THE EFFECT OF THE MECHANISM OF GOOD CORPORATE GOVERNANCE AND COMPANY SIZE ON FINANCIAL PERFORMANCE

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ABSTRACT

The objectives of this study are as follows: 1) To assess the effect of the size of the board of directors on Financial Performance; 2) To assess the effect of board of commissioner size on Financial Performance; and 3) To examine the effect of the proportion of independent commissioners on Financial Performance; 4) To assess the effect of the size of the sharia supervisory board on Financial Performance; and 5) To assess the effect of company size on Financial Performance.
The type of research used in this study is casual associative research. The population in this study is a sharia public bank listing on the Indonesia Stock Exchange in the period 2012-2016. Sample selection using purposive sampling method. The analytical method used to test the hypothesis is a multiple regression test. The results of the study show, 1) The size of the Board of Directors has a negative effect on financial performance which is proxied by ROA; 2) The size of the Board of Commissioners does not affect Financial Performance which is proxied by ROA with a negative direction; 3) The proportion of the Independent Board of Commissioners has a positive effect on Financial Performance which is proxied by ROA; 4) Variables of the Sharia Supervisory Board do not affect financial performance which is proxied by ROA; and 5) Company size does not affect financial performance which is proxied by ROA.

Keywords : Mechanism of Good Corporate Governance, Company Size, Financial Performance, Islamic Banking

Introduction

The emergence of the financial economic crisis that occurred in Asia since 1997, began with the Japanese crisis in 1990 which greatly affected the performance of countries in the Asian region, one of them being Indonesia. Implementation issues around Good Corporate Governance accompany the emergence of the crisis, as the main reason for the Asian economic crisis. Good Corporate Governance (GCG) is basically a system that regulates, manages, and oversees the business management process to launch relationships between management, shareholders and other interested parties, the aim of which is to create added value for the company. In the broader aspects of applying the principles of GCG to gain trust from the surrounding community. The success of GCG implementation, when companies are able to carry out the functions of accountability, fairness, transparency, responsibility, and overall independence in every part of the company (Tangkilisan, 2003 in Angrum, 2016).

The results of research conducted by McKinsey & Company, which involved investors in Asia, Europe and America in five countries in Asia. In reality the implementation of GCG in several companies in Indonesia is still relatively low (Willyz, 2010 in Budi, 2018). Added to this is the fact that Indonesia is one country that has the lowest GCG ranking according to the Asian Corporate Governance Association (2016) as shown in the table below:

Table 1.1 Corporate Governance Rating Score in Asia

Country	Percentage
Singapura	67
Hongkong	65
Jepang	63
Taiwan	60
Thailand	58
Malaysia	56
India	55
Korea	52
Cina	43
Filipina	38
Indonesia	36

Source: Asian Corporate Governance Association (2016)

The birth of Good Corporate Governance (GCG) in Islamic banks began with the issuance of Bank Indonesia Regulations (PBI) which emphasized the need for GCG implementation in banks, namely PBI No. 8/4/PBI/2006 concerning GCG Implementation for Commercial Banks. This PBI also applies to Islamic banks, which means that Islamic banking is also required to apply GCG principles in the operation of its activities. However, since 2010, PBI No. 8/4/PBI/2006 is no longer valid for Islamic banks. Instead, PBI No. 11/33/PBI/2009 concerning GCG Implementation for Sharia Commercial Banks and Sharia Business Units. This replacement is due to GCG that will be applied to Islamic banking must be in accordance with sharia principles. The implementation of GCG that complies with sharia principles meant in this PBI is reflected in the implementation of the duties and responsibilities of the sharia supervisory board in managing sharia banking activities (Lidia et al., 2016).

The role of corporate governance has been far applied in Islamic teachings. The principles of Good Corporate Governance which consist of transparency, accountability, responsibility, professionalism, and fairness have been contained in sharia values that are intensely composed of Adaalatun (justice), tawazun (balance), mas'uliyah (accountability), morality (moral), siddiq (honesty), trust (fulfillment of trust), fathanah (intelligence), tabligh (transparency/openness), hurriyah (independence and responsible freedom), ihsan (professional), wasathan (reasonableness), ghirah (shari'ah militancy), idarah (management), khilafah (leadership), aqeedah (faith), ijabiyah (positive thinking), raqabah (supervision), qira'ah and ishlah (organizations that continue to learn and always make improvements) and Islamic values are included in sharia principles (Rifka in Lidia, et al, 2016).

