Jurnal Riset Manajemen
https://jrm.ekasakti.org/index.php/jurma/index

The Influence of Corporate Governance On the Financial Performance of Mining Companies Listed on the BEI

Annisa Rahim[1], Teti Chandrayanti[1], Rizka Hadya[1]
[1]Universitas Ekasakti, Indonesia
annisaraahim@gmail.com*

Abstract
Investors are more aware that good corporate governance is no longer just an option, it is actually a necessity to achieve sustainable corporate financial performance. This study aims to examine the influence of corporate governance in institutional ownership(1), managerial ownership(2), board of commissioners(3), and audit committee(4) either partially or simultaneously on financial performance as measured by Return on Equity (ROE). Data processing using a Multiple Linear Regression Model which is based on secondary data from the company's annual report and financial reports. The population of this research is 87 mining companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The sample was selected based on the purposive sampling method totaling 14 companies. The results of the regression analysis show that partially the institutional ownership variable (X1) has a negative but not significant effect on ROE, managerial ownership (X2) has a positive but not significant effect on ROE financial performance, the board of commissioners (X3) has a positive and significant effect on ROE financial performance, Audit committee (X4) has a positive but not significant effect on ROE financial performance. Simultaneously institutional ownership, managerial ownership, board of commissioners and audit committee have a positive and significant effect on ROE financial performance.

Article Information:
Received April 15, 2024
Revised Mei 28, 2024
Accepted Juni 19, 2024

Keywords: *Institutional ownership, managerial ownership, board of commissioners, audit committee, financial performance*

INTRODUCTION

As stakeholder demands for transparency and accountability increase, corporate governance has become one of the key factors influencing the success and sustainability of the company. Corporate governance refers to the systems, principles and processes that regulate and control companies, which aim to protect the interests of shareholders, increase transparency and prevent harmful practices. In Indonesia, corporate governance has become a major concern, especially after the 1997-1998 Asian financial crisis which demonstrated the importance of good corporate management (Saputro, 2021).

How to cite: Rahim, A., Chandrayanti, T. Hadya, R. (2024). The Influence of Corporate Governance on the Financial Performance of Mining Companies Listed in the BEI. *Jurnal Riset Manajemen*, *1*(2), 193-209.

E-ISSN: 3046-8655
Published by: The Institute for Research and Community Service

Corporate governance is an important aspect of company management that influences financial performance. In the context of mining companies listed on the Indonesia Stock Exchange (BEI), corporate governance includes several key variables, namely institutional ownership, managerial ownership, board of commissioners and audit committee. Each of these variables has its own phenomenon that has the potential to influence the company's financial performance (Imron, 2024). The phenomenon of Corporate Governance in Indonesia is often associated with various issues, such as lack of transparency, weak internal supervision, and potential conflicts of interest between management and shareholders. Mining companies, as one of the strategic sectors in the Indonesian economy, face major challenges related to corporate governance. Many cases of alleged irregularities in the management of mining companies in Indonesia show that implementing effective corporate governance principles is still a challenge (Findri, 2022).

Financial performance is one of the factors that shows how effective and capable a company is in achieving its target market. Effectiveness means that company management has the ability to set desired goals, while efficiency refers to the comparison between income and expenses. In other words, efficiency shows how well managed funds produce optimal output according to Maridkha & Himmati, (2021). Some mining companies may experience poor financial performance despite having a formal corporate governance structure, while other companies may show better performance with simpler systems. One of the factors that influences financial performance is the application of corporate governance principles. Effendi stated that corporate governance is an order or system of internal control (internal control) of a company which aims to manage significant risks in order to meet business objectives, and this is done by safeguarding assets and increasing the value of shareholders' investments over a long period of time. In essence, corporate governance is a process for creating a quality business structure so that it can benefit all related parties, according to Putra, et al, (2021:7).

According to the Asian Corporate Governance Association as stated by Wahyubroto & Rony in (Rahayu, Asmeri, & Silvera, 2023) the quality of implementation of good corporate governance in Indonesia decreased from 39% in 2014 to 36% in 2016, with Indonesia in the lowest position of the 11 countries assessed in Asia. According to Handoko in (Rahayu, Asmeri, & Silvera, 2023), the main factors that hinder good corporate governance practices include inadequate financial reporting, weak management supervision by the board of commissioners and auditors, and a lack of encouragement from the business environment to create efficiency and healthy competition, weak corporate governance practices were also important factors that led to financial scandals in many companies and contributed to the global economic crisis that occurred in 1997. The phenomenon in Indonesia is that mining companies are involved in fraudulent corporate governance practices, including manipulation of financial data. In the last five years, many cases of fraud have been reported to the IDX and OJK. Indonesia Corruption Watch (ICW) reported alleged manipulation of coal sales by PT Bumi Resource Tbk and its subsidiaries. This manipulation allegedly occurred from 2003 to 2008, causing state losses of US$ 620.49 million. Apart from that, there are other cases such as sanctions imposed on PT Energi Mega Persada Tbk. and PT Bekanat Petroleum Energy Tbk, which was proven to manipulate their financial reports to show untrue profits (Ariska, Fahru, & Kusuma, 2020).

