

# The Effect of Good Corporate Governance, Leverage, and Size Company Against Performance Finance

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## ABSTRACT

In the world of banking, there are each other dependency between application Good Corporate principles Governance, Leverage and Company Size, but not individually direct seen. *Good Corporate Governance* relates to the system that consists from structure and process. The better the implementation system manage company, then system GCG will give protection Which effective to company, Financial *leverage* is defined as use asset or liability to upgrade performance or profit something business or investment, meanwhile size company reflect total asset of company. Investigate governance influence good company, Leverage and Company Size against Performance Finance company food and drinks public in Indonesia. Type this research is approach quantitative. The sample used in this study was obtained based on that criteria has determined through *purposive sampling* on the company manufacturing in industry food and drink. From total sample 72 company, there is 31 observations balance sheets of 72 companies. which method used in this research is analysis multiple linear regression using the SPSS program version 22. The results of this study show that GCG variables have an effect positive to performance finance, meanwhile influential leverage variable negative to financial performance and size company influential negative to financial performance. Variable the influential positive to results performance finance.

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## Introduction

Company food And drink is Wrong One category sector industry in Exchange EffectIndonesia (IDX) which has potential to grow and develop. Industry food and drink estimated will grow, which is one industry with growth fastest Because food and drink is one of the most basic human needs important. For example, company in industry food And drink Indonesian, that is PT Mayora BeautifulTbk (MYOR), is considered a successful market leader produce diverse products until objective export the product Already reach more than 100 country in the world, even PT Mayoratook a number overseas companies to expand share market, including ininside affiliate company located in Russia. Apart from that, Mayora is also targeting product the market in a number of segment consumer, wrong only one For market matureby making productsbreakfast family like RomaCoconut with range price Rp. 8,000 for packaging small until Rp. 40,000 For packaging cans. According to Statistics Sweden (BPS), growth industry big Andmedium increase by 4.74% on the quarter last 2017 compared to 2016. Enhancement the especially caused by an increase production industry food as big 9.93%. Industry drink down 2.77 percent. Currently, company need notice role stakeholder interests. Therefore, the company must capable align self between companies and stakeholders interests by developing responsibility programs answer social For test good corporate Governance, Leverage And Size Company.

Financial Performance is achievements company in one period that describes circumstances company's financial position with indicators capital adequacy, liquidity and profitability. By upgrading the company's financial results, then company can reach objective who have set. For example, PT Indofood Sukses Makmur Tbk grew 6.85% in 2019, but decreased in 2020 by 5.66% due company possibility currently experience constraints anddifficulty pay debt.

Good Corporate Governance is connection systematically composed from structure and process. The better the implementation of governance company, then GCG system will give effective protection to

company. For example, relationship between holder shares, management and stakeholders interest consists from connection between capital producer, stakeholder interest And management For get return investment they And return modal invested.

Leverage is use asset or liability to upgrade return or profit business or investment. Increasing and decreasing company leverage influence level burden and gain. Leverage can measured using (DER) debt to equity ratio. For example PT Indofood Sukses Makmur Tbk own score minimum 0.77 in year 2019 And score maximum 0.93 in year 2018. Ratio debt against equity average is 0.86, indicates mark reasonable for give loans, increasingly low debt value equity, increasingly low ratio debt to equity, increasingly safe.

Size company is reflection total from asset ownership company. When company own balance sheet Which big, management more freely in use asset company. Because the more big company, increasingly big opportunity company For open source financing. For example, PT Sekar Sea Tbk in 2018 has a total asset as big 59,448,164,923. Where enhancement This influenced by asset fluent Which experience enhancement originate from supply goods and cash

## Literature Review

### Influence good corporate Governance To Performance Finance

According to Zarkasyi (2018:36), *nice corporate governance* is something system (input, process, output) and a set governing rules connection between various which partystakeholders, especially in the narrow sense connection between holder stock, board commissioner, and board directors for their achievement objective company. According to Hendro (2017:98), *nice corporate governance* is set regulation And effort repair system And process in management organization with arrange And clarify relationship, authority, rights and obligations whole stakeholders interests, both meetings General Holder Share (GMS), Council Commissioner nor Board Directors. According to Muh. Effendi (2016:11), *nice corporate governance* is system internal control of the company that has objective main manage significant risk To use fulfil objective the business through security asset change and improve performance finance in period long. Based on opinion in top, then can concluded that *good corporate governance* is set rule internal Which the goal is For increase operation company And well-being holder shares, without forgetting stakeholders interests.