Good corporate governance can affect the performance of the company. This is proven empirically by previous researchers such as research conducted by Ferly. et al (2014) towards Sharia Commercial Bank companies in Indonesia in 2010-2013, the results of their research showed the same results in which companies that implement good corporate governance experienced a significant increase in company performance. According to Angrum (2016) in the Effect of the Quality of Implementation of Good Corporate Governance (GCG) on Financial Performance in Sharia Commercial Banks in Indonesia in 2010-2015 found a positive relationship between corporate governance and company performance.

According to Sam'ani (2008, in M. Syafiqurrahman, 2014) from the results of testing the hypothesis, it shows that the influence of corporate governance proxied by commissioner activity, board size, audit committee has a positive and significant relationship to the performance of banks in Indonesia. Likewise, from the results of hypothesis testing conducted by Novi and Nurul (2018), it shows that the size of the Board of Directors has a significant positive effect on company performance.

Researchers are motivated to conduct research on the grounds that in the Islamic banking industry in every operational activity such as depositing funds and or financing business activities, or other activities must be declared in accordance with sharia. In accordance with the sharia referred to here, in the operational activities of sharia commercial banks must be based on sharia values. Within the Islamic values, the principles of good corporate governance have been contained. So that sharia values incorporated into sharia principles are expected to be able to maintain the management of sharia economic and financial institutions in a professional manner and maintain economic, business and social interactions in accordance with game rules and applicable best practices (Rifka in Lidia, et al, 2016). In other words, Islamic commercial banks will become increasingly effective in implementing corporate governance. Effective implementation of corporate governance will create good corporate governance practices that can improve company performance, reduce risks that may be carried out by the board with its own favorable decisions and generally good corporate governance can increase investor confidence to invest capital that has an impact on performance (Kusuma in Lidia. et al, 2016).

Based on the description above, then in this study the Mechanism of Good Corporate Governance which is measured by the size of the board of directors, the size of the board of commissioners, the proportion of independent board of trustees, institutional ownership, and company size variables will be used as influential independent variables towards Financial Performance in Sharia Banking companies listed on the Indonesia Stock Exchange in 2012-2016, the authors are interested in conducting a research entitled "The Effect of the Mechanism of Good Corporate Governance and Company Size on Financial Performance (Case Study in Sharia Banking Companies Listed on the Stock Exchange Indonesia Year 2012-2016) ".

LITERATURE REVIEW

Agency Theory

Jensen and Meckling (1976) stated that agency relations is a contract between a manager (agent) and an investor (principal). The occurrence of a conflict of interest between the owner and the agent because the possibility of the agent acting is not in accordance with the interests of the principal, thus triggering agency costs. Conflict in agency theory is usually caused by decision makers who do not participate in taking risks as a result of decision making errors. According to decision makers, the risk should be borne by the shareholders. This is what causes unsynchronization between decision makers (managers) and shareholders. Conflicts between shareholders and company management can be minimized by means of managers having to run the company in accordance with the interests of shareholders as well as in decision making by managers must be adjusted to the interests of shareholders (Wahyuni, 2013).

Stakeholders Theory

According to Clarkson (1995, in Fauzan, 2013), stakeholders are divided into two groups namely primary and secondary. Primary stakeholders are groups of stakeholders who do not take part or participate in the operations of a company. Secondary stakeholders are groups of stakeholders that influence and are influenced by the company, but are not involved and are not so important for the survival of the company.

Stakeholders theory is a theory that states that a company is an entity that does not only operate for its own sake, but must provide benefits to all its stakeholders, because the survival of a company is supported by stakeholders (Ghozali and Chariri, 2007). Shareholders, creditors, consumers, suppliers, governments, communities, analysts, and other parties are stakeholder groups that are considered by companies to disclose or not information that is in the company's financial statements. All stakeholders have the right to obtain information about company activities.

***Good Corporate Governance* (GCG)**

According to Keasy, corporate governance is a structure, process, culture and system to create operational conditions that are successful for the organization (Sunarto in Syukri and Chenny, 2018). Koesnohadi (in Syukri and Chenny, 2018) said that "Good corporate governance is a relationship between shareholders that is used to determine and control the strategic direction and performance of the organization".

According to Tangkilisan (2003, in Angrum, 2016) good corporate governance (GCG) is a system and structure for managing companies with the aim of increasing the value of the company and allocating it to various interested parties with creditors, suppliers, business companies, consumers, workers, government and the wider community. The same thing was published by Sutedi (2011). Resolution-based GCG is a system that regulates and regulates companies to create added value (value added) for all shareholders (stakeholders). GCG can only be included in a balance decision between the interests of all parties and the interests of the company to achieve company goals (Khairandy and Malik, 2007 in Angrum, 2016).

