no variable that has a VIF more than 10. So it can be concluded that there is no correlation between the independent variable or not happen multikolinieritas.

4.3. Descriptive Statistics

Table 3. Descriptive Statistics

Descriptive Statistics

	N	Minimum	maximum	mean	Std. deviation
dekom	412	.00	1:00	.5715	.21427
INSIDER	52	.76	1.95	1.4841	.35219
FOREIGN	412	.00	1:00	.2086	.30533
DEBT	412	-6.01	11:36	-.1132	1.54678
AUDIT	412	.00	1:00	.4320	.49596
TOBINS'Q	412	-.91	1:22	-.2022	.29647
Valid N (listwise)	52				

Information :

Dekom: BOC; INSIDER: Managerial Ownership; FOREIGN: Foreign Ownership; DEBT: Debt Financing; AUDIT: Audit Quality; TOBINS'Q: Corporate Performance.

The table above provides information on the data descriptive variables tested. From the table it can be seen that the average company that belongs to the group of companies manufacturing a sample of board of commissioners the research amount of 57.15% member board of commisioners. Whereas the standard deviation for the commissioners at 0.21427. Managerial ownership structure of companies in Indonesia is concentrated ownership where there is a controlling shareholder in a company. Of the companies sampled in this study, the average of 1.4841% of companies are managerial ownership. With an average show that at least there are managers as well as owners of the company. The existence of managerial ownership is expected to result in better governance for the company.

Variable foreign ownership that measured by the proportion of the outstanding shares owned by institutions having an average value of 20.86% and with a standard deviation of 0.30533. With average values shows that most companies already have foreign investors as part of the shareholding.

Variable debt financing of long-term debt divided by total assets of the company had an average value of 11.36%. From this average indicates that the majority of companies do not use financing from external the company in debt.

For the variable quality of the audit were measured using dummy variables then the average of 43.20% of audit quality, the minimum value of the quality of this audit is 0 and the maximum value is 1.00.

Table 4. Pearson Correlation Matrix presents the variables studied.

Correlations

		dekom	INSIDER	FOREIGN	DEBT	AUDIT	TOBINS'Q
dekom	Pearson Correlation	1	.267	.070	-.025	-.016	.075
	Sig. (2-tailed)		.056	.154	.618	.746	.130
	N	412	52	412	412	412	412
INSIDER	Pearson Correlation	.267	1	-.368 **	.269	-.182	.114
	Sig. (2-tailed)	.056		.007	.054	.198	.421
	N	52	52	52	52	52	52
FOREIGN	Pearson Correlation	.070	-.368 **	1	.038	.227 **	-.011
	Sig. (2-tailed)	.154	.007		.437	.000	.821
	N	412	52	412	412	412	412
DEBT	Pearson Correlation	-.025	.269	.038	1	-.008	.175 **
	Sig. (2-tailed)	.618	.054	.437		.868	.000
	N	412	52	412	412	412	412
AUDIT	Pearson Correlation	-.016	-.182	.227 **	-.008	1	-.010
	Sig. (2-tailed)	.746	.198	.000	.868		.844
	N	412	52	412	412	412	412
TOBINS'Q	Pearson Correlation	.075	.114	-.011	.175 **	-.010	1
	Sig. (2-tailed)	.130	.421	.821	.000	.844	
	N	412	52	412	412	412	412

**. Correlation is significant at the 0:01 level (2-tailed).

Information : Dekom: BOC; INSIDER: Managerial Ownership; FOREIGN: Foreign Ownership; DEBT: Debt Financing; AUDIT: Audit Quality; TOBINS'Q: Corporate Performance.

1. The above table shows that, based on the significant value of sig. (2-tailed):
   - From the table above known output value of Sig. (2-tailed) between dekom with TOBINS'Q amounted to 0.130> 0.05, which means that there is not significant correlation between variables dekom with TOBINS'Q
   - From the table above known output value of Sig. (2-tailed) between INSIDER with TOBINS'Q amounted to 0.421> 0.05, which means that there is not significant correlation between variables INSIDER with TOBINS'Q
   - From the table above known output value of Sig. (2-tailed) between FOREIGN with TOBINS'Q amounted to 0.821> 0.05, which means that there is not significant correlation between variables FOREIGN with TOBINS'Q
   - From the table above known output value of Sig. (2-tailed) between DEBT with TOBINS'Q is 0.000 <0.05, which means there is a significant correlation between variables DEBT with TOBINS'Q
   - From the table above known output value of Sig. (2-tailed) between AUDIT with TOBINS'Q is 0.844> 0.05, which means that there is a significant correlation between variables AUDIT with TOBINS'Q

4.4. Coefficient of determination (R2)

Coefficient of determination used to measure the ability of the model to explain variations in the independent variable. Here are the results of determination coefficient calculation hypothesis.