In implementing corporate governance, companies need to pay attention to several things, such as the existence of institutional ownership, managerial ownership, board of commissioners, audit committee, independent commissioners, independent board of commissioners, board of directors, ownership structure, information disclosure, business ethics, transparency, internal supervision, management risk, GMS (General

Meeting of Shareholders), company secretary, internal audit, external audit, investor relations, and ESG (Environmental, Social, and Governance). To ensure the company's continuity and success in facing increasingly fierce competition, several steps need to be taken. One of them is consistently applying business ethics to create a healthy, efficient and transparent company climate (Aprila, Suryandri, & Susandya, 2022). Corporate governance in this study is measured by institutional ownership, managerial ownership, board of commissioners and audit committee. Below is presented the average data on institutional ownership, managerial ownership, board of commissioners and audit committee.

Institutional ownership refers to ownership of shares by institutions such as pension funds, insurance companies, and other investment institutions. The phenomenon that occurs with institutional ownership is that these institutions often have long-term investment goals and can provide tighter supervision over management. However, sometimes institutional ownership also faces conflicts of interest and may be less active in monitoring daily operations, which can influence strategic decision making which can ultimately reduce financial performance (Zahroh, et al, 2023). Based on research conducted by Tjua & Masdjojo, (2022) said that institutional ownership does not have a significant influence on financial performance. This is different from research according to Saifi M., (2019) which states that institutional ownership influences financial performance.

Managerial ownership is the proportion of shares owned by parties involved in managing the company, such as executives and senior managers. The phenomenon surrounding managerial ownership shows that high ownership in the hands of managers can align the interests of managers and shareholders, reduce agency conflicts, and encourage improved financial performance. However, there is a risk that managerial ownership that is too high could lead to biased decision making or manipulation of financial reports to maintain the value of private shares (Imanurrofi, 2024). Average managerial ownership was relatively low and stable in the range of 8% to 10% during this period. Low managerial ownership can increase the opportunity for managers to try to obtain additional income and other benefits excessively. This problem can trigger opportunistic behavior that is detrimental to the company, such as spending for personal interests (agency costs) which can ultimately have an impact on the company's financial performance (Firmansyah & Estutik, 2021). According to research conducted by Saifi, (2019) that managerial ownership does not have a significant influence on financial performance. This is different from research conducted by Setiawan & Setiadi, (2020) which states that managerial ownership influences financial performance.

The board of commissioners functions as a supervisor and advisor to the company's directors. Phenomena related to the board of commissioners include its role in ensuring compliance with corporate governance regulations and policies. An effective board of commissioners can improve financial performance by providing good supervision and strategic advice to management. However, there are times when the board of commissioners is less active or lacks relevant expertise, which can result in inadequate supervision and have a negative impact on the company's financial performance (Puspitasari, 2023). The average number of members of the board of commissioners shows a relatively stable figure, it is indicated that there will be a decreasing trend in the number of members in 2022, namely by 4% during that period, a decrease in the number of members of the board of commissioners which is not accompanied by strengthening other supervisory mechanisms can increase the risk of agency problems, where managers have the potential to act not in accordance with the interests of shareholders and other stakeholders. So an effective corporate governance mechanism is needed to reduce the risk of agency problems and ensure that managers act in the best interests of shareholders. Based on research by Mediana

& NR, (2022) suggests that the board of commissioners has a positive influence on financial performance. This is different from research by Bancin & Harmain, (2022) which states that the board of commissioners has no influence on financial performance.

Likewise, audit committees in mining companies listed on the Indonesian stock exchange are relatively stable during the 2019-2023 period. The implementation of audit committee effectiveness is not only determined by the number of members, although the average number of audit committee members is relatively stable, but focuses on the quality of their contributions, active involvement and accessibility. This is in line with agency and stakeholder theory which can ultimately improve the company's financial performance. The audit committee is responsible for ensuring the integrity of financial reports and the effectiveness of the internal control system. The phenomenon related to audit committees involves the importance of the audit function in detecting and preventing fraud and financial reporting errors. A strong and independent audit committee can increase the transparency and accuracy of financial reports, which in turn has the potential to improve a company's financial performance. However, weaknesses in the audit committee, such as a lack of independence or expertise, can result in inaccurate financial reports and reduce investor confidence (Dewi, 2022). Based on Bancin's research, (2022) suggests that the audit committee has no effect on financial performance. This is different from the research of Tjua & Masdjojo, (2022) which states that the audit committee has an influence on financial performance.