From the definition above, it can be concluded that good corporate governance is a system of corporate governance in order to be better and can improve the value of the Company by prioritizing the welfare of all stakeholders, which are related to the company as part of the external environment. (Haris, 2008 in Syukri and Chenny, 2018)

Corporate Governance Mechanism

Corporate governance usually refers to a set of mechanisms that influence the decisions that managers will make when there is a separation between ownership and control. Some of these controls lie in the functions of the board of directors, institutional shareholders, and control of market mechanisms (Larcker et. al. in Syukri and Chenny, 2018). The success or failure of the company will be largely determined by the decisions or strategies taken by the company. The board plays a very significant role even the main role in determining the company's strategy. Indonesia is a country that uses the twotier concept, where the board consists of the Board of Directors and the Board of Commissioners (Wardhani, 2006 in Syukri and Chenny, 2018).

In addition, sharia commercial banks need to form a sharia supervisory board in order to purify and adapt various models and instruments of bank finance with sharia provisions (Chapra and Ahmed, 2008 in Syukri and Chenny, 2018). So that corporate governance mechanisms that are indicators of good corporate governance in this study are board size, board of commissioner size, the proportion of independent commissioners, the size of the sharia supervisory board, and institutional ownership.

a. Board of Directors

   According to Media BPR (2009 in Syukri and Chenny, 2018), the board of directors is a company leader chosen by the shareholders to represent their interests in managing the company. Whereas the Board size is the number of boards of directors in the company, the more boards in the company will provide a better form of company performance, with good and controlled corporate performance, it will produce good profitability and will be able to increasing the company's stock price and company value will also increase (Purwaningtyas, 2011 in Syukri and Chenny, 2018).

   The duties and responsibilities of directors are as follows: 1) Full responsibility for the implementation of bank management based on prudential principles and sharia principles and in accordance with the articles of association and laws; 2) Implement GCG in every bank operational activity. 3) Follow-up of audit findings on the recommendations of Bank Indonesia, internal/external auditors and Sharia Supervisory Board. 4) Responsible for the implementation of their duties to shareholders; 5) Reveal to employees strategic policies in the field of staffing; 6) Providing accurate, relevant and timely data and information to the board of commissioners and Sharia Supervisory Board; 7) Each member of the board of directors must have clarity of duties and responsibilities according to their fields; 8) The Board of Directors must have binding guidelines and rules governing working hours and meeting arrangements; and 9) The decision of the board of directors is binding and becomes the responsibility of all directors.

b. Board of Commissioners

   According to Wikipedia (2008 in Syukri and Chenny, 2018) the board of commissioners is the board whose duty is to supervise and provide advice to the directors or directors of Limited Liability Companies (PT). Whereas according to Bank Indonesia Regulation number 11/33/PBI/2009 the board of commissioners is a corporate organ that has the duty to carry out supervision in general and/or specifically in accordance with the articles of association as well as advice to directors as referred to in Law No. 40 of 2007 concerning Limited Liability Companies.

   Provisions regarding the number of members and criteria for becoming a board of commissioners are subject to Bank Indonesia regulations. Appointment and replacement of the board of commissioners at the RUPS must pay attention to the recommendations of the remuneration and nomination committee. If there is a conflict of interest in the committee with these recommendations, the proposal must be disclosed in the RUPS. The former member of the bank's board of directors cannot become an independent commissioner at the bank concerned before undergoing a minimum of 6 months of waiting (cooling off) unless the bank directors undergo the supervisory function.

The duties and responsibilities of the board of commissioners are as follows: a) Carry out tasks according to GCG; b) Supervise the implementation of GCG in each of the bank's operational activities; c) Supervise the implementation of duties and give advice to directors, but are prohibited from participating in making decisions on bank operations; d) Ensure directors follow-up audit findings or recommendations from Bank Indonesia, internal/external auditors and Sharia Supervisory Board; e) Report to Bank Indonesia within 7 working days if there is a violation of the banking law or if there are conditions that endanger the bank; f) For the effectiveness of the task, the board of commissioners forms a risk monitoring committee, remuneration and nomination committee and audit committee; g) The Commissioners must establish the committee's work order guidelines above and always update them; h) The Commissioner must provide sufficient time to carry out his duties; i) The Board of Commissioners is required to make the Board of Commissioners' work guidelines and rules of conduct at least regarding work hours and meeting arrangements at least every two months; j) Make a report on the implementation of GCG to Bank Indonesia.

c. Independent Board of Commissioners
According to Puspitasari and Ernawati (2010 in Syukri and Chenny, 2018) independent commissioners are members of the board of commissioners who do not have relations related to finance, management, share ownership and / or family with other board members, directors and / or controlling shareholders or other relationships capable of acting independently. The board of commissioners plays an important role in corporate governance, because of the company's law regarding the business and legal responsibilities of the company to the board of commissioners.