### Leverage Effects To Performance Finance

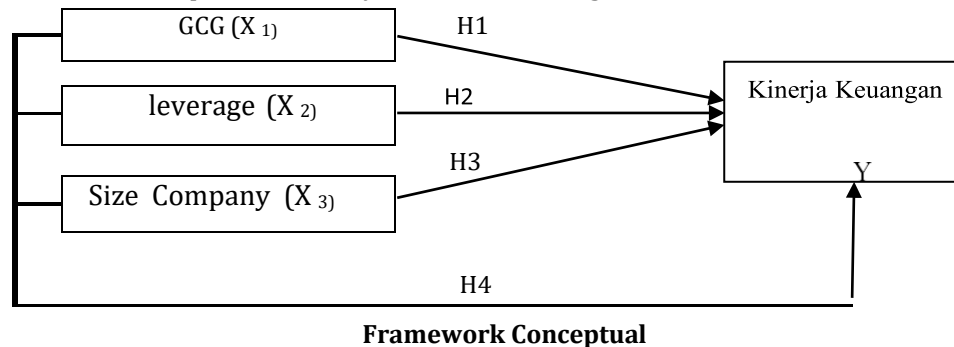
According to Hery (2018: 162), *leverage* is ratio used to measure so far where asset company financed with debt. According to Kasmir (2017:151), *leverage* is ratio used to measure so far where assets company financed with debt. According to Ross, et al., (2015: 66), *leverage* is Ratio solvency used for handle ability period long company in compliance more obligations general or obligation his finances. Ratio This usually called also with financial leverage. Based on opinion above, then can concluded that *leverage* is ratio Which measure so far where asset company financed with debt For fulfil his obligations

### Influence Size Company To Performance Finance

According to Putu Ayu and Gerianta (2018:966), size company is something scale Where can classified big its small company measured by total assets, amount sales, value stock, and so on. According to Brigham and Houston (2017:4), size company is size big its small A indicated company or valued by total assets, total sales, amount profit, expense taxes and others. According to Jogiyanto Hartono (2016:685), size company is big its small company that can measured by the value of total active or sale clean or mark equity. Based on opinion above, then can concluded that size company is big its small something the company is measured by its size asset which are owned company.

## Framework Conceptual

Framework conceptual from study This is as following :



hypothesis from study This is as following :

- H1 : GCG on the Financial Performance of manufacturing companies in the food and beverage industry sector which are listed on the Indonesia Stock Exchange.
- H2 : Leverage on the Financial Performance of manufacturing companies in the food and beverage industry sector which are listed on the Indonesia Stock Exchange.
- H3 : Company Size on Financial Performance of manufacturing companies in the food and beverage industry sector which are listed on the Indonesia Stock Exchange.
- H4 : GCG, Leverage and Company Size on Financial Performance of manufacturing companies in the food and beverage industry sector listed on the Indonesia Stock Exchange

## Method

This research uses approach quantitative. Type this research is type because effect and nature from this research is characteristic research showing causality connection because result. researcher took 37 companies manufacture industry food and beverages listed on the Indonesia Stock Exchange for the 2018-2021 period as a population. Retrieval technique the sample in this study uses purposive sampling technique. obtained sample study as many as 31 companies manufacture sector industry food and beverages listed on the IDX for the 2018-2021 period. Model analysis data Which used in in study This use analysis regression linear double.

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Description:	Y	=	performance company
	a	=	constant coefficient regression
	b <sub>1</sub> , b <sub>2</sub> , b <sub>3</sub>	=	
	X <sub>1</sub>	=	variable CSR
	X <sub>2</sub>	=	variable GCG
	X <sub>3</sub>	=	variable Size Company
	e	=	standard error (level error) 5%

## Results

### Statistics Descriptive

Calculation statistics descriptive function For explain mark minimum, value maximum, mean and standard deviation from variable study so that variable study in a manner general can generalized. The result is as follows :

Table 1. Decryptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
X1 GCG	72	.87	1.70	1.2350	.21389
X2 Leverage	72	.01	.71	.3776	.17402
X3 Size Company	72	10.45	16.86	14.3852	1.48531
Y Performance Finance	72	.00	.31	.1203	.07155
Valid N (listwise)	72				