Table 5. Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.685a	.470	.412	.22582

a. Predictors: (Constant), AUDIT, FOREIGN, dekom, INSIDER, DEBT

Based on the table, the coefficient of determination regression model obtained adjusted R^2 value of 0.412. This means that 41.2% of the variation Company's Performance is explained by board of directors, managerial ownership, foreign ownership, debt financing, and audit quality, while the rest can be explained by other factors than the independent variables.

4.5. Results and Discussion

Table 6. Coefficients[a]

Coefficients[a]

Model		Coefficients unstandardized B	Std. Error	standardized Coefficients beta	t	Sig.
1	(Constant)	-.803	.185		-4339	.000
	dekom	.162	.159	.119	1,022	.312
	INSIDER	.145	.109	.173	1,328	.191
	FOREIGN	-.041	.311	-.016	-.133	.895
	DEBT	.012	.032	.053	.379	.707
	AUDIT	.368	.084	.613	4395	.000

a. Dependent Variable: TOBINS'Q

Information : Dekom: BOC; INSIDER: Managerial Ownership; FOREIGN: Foreign Ownership; DEBT: Debt Financing; AUDIT: Audit Quality; TOBINS'Q: Corporate Performance.

4.5.1 Influence of Board Of Commisioners on Perfomance the Company

Table results test hypothesis above value sign. Dekom amounted to 0.312> 0.05, meaning dekom no effect on TOBINS'Q. This shows that the total of board of commisioners members who more less able to allow the company to get higher performance. Through the role of commissioners in conducting oversight function of the operations of the company by the management, the total membership of commissioners should be able to provide oversight of the results of the company's operational processes. So the first hypothesis (H1) is rejected.

4.5.2 Influence of Managerial Ownership on Perfomance the Company

For the above hypothesis INSIDER provides sign.sebesar value 0.191 <0.05 means INSIDER no effect on TOBINS'Q. The results of this study are not consistent with the hypothesis 2, that managerial ownership has effect on the performance of the company. Thus the hypothesis 2 (H2) is rejected. This is presumably because the conditions in Indonesia, where the proportion of managerial ownership in the company is still very low, so the application of managerial ownership to help the pooling of interest between the manager and owner in order to motivate managers to take actions to improve corporate performance that hasn't been able to run effectively.

4.5.3 Influence of Foreign Ownership on Perfomance the Company

Based on hypothesis testing both get the results that have been of value FOREIGN variable sign. Amounted to 0.495> 0.05 means FOREIGN no effect on TOBINS'Q. Then H2 was rejected. These results make it clear that in the case of foreign owners less doing oversight strict towards the management in running the company, or in other words the foreign owners have not been able to apply good corporate governance as a foreign company in general, so this might impact the company's performance. More analysis is due to the low composition of foreign ownership in local companies, so that the foreign shareholders have less power in decision-making and supervision.

4.5.4 Influence of Debt Financing on Perfomance the Company

The results of this study indicate that DEBT has no effect on TOBINS'Q. It can be seen from the t test results obtained, in which the value of regression coefficient DEBT has a negative direction is -0.835 with sign. value Amounted to 0.408> 0.05, which means insignificant. Thus DEBT has no effect on TOBINS'Q the companies listed in Indonesia Stock Exchange in 2015-2018, making it the fourth hypothesis (H4) was rejected.

4.5.5 Influence Audit Quality on Performance the Company

Is shown in Table 4. That indicates that the variable quality of the audit have sig. 0,000 less than the probability of 0.05 or a value 0.000 <0.05, which means that audit quality significantly affect the performance of company. Based constant of 0.368 and has a positive value indicates variable audit quality has a direct relationship with the company's performance. Thus accepted meaning H5 audit quality significantly affect the performance of the company.

5. Conclusion, Limitations, and Recommendation

Based on the results of data analysis and discussion that has been put forward, some conclusions can be drawn as follows: The data used in this study is normal distribution, there are no multicollinearity. The test results showed that the five variables are board of commissioners, managerial ownership, foreign ownership, debt financing, and the only variable quality audit that affect the performance of company 'while the other variables did not affect the company's performance.

This study has several limitations, namely: (1) this study took a sample of companies that belong to the manufacturing company on the Stock Exchange Indinesia with years of observations from 2015 to 2018, so that research results can not yet provide the power of generalization that wider to the other sector industry, (2) All data obtained in this study only from the company's annual report, so that companies that do not present the full data were excluded from the sample.

Based on limitations research as described above, then here are some recommended improvements for future researchers. (1) for further research is expected to increase the area of coverage in order to give research results that give a generalization that is stronger and better. (2) The researchers then expected to test the others variables that are relevant to the company's performance.

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