In a company, the board of commissioners represents the main internal mechanism in carrying out the control function of the principal and overseeing opportunistic behavior of management. The board of commissioners also acts as a representative of shareholders whose function is to exercise control and provide advice to directors to carry out GCG. System dual board (two-tier) is a system used by companies in their internal organizational structure, better known as the board of commissioners and board of directors.

d. Sharia Supervisory Board
According to the Accounting and Auditing Organization for Islamic Financial Institutions (AAOFI) in Sunandar (2005 in Syukri and Chenny, 2018) the Sharia Supervisory Board is a body authorized to supervise and closely observe the activities of sharia financial institutions so that the institution always follows sharia rules and principles. Whereas according to Bank Indonesia regulation number 11/33/PBI/2009 the sharia supervisory board is the board whose duty is to provide advice and advice to the directors and supervise the activities of the bank in accordance with Sharia Principles. Provisions regarding the number of members and criteria for becoming a member of the Sharia Supervisory Board are subject to Bank Indonesia regulations. Members of the Sharia Supervisory Board are appointed through the RUPS.

The duties of members of the Sharia Supervisory Board are: 1) Carry out their duties in accordance with the principles of GCG; 2) Give advice and advice to directors and supervise bank activities in accordance with sharia principles.

Company Size

Large companies are more concerned by the community so that they will be more careful in conducting financial reporting, so that the impact of the company is reporting more accurate conditions. Peasnell, et. al (1998 in Arlita, 2013) shows a negative relationship between company size and earnings management in the UK. It is concluded that managers who lead larger companies have a smaller chance of manipulating earnings compared to managers in small companies.

Siregar et al. (2005 in Arlita, 2013) said that the greater the size of the company, the more information available to investors in making decisions regarding investment in the company's shares, the more there is.

The size of the company will be symbolized by SIZE, and measured by using natural logarithms (ln) on the book value of the total assets owned by the company.

Financial Performance

According to Purwadarminta (2007, in Angrum, 2016), performance is basically something that is produced or the work achieved from a business. Whereas, the definition of company performance is something that is produced by the organization in a certain period by referring to the standards that have been set. From this explanation, it can be concluded that the notion of financial performance is the ability of financial management to achieve performance.

Performance measurement is broadly grouped into two, namely non-financial and financial measurements. Non-financial performance is a measurement of performance by using non-financial information which is more focused on the quality of service to customers. While measuring financial performance is the use of financial information in measuring a company's performance. Financial information commonly used is income statement and balance sheet (Sri, 2015).

Basically the purpose of measuring the performance of Islamic banking is not much different from the performance of companies in general. The measurement of company performance is carried out to make improvements and control over its operational activities in order to compete with other companies. The evaluation of bank performance is very important for every bank stakeholder, namely the management of banks, customers, business partners and government in competitive financial markets. Banks that can always maintain their performance well, especially the high level of profitability and are able to distribute dividends well and their business prospects can always develop and can fulfill prudential banking regulation requirements properly, there is a possibility that the value of shares and the amount of third party funds will increase. The increase in the value of shares and the amount of third party funds is one indicator of increasing public trust in the bank concerned.

The performance of Islamic banking in this study is measured by Return on Assets (ROA). Return on Assets (ROA) according to Kasmir (2014) is a ratio that shows the results (return) of the amount of assets used in the company. In addition, ROA provides a better measure of company profitability because it shows the effectiveness of management in using assets to earn income. The value of ROA that is getting closer to 1, means the better the profitability of the company because each existing asset can generate profits.

Based on Bank Indonesia Circular Letter No.13/24/DPNP dated October 25, 2011 (Hafidz and Safira, 2018), return on assets can be calculated using the formula:

$$ROA = \frac{Profit\ before\ tax}{Average\ Total\ Assets}$$

Previous Research

Previous research that can support this research is as follows: Like (2012) in his research entitled "The Effect of Good Corporate Governance Practices on the Company's Financial Performance on the Indonesia Stock Exchange". The results of this study conclude that Good Corporate Governance (CGPI) influences the company's financial performance (ROE and NPM).