Based on the data in table 1, obtained minimum value of GCG variable (X1) ie 0.87, value maximum 1.70, mean value of 1.2350, and standard deviation of 0.21389. Value minimum of the *Leverage variable* (X2) that is 0.01, the maximum value is 0.71, the mean is equal to 0.3776, and standard deviation as big 0.17492. Mark minimum from variables Size Company (X3) that is 10, 45, grades maximum 16.86, mean value of 14.3852, and standard deviation of 1.48531. Value minimum of Financial Performance (Y) is 0.00, value maximum 0.31, mean values 0.1203, and standard deviation 0.07155

### Test Normality

Looking at histograms, which compare observational data with near - normal distributions, is one method easiest to see residual normality.

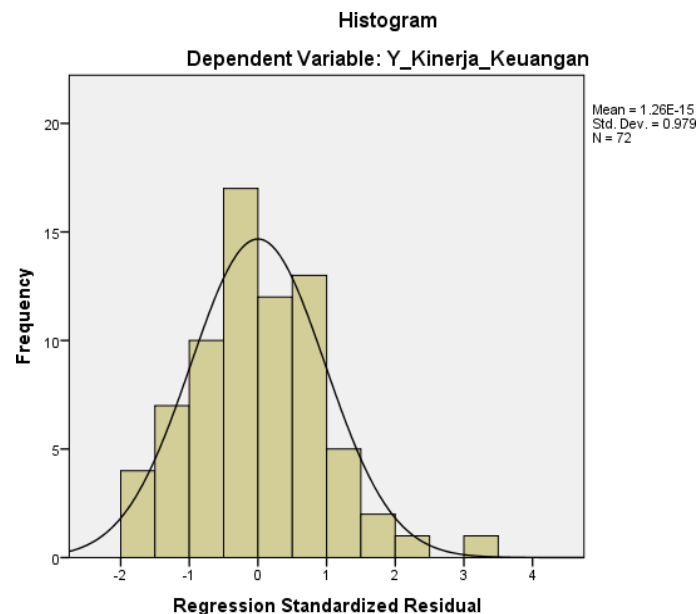
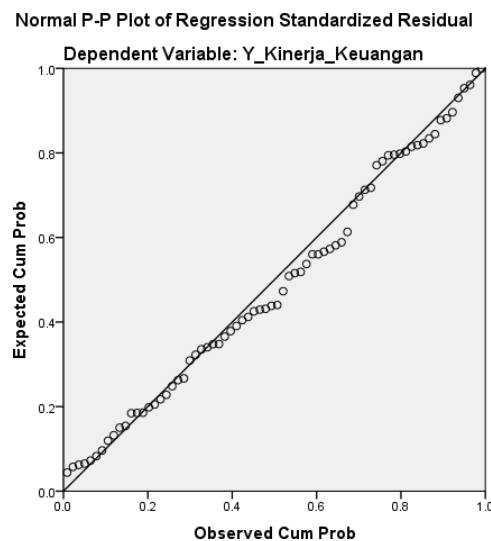


Figure 1. Test Normality Histogram

Based on the histogram plot in Figure III.1, the actual data form symmetrically skewed curve that is not skewed to the left or to the right, which indicates that the data is distributed normally.



Picture 2 Test Normality P-Plot

Based on Picture 2, can seen that data on chart Normality P-Plot its spread form pattern Which follow line diagonal Which signify data distributed normal

#### Test Normality Kolmogorov-Smirnov

Table 2 Kolmogorov-Smirnov test  
One-Sample Kolmogorov-Smirnov test

		Unstandardized residual
N		72
Normal Parameters <sup>a, b</sup>	Means	.0000000
	std. Deviation	.06255119
Most extreme Differences	absolute	.076
	Positive	.076
	Negative	-.040
test Statistics		.076
Asymp. Sig. (2-tailed)		.200

a. test distribution is Normal.

b. Calculated from data.

Mark significance test normality with test Kolmogorov-Smirnov is  $200 > 0.05$ . By Because that, results test Kolmogorov-Smirnov show that data distributed normal.