Astri and Amanita (2016) in their research entitled "Effect of the Implementation of Good Corporate Governance, Ownership Structure, and Company Size on Banking Financial Performance". The results of the study show that (1) the Independent Board of Commissioners has a negative influence and is not significant towards Financial Performance, (2) The Board of Directors has a positive and significant effect on Financial Performance, (3) The Audit Committee has a positive and significant effect on Financial Performance negative and not significant effect on Financial Performance, (5) Institutional Ownership has a negative and significant effect on Financial Performance, (6) Company Size has a positive and significant effect on Financial Performance, (7) Independent Board of Commissioners, Board of Directors, Audit Committee, Managerial Ownership , Institutional Ownership, and Company Size significantly influence Financial Performance.

Agus (2017) in his research entitled "The Effect of Good Corporate Governance on Corporate Values with Financial Performance as Intervening Variables". The results of the study indicate that Good Corporate Governance, represented by a proxy for institutional ownership, has a significant positive direct effect on Company Value. Good Corporate Governance represented by institutional ownership proxy has a significant indirect effect on Corporate Value by using financial performance as an intervening variable.

Novi and Nurul (2018) in his research entitled "The Effect of the Implementation of Good Corporate Governance on Corporate Performance (Empirical Study on Banking Companies on the Indonesia Stock Exchange in 2014-2016)". The results of the study indicate that the Board of Directors' size has a significant positive effect on ROE and the proportion of Independent Board of Directors has a significant negative effect on ROE. While other variables are Public Ownership, Managerial Ownership, and the Proportion of Independent Commissioners do not affect the company's ROE.

Hafidz and Safira (2018) in his research entitled "Analysis of the Effect of Risk Management on Profitability (Comparative Study on Conventional Commercial Banks and Islamic Commercial Banks Registered at OJK for the Period 2012-2015)". The results showed that the Conventional Commercial Bank CAR and NPL variables affected ROA, while the LDR had no effect. In contrast to conventional, all Islamic Bank variables are CAR, LDR and NPL affect ROA.

Framework

Based on the theoretical foundation and previous studies, the researchers developed a research framework that was tested as shown in the following figure:

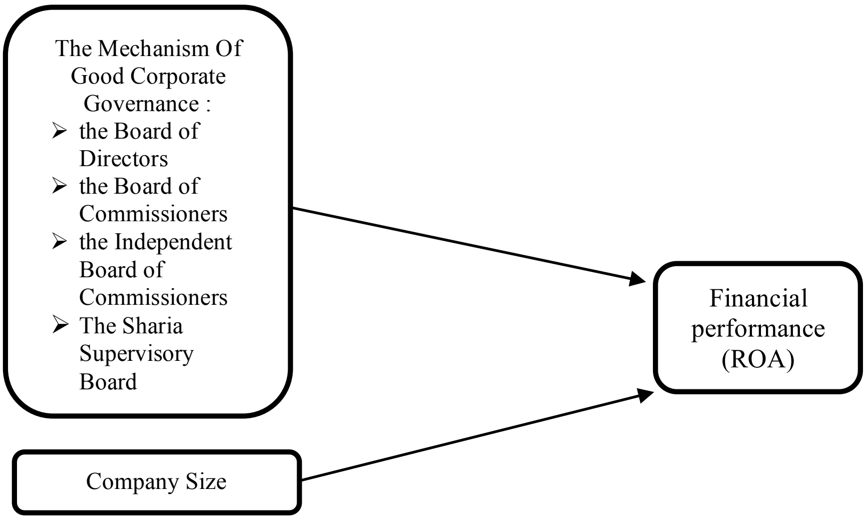

Figure 1.1 Framework for Thinking

Hypothesis

The research hypothesis proposed is as follows:

Ha_1 : The size of the Board of Directors has a positive effect on Financial Performance
Ha_2 : The size of the Board of Commissioners has a positive effect on Financial Performance
Ha_3 : The Independent Board of Commissioners has a positive effect on Financial Performance
Ha_4 : The Sharia Supervisory Board has a positive effect on Financial Performance
Ha_5 : Company Size has a positive effect on Financial Performance

RESEARCH METHOD

Operational Definition of Variables

The variables used in this study consisted of dependent variables and independent variables. Operational variable research The effect of the mechanism of Good Corporate Governance and Company Size on Financial Performance can be summarized in table 1.2.

Tabel 1.2 Variable Operationalization

Variable type	Measurement	Scale
Dependent		
Financial Performance	ROA	Ratio
Independent		
Board of Directors	The number of board members in the company	Ratio
Board of Commissioners	$\sum \textit{Member of the Board of Commissioners}$	Ratio
Independent Board of Commissioners	$\frac{\sum \textit{Independent Commissioner}}{\sum \textit{All Commissioners}} x\ 100\%$	Ratio
Sharia Supervisory Board	Number of members of the Sharia Supervisory Board	Ratio
Company Size	Log asset	Ratio

Research Samples

The sample is a part of the population used to estimate the population. Data samples were taken by purposive sampling technique, the criteria used were:

1 The company publishes annual reports and financial reports for 5 consecutive years (2012-2016) which can be accessed from the IDX website (www.idx.co.id) or from the company's website.
2 Issue audited financial statements for the period 2012-2016
3 Companies that use a unit of rupiah value in their financial statements.
4 The company did not experience losses during the study year.
5 Data owned by the company is complete and in accordance with the variables under study.

According to the above criteria, the number of company samples used was 8 banks for 5 periods, namely 2012, 2013, 2014, 2015 and 2016. Then the number of samples obtained was 8 bank x 5 periods = 40 data to be used in this study.

Analysis Method

Descriptive statistics

Descriptive statistics in this study are used to provide a description of the character of the research variable by using a frequency distribution table that shows the mode number, range of scores and standard divisions

Classic assumption test

This research was conducted with a simple regression analysis. The use of simple regression analysis must be free from testing classical assumptions. For this reason, before a simple regression analysis is carried out, classical assumptions must be tested first. Classical assumption testing is done using normality test, multicollinearity test, heterocedasticity test and autocorrelation test.

Hypothesis testing

In this study the authors used five independent variables and one dependent variable. The analytical method used to test hypotheses is multiple regression methods, namely regression used to determine how much influence the independent variables have on the dependent variable, with simple linear regression analysis that aims to meet the expectations of researchers regarding the Effect of Good Corporate Governance Mechanisms and Firm Size on Financial Performance. Regression analysis using SPSS version 22 software. The regression equation is as follows: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \mathcal{E}_1$

Where :

Y = Financial performance
α = constant or price Y if X = 0
β = number or direction of the regression coefficient, which shows the number of increases or decreases in the dependent variable based on the independent variable
X_1 = Size of the Board of Directors
X_2 = Size of the Board of Commissioners
X_3 = Independent Board of Commissioners
X_4 = Sharia Supervisory Board
X_5 = Company Size
$\mathcal{E}$ = level of bullies/*error*

In this study used a significance level (α) of 0.05 or 5%. To test whether the proposed hypothesis is accepted or rejected, then testing the research variables by testing simultaneously through a simultaneous significance test (F test statistic), which intends to be able to explain the effect of independent variables on the dependent variable. Whereas to test each variable partially, it is done by testing the significance of individual parameters (statistical t test) which aims to determine whether the independent variable has an effect on the dependent variable, and which variables predominantly affect the dependent variable.

RESEARCH RESULTS AND DISCUSSION

Description of Research Data

The following are presented the results of descriptive statistics about the research variables as follows:

Table 1.3 Results of Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Deviation
Size of the Board of Directors	40	3	7	4,32	1,071
Size of the Board of Commissioners	40	3	6	3,78	1,000
Independent Board of Commissioners	40	0,33	0,75	0,63	0,109
Sharia Supervisory Board	40	2	3	2,35	0,483
Company Size	40	5	13	9,30	2,208
Financial performance	40	0,00	0,03	0,01	0,007

Source: Primary data processed (2019)

Based on table 1.3 above can be presented the results of descriptive statistics about the research variables as follows:

The board size has an average of 4.32 people. This shows that the size of the board of directors owned by each sharia commercial bank has fulfilled the requirements set by the Financial Services Authority Regulation Number 33 / POJK.04

/ 2014 that the directors of the issuer or public company must consist of at least two directors (OJK 2014). The amount of the standard deviation value is 1.071, the value is relatively small compared to the average value of the size of the directors of the sample companies. This shows that the size of directors has a relatively small variation.

The average value of the board of commissioner size variable is 3.78 people, which means that the size of the board of directors owned by each sharia commercial bank has fulfilled the requirements set by the Financial Services Authority Regulation Number 33 / POJK.04 / 2014 that the board of commissioners publicly listed companies or companies consisting of at least three board of commissioners (OJK 2014). The value of the standard deviation is 1,000, the value indicates the amount of increase and the maximum decrease in the size of the board of commissioners that may occur.

The proportion of independent commissioners has an average of 0.63 or 63%. This shows that the proportion of independent commissioners has fulfilled the requirements determined by the Financial Services Authority Regulation Number 33 / POJK.04 / 2014 that the proportion of independent commissioners is required to be at least 30% of the total members of the board of commissioners (OJK 2014). The standard deviation value of the proportion of independent commissioners is 0.109, this value indicates the magnitude of the increase and decrease in the maximum proportion of independent commissioners that might occur. The lowest amount is 0.33 or 33% and the highest amount reaches 0.75 or 75%.