#### Autocorrelation Test

Objective from testing This is For know is variable confounding correlated with variables previously during period time certain. Deep autocorrelation test study This use test Durbin-Watson who stated that If score Durbin-Watson more big from mark two And not enough from 4-du. so nothing autocorrelation. Results test autocorrelation in study This is as following :

Table 3. Test Autocorrelation  
Model Summary <sup>b</sup>

Model	R	R Square	adjusted R Square	std. Error of the Estimates	Durbin-Watson
1	.486 <sup>a</sup>	.236	.202	.06392	1.874

a. Predictors: (Constant), X3 Company Size, X2 Leverage, X1 GCG

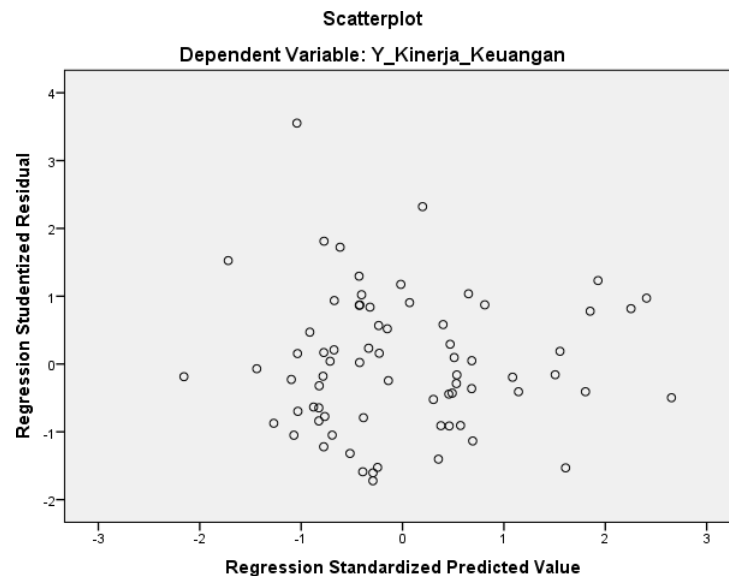
b. dependent Variables: Y Performance Finance

Source : Results Processing Data SPSS

Based on data on table in top, then results from test autocorrelation is  $1.7054 < 1.874 < 4 - (1.7054)$  so that  $1.7054 < 1.874 < 2.2946$  Which means No happen autocorrelation.

### Test Heteroscedasticity

Heteroscedasticity test aims to test is there is inequality variance from residual one observation to other observations in the regression model. In this study, the scatterplot was used to test heteroscedasticity. Assuming heteroscedasticity does not occur when point point distributed above and below axis and does not form pattern. Following heteroscedasticity test results in this study :



**Picture 3 Test Heteroscedasticity**

Source : Results Processing Data SPSS

Figure 3 shows that the residual variance from One observation to observation others do not show pattern certain. Chart the produce spreading pattern in a manner random, and nothing clear pattern, with points on the Y axis spaced above and below 0 (zero). from here can concluded that didn't happen heteroscedasticity in the regression model research. Researching is There is heteroscedasticity, a person can know from possibility importance. If value significance on level 5% confidence then can concluded that did not occur heteroscedasticity. Following is heteroscedasticity test results using the Glasjser test.

### Test Multicollinearity

Table 4. Test Multicollinearity  
**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients B	std. Error	standardized Coefficients Betas	t	Sig.
1	(Constant)	.014	.083		.168	.867
	X1 GCG	-.020	.028	-.112	-.726	.470
	X2 Leverage	.008	.028	.036	.286	.776
	X3 Size Company	.004	.004	.152	.959	.341

a. dependent Variables: ABRESID

Table 4 Based on these data, value significant variable GCG independent is  $0.470 > 0.05$ , leverage  $0.776 > 0.05$ , and size firm  $0.341 > 0.05$ . Hence, yield test Glejser showed on Table III.5. Heteroscedasticity is not happen

### Model Study

In study this, linear analysis double used in testing hypothesis. Formula equality regression linear double is as following :

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Model regression Which used in study This is as following :

**Table 5. Results Analysis Regression linear Double Coefficients <sup>a</sup>**

Model		Unstandardized Coefficients		standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-.364	.138		-2,631	.011
	X1 GCG	.202	.047	.605	4,347	.000
	X2 Leverage	-.116	.047	-.281	-2,484	.015
	X3 Size Company	.019	.007	.402	2,803	.007

a. dependent Variables: Y Performance Finance

Source : *Results of Data Processing SPSS*

From Table 5. it can be seen that model equation The regression made in this study is as follows :

#### Constant( $\alpha$ )

Equation results regression show resulting constants is -0.364. That is, if variable independent GCG, leverage And size company is 0 (zero) or constant, then performance variable finance Which be measured with ROE is -0.364.