The average value of the Sharia Supervisory Board variable is 2.35 people with a standard deviation value of 0.483, which means that the data deviation rate tends to be small. Variables of the Sharia Supervisory Board range from the lowest value of 2 people to the highest value of 3 people.

The Company Size variable has an average of 9.30 with a minimum value of 5 and a maximum value of 13. The amount of the standard deviation value is 2.208. This shows that the size of Islamic public bank companies does not have a large enough variance.

The average value of the Financial Performance variable measured by ROA is 0.01% with a standard deviation value of 0.007, which means that the financial performance of sharia commercial banks does not have a large enough variance. Financial Performance variables range from the lowest value of 0.001%, namely Bank BRI Syariah to the highest value of 0.030%, namely Syariah Bank Mega Indonesia.

Classical Assumption Test

Normality Test

Normality testing using the Lilliefors test. The provision in the error test is if the statistic L count <L table (α = 0.05), then the error data is normally distributed. But if L count> L table (α = 0.05), then the data is not normally distributed.

Thus the overall results of the calculation of the normality test using the Lilliefors test can be seen in the summary in table 1.4.

Table 1.4 Summary of the Normality Test

No	Prediction	n	L_{Count}	L_{Table}		Result
				α = 0,05	α = 0.01	
1	Y for X1	40	-0,0913	0,1401	0,1630	Normal
2	Y for X2	40	-0,0696	0,1401	0,1630	Normal
3	Y for X3	40	-0,0135	0,1401	0,1630	Normal
4	Y for X4	40	-0,0696	0,1401	0,1630	Normal
5	Y for X5	40	-0,0987	0,1401	0,1630	Normal

Source: Primary data processed (2019)

Multicollinearity Test

Multicollinearity test aims to test whether in a regression model there is a correlation between independent variables. A good regression model should not have a correlation between independent variables (Ghozali, 2011). Detection of the presence or absence of multicollinearity in this study by (1) analyzing the correlation matrix between independent variables, if between independent variables there is a fairly high correlation (generally above 0.90), then this is an indication of multicollinearity, (2) Seeing the value tolerance and variance inflation factor value, a regression model that is free from multicollinearity problems if it has a tolerance value of more than 0.10 or 10% and a variance inflation factor (VIF) value of less than 10. Tolerance calculation results are in accordance with Table 1.5. indicates that there are no independent variables which have a tolerance value of less than 10%; all tolerance values are more than 10%; which means there is no correlation between variables. The results of the calculation of the variance inflation factor (VIF) value also show the same thing, there are no independent variables that have a VIF value of more than 10; all variance inflation factor (VIF) values are less than 10. The conclusion is that there is no multicolonity between independent variables in the regression model based on the tolerance value test.

Table 1.5 Summary of Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Size of the Board of Directors	0,701	1,426
Size of the Board of Commissioners	0,620	1,612
Independent Board of Commissioners	0,553	1,809
Sharia Supervisory Board	0,673	1,485
Company Size	0,701	1,426

Source: Primary data processed (2019)

Autocorrelation Test

The autocorrelation test was used to determine whether there was a correlation between intruder errors in a certain period and the previous period's disturbing errors. A good regression model is a regression that is free from autocorrelation. Autocorrelation test can be done by testing Durbin-Watson (DW). The autocorrelation test results can be seen in Table 1.6 below:

Table 1.6 Autocorrelation test results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,605[a]	0,366	0,273	0,006	2,157

Source: Primary data processed (2019)

Based on the SPSS output, the Durbin Watson statistical value is 2,157. Whereas from the Durbin Watson table with n = 4 and k = 5, d_{table} is obtained, namely dl (outer limit) = 1,2305 and du (inner limit) = 1,7859 with a significance level of 5%, 4-du = 2,2141 ; and 4-dl = 2.7695; then from the calculation concluded that the DW-test is located in the test area. Referring to Ghozali (2011), the regression model in this study is free from the problem of autocorrelation because the value of Durbin Watson is between du and 4-du.

Heteroscedasticity Test

Heterocedasticity test is used to determine the presence or absence of classic assumptions heteroscedasticity, namely the existence of variance inequalities from residuals for all observations in the regression model (Priyatno, 2009). Detection of the presence of heterocedasticity is: 1) Probability value> 0.05 means free from heterocedasticity. 2) Probability value <0.05 means that it is exposed to heterocedasticity. The test results using the Spearman rank test can be seen in table 1.7 below:

Table 1.7 Heteroscedasticity Test Results

			X1	X2	X3	X4	X5
Spearman's rho	Absres	Correlation Coefficient	-0,134	0,016	0,088	0,086	-0,101
		Sig. (2-tailed)	0,411	0,922	0,591	0,597	0,534
		N	40	40	40	40	40

Source: Primary data processed (2019)

The results of the Spearman rank test in the table above show the value of significance probability for the variables of the Board of Directors Size, Board of Commissioners Size, Independent Board of Commissioners, Sharia Supervisory Board, and Company Size of 0.411, 0.922, 0.591, 0.597 and 0.534. Because the value of the significance probability for the size of the Board of Directors, the size of the Board of Commissioners, the Independent Board of Commissioners, the Sharia Supervisory Board, and the Company Size are greater than 0.05, it can be concluded that the data is free from heterocedasticity.

Hypothesis Testing

Multiple Regression Analysis

Multiple regression analysis is used to obtain a regression coefficient that will determine whether the hypothesis made will be accepted or rejected. By using multiple linear regression methods the results are as follows:

Table 1.8 Results of Regression Analysis

Model		B	T_{count}	Sig	T_{table}	*adj* R^2	F_{count}	*Sig*
1	(Constant)	0,001			1,688	0,273	3,927	0,006
	X1	-0,002	-1,691	0,100				
	X2	0,000	-0,172	0,864				
	X3	0,025	2,186	0,036				
	X4	0,003	1,321	0,195				
	X5	-0,001	-1,462	0,153				

Source: Primary data processed (2019)

Based on the results of the regression test above an equation can be formed as follows: $Y = 17,147 - 1,259X_2 + 2,914X_2 + \varepsilon$

Determination Coefficient Test (R^2)

The coefficient of determination is indicated by the adjusted R Square value. The adjusted R-Square value of the regression model is used to find out how much the ability of the independent variable (independent) to explain the dependent variable (dependent). From table 1.8 it is known that the adjusted R square value is 0.273. This means that 27.3% of financial performance can be explained by variations in the independent variables, namely the size of the Board of Directors, the size of the Board of Commissioners, the Independent Board of Commissioners, the Sharia Supervisory Board, and the Company Size, the remaining 72.7% (100% - 27.3 %) explained by other reasons outside the model.

Simultaneous Significance Test (Test Statistic F)

Simultaneous significance test (F test) is used to show whether all the independent variables included in the model have a joint influence on the dependent variable. (Ghozali, 2011). If the analysis using the F test shows that all independent variables simultaneously are explanations of the significance of the dependent variable.

From the Anova test or F Test in table 1.8 above, the calculated F value is 3.927 with a significance probability indicating 0.006. The test probability value is much smaller than $\alpha = 0.05$. This shows that together (simultaneously) Financial Performance can be influenced by the Size of the Board of Directors, the Size of the Board of Commissioners, the Independent Board of Commissioners, the Sharia Supervisory Board, and Company Size.

Conclusion

Based on the results of the analysis and discussion that has been carried out, the following conclusions can be given: 1) The size of the Board of Directors has a negative effect on financial performance which is proxied by ROA. This can be caused by the larger size of the board of directors being more difficult in communicating and coordinating, poor communication problems will weaken the decision-making process which results in weakening effectiveness and less efficient and slower decision-making which results in decreased financial performance. 2) The size of the Board of Commissioners does not affect Financial Performance which is proxied by ROA in a negative direction. This shows that the fewer proportion of the Board of Commissioners owned by the company will further reduce the level of Financial Performance, thus making the company's performance ineffective and it will be difficult to get a good response from investors to assess the value of the company's shares compared to the book value of the company. 3) The proportion of the Independent Board of Commissioners has a positive effect on Financial Performance which is proxied by ROA. This shows that the higher the proportion of the Independent Board of Commissioners will further increase the level of Financial Performance. 4) Variables of the Sharia Supervisory Board do not affect financial performance which is proxied by ROA. This shows that more Sharia Supervisory Boards owned by Sharia Commercial Banks cannot improve Financial Performance. and 5) Company size does not affect financial performance which is proxied by ROA. The results of this study do not support the existing theory that large companies tend to have better performance.

Suggestion

Of course a study wants to contribute to research or the development of general science. Based on the results of the research that has been conducted, it is expected that sharia commercial banks will be able to achieve the achievements achieved in the implementation of good corporate governance. GCG implementation can be carried out better for the next period to improve bank performance both from the operational aspects or financial aspects specifically in increasing the profitability of sharia commercial banks.

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