#### Coefficient Regression good corporate Governance (GCG)

coefficient value of Good Corporate Governance (GCG) is 0.202 which means that commissioner independent show direction Which positive (unilateral) to variable performance finance. Influence positive here means that GCG can increase financial performance as big 0.202 with assumption variable other constant.

#### Coefficient Regression Leverage (DER)

Mark leverage Ratio (DER) as big -0.116 Which means that leverage show direction negative (one way) to variable financial performance. Effect negative here means that every leverage increase can lower financial performance of -0.116, other factors considered constant.

#### Coefficient Regression Size Company

Mark coefficient Size Company as big 0.019 Which It means size company show direction positive (unidirectional) with the variable financial performance. Influence positive here It means every increase size company so will increase financial performance of 0.019 with assumption variable other constant

coefficient Determination ( $R^2$ )

Following is results study in ifor test coefficient determination :

**Table 6 Coefficient Test Determination Model Summary <sup>b</sup>**

Model	R	R Square	adjusted R Square	std. Error of the Estimates
1	.486 a	.236	.202	.06392

a. Predictors: (Constant), X3 Company Size, X2 Leverage, X1 GCG

Source : *Results Processing Data SPSS*

Table 6. Show results test coefficient determination obtained mark adjusted R-squared of 0.202 which means that 20.2% of financial results are based on variables independent in this study. the rest of 79.8% is influenced by variables other than those used in study This

#### Testing hypothesis kindly Simultaneous (Test F)

Objective base from testing This is For show is all variable independent contained in the model has influence to variable dependent in a manner together.

**Table 7 Simultaneous Test (Test F)**  
**ANOVA**

Model		Sum of Squares	Df	Means Square	F	Sig.
1	Regression	.086	3	.029	6,991	.000 b
	residual	.278	68	.004		
	Total	.363	71			

a. dependent Variables: Y Performance Finance

b. predictors (Constant), X3 Company Size, X2 Leverage, X1 GCG

Source : *Results of Data Processing SPSS*

From Table 7 obtained degrees free 1 (df1) =  $k-1 = 4-1 = 3$ , and degrees free 2 (df2) =  $nk = 72-4 = 68$ , where n = number sample, k = amount variable, then F table value at level trust a significance of 0.05 is 2.73. Based on results test, obtained calculated F value (6, 991) > F table (2, 73) with probability significance 0.000 < 0.05, p This means  $H_0$  rejected And  $H_a$  earned ie in a manner Simultaneous GCG, *Leverage*, and Company Size on Performance Manufacturing Companies in the Food and Beverage Sector listed on the Stock Exchange Indonesia.

### Test hypothesis kindly Partial

Test This used for know is there is influence or connection Which significant between variable independent partial with dependent variable.

Table 8. Test Partial

Model	Unstandardized Coefficients	standardized Coefficients	t	Sig.
	B	std. Error	Betas	
(Constant)	-.364	.138		.011
X1 GCG	.202	.047	.605	.000
X2 Leverage	-.116	.047	-.281	.015
X3 Size Company	.019	.007	.402	.007

a. dependent Variables: Y Performance Finance

Source : *Results Processing Data SPSS*

Based on Table 9 can concluded as following :

### Influence GCG to Performance Finance

Variable GCG own tcount as big 4, 347 with probability (sig) 0.000. Seecountcount Which more than table (4, 347 > 1, 995) and valuesig from tcount Which not enough of 0.05 (0.000 < 0.05) so can concluded that variable GCG influential positive to performance finance company, with thereby hypothesis One (H1) accepted.

### Influence Leverage against Performance Finance

Variable *leverage* have tcount as big -2, 484 with probability (sig) 0.015. Seemark tcount which is more from ttable (-2, 484 > 1, 995) with directions negative and mark sig from tcount which is lacking of 0.05 (0.015 < 0.05) then can concluded that variable *leverage* influential negative to company's financial performance, thus hypothesis two (H2) accepted.

### Influence Size Company to Performance Finance

Variable Size Company have t- count as big 2, 803 with probability (sig) 0.007. See mark t- count Which more from ttable (2, 803 > 1, 995) And mark sig from tcount Which not enough from 0.05 (0.007 < 0.05) then can concluded that variable size company influential positive to performance corporate finance, thus hypothesis third (H3) accepted.

## Discussion

### Influence GCG To Performance Finance

Based on results analysis of this research data, proven GCG has t- count 4, 347 and level significance 0.000 < 0.05. This indicates that GCG has an effect positive to performance finance. With thus, hypothesis First (H1) study This accepted This shows that application GCG implementation shows that company has properly managed as desired investors, so investors behave positive to company And do request stock. Company can reach GCG with balancing interest various parties, incl holder stock, board directors, management seniors,



suppliers, and customer. This is different from research Widya Sari, Sukadana and Widnyana (2021) which find that governance practices company influential negative and significant to the value of the company in sector food And drink.

### **Influence leverage To Performance Finance**

Based on results analysis of the data of this study shows that leverage ratio of -2, 484 And level significance as big  $0.015 < 0.05$ . Matter This show that leverage impact negative to financial performance. Thus the second hypothesis (H2) research This accepted. use DER Which too tall can resulted cost that capital high, so the DER reduce amount equity Because finance debt utilization enough. If debt Keep going grow exceed point optimal, arise difficulty finance Which cause cost agency And risk bankruptcy. Effect the negative is Because part from cost bankruptcy And representative exceed benefit tax of use debt. Matter This in accordance with study Dhea Create Krisdamayanti And Endang Bi Retandant (2020) that leverage impact negative to performance finance.

### **Influence Size Company To Performance Finance**

Based on results analysis data study This show that amount size company is 2, 803 and level its significance is  $0.007 < 0.05$ . It shows that size company influential positive to financial performance. Thus hypothesis third (H3) study This accepted. This Because company big own that access more Good to financial resources external Because company big own opportunity better to compete and survive in the industry. With say others, investors more interested invest on company big. Addition capital Which accepted from investors can used For activity operational company. Matter This in accordance with study Dhea Create Krisdamayanti And Endang Bi Retandant (2020) that size company influential positive to performance finance.

## **Conclusion**

- Based on the results and discussion in the previous chapter, the following conclusions can be drawn:
1. Based on results GCG variable produces mark tcount  $> t_{table}$  or  $4.347 > 1.995$  by value significance of 0.000 which means more small of 0.05 or  $0.000 < 0.05$ . It means that  $H_0$  is rejected And  $H_a$  accepted, by Partial GCG to performance finance company food And drink Which registered in IDX.
  2. Based on results testing variable leverage produce mark tcount  $< t_{table}$  or  $-2, 484 < 1, 995$  with mark significance as big 0.015 Which means more small from 0.05 or  $0.015 < 0.05$ . It means  $H_0$  rejected And  $H_a$  accepted, by Partial GCG to performance company finance food And drink Which registered in IDX.
  3. Based on test results variable "firm size" returns mark tcount  $> t_{table}$  or  $2.803 > 1, 995$  with mark significance 0.007 Which means more small from 0.05 or  $0.007 < 0.05$ . means  $H_0$  rejected and  $H_a$  accepted, by way of partial GCG against company's financial performance food and drink Which registered in IDX.
  4. Based on results testing obtained arithmetic F value  $(6, 991) > F_{table} (2, 73)$  with probability significance  $0, 000 < 0.05$  mean  $H_0$  denied and Have accepted, ie simultaneously GCG, Leveraged and Size Company kindly together with Performance Finance Company Food And Drink Issuer Indonesia.

## **Suggestions**

Based on the problem which has researched, filed suggestions as following :

1. For the Company As an ingredient consideration for companies manufacture sector food And drink in take decision For increase performance finance company.
2. For the Faculty of Economics at Prima Indonesia University. As an ingredient study scientific and as complementary reference study program bachelor Management Faculty Economy University Prime Indonesia.
3. For Researchers As a way to add knowledge and understanding of researchers in the field management finance specifically on issues Which related with performance finance And factor -factor Which affect it.
4. for more Lots researcher. For reference for researcher next one you want researching with variable Which same.

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