The problem formulation in this research is does corporate governance in partial institutional ownership have a significant effect on the financial performance of mining companies listed on the Indonesia Stock Exchange for the 2019-2023 period?. Does corporate governance in partial managerial ownership have a significant effect on the financial performance of mining companies listed on the Indonesia Stock Exchange for the 2019-2023 period?. Does corporate governance within the board of commissioners partially have a significant effect on the financial performance of mining companies listed on the Indonesia Stock Exchange for the 2019-2023 period?. Does corporate governance in the audit committee partially have a significant effect on the financial performance of mining companies listed on the Indonesia Stock Exchange for the 2019-2023 period?. Does corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee simultaneously have a significant effect on the financial performance of mining companies listed on the Indonesia Stock Exchange for the 2019-2023 period?. Based on the background and problem formulation above, the following conceptual framework was created. s

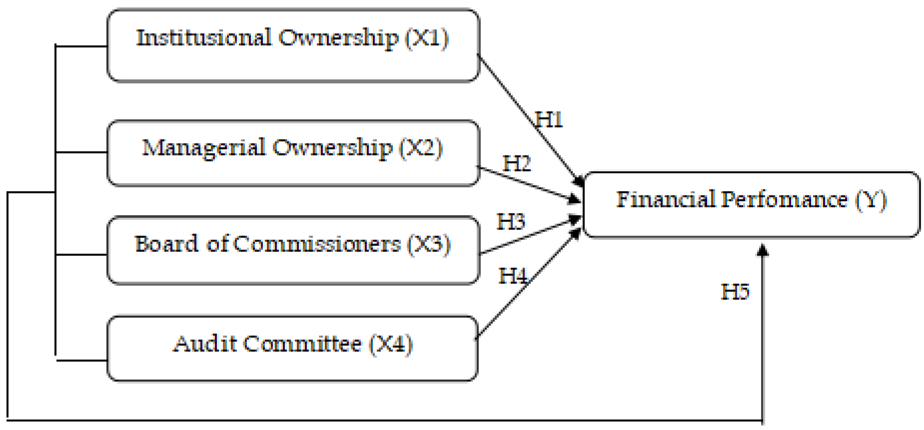

Figure 1. Reseacrh Conceptual Framework

Based on this conceptual framework, the following research hypothesis can be formulated. H1 it is suspected that corporate governance in institutional ownership has a significant effect on the financial performance of mining companies listed on the IDX for the 2019-2023 period. H2 it is suspected that corporate governance in managerial ownership has a negative and significant effect on the financial performance of mining companies listed on the IDX for the 2019-2023 period. H3 it is suspected that corporate governance within the board of commissioners has a significant effect on the financial performance of mining companies listed on the IDX for the 2019-2023 period. H4 it is suspected that corporate governance in the audit committee has a significant effect on the financial performance of mining companies listed on the IDX for the 2019-2023 period. H5 it is suspected that corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee simultaneously and significantly influences the financial performance of mining companies listed on the IDX for the 2019-2023 period.

METHOD

This research uses data from all mining companies listed on the IDX for the 2019-2023 period. The research population consisted of 87 mining companies, and a sample of 14 companies was selected using purposive sampling (Hafizi et al., 2022; Nadhirah et al., 2023; Arifin et al., 2024; Engkizar et al., 2024). The type of data in this research is secondary data collected from financial and annual reports accessed via the official IDX website. The data analysis method was carried out using multiple linear regression analysis, coefficient of determination, hypothesis testing, namely the t test and f test. Before the regression analysis, a classic assumption test was carried out according to Agussalim M, (2017) which included a normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test.

RESULTS AND DISCUSSION

RESULTS

Descriptive Statistical Analysis

Descriptive statistical analysis aims to determine the value of each question item for each variable, along with the explanation, as follows:

Tabel 1. Descriptive Statistical Analysis

Descriptive Statistics					
	N	**Mean**	**Minimm**	**Maximum**	**Std. Deviation**
Institutional Ownership	70	0,6789	0,32	2,74	0,37901
Managerial Ownership	70	0,0909	0,00	0,76	0,19778
Board of Commissioners	70	4,2429	2,00	8,00	1,89917
Audit Committee	70	3,2286	3,00	5,00	0,45592
ROE	70	0,3147	0,04	1,48	0,30657

From this table it is known that the Institutional Ownership variable (X1) has the highest value of 2.74 and the lowest value is 0.32 with an average value of 0.6789 and a standard deviation of 0.37901. For Managerial Ownership (X2) the lowest value is 0.00 and the highest is 0.76 with an average value of 0.0909 and a standard deviation of 0.19778. For the Board of Commissioners (X3) the lowest value is 2.00 and the highest is 8.00 with an average value of 4.2429 and a standard deviation of 1.89917. For the Audit Committee (X4) the lowest value is 3.00 and the highest is 5.00 with an average value of 3.2286 and a standard deviation of 0.45592. And for the ROE (Y) variable, the lowest value is 0.04 and the highest is 1.48 with an average value of 0.3147 and a standard deviation of 0.30657.

Multiple Linear Regression Analysis

According to Priyatno, (2022) Multiple linear regression (multiple regression analysis) is an analysis to determine whether there is a significant partial or simultaneous influence between two or more independent variables on one dependent variable. The following table is presented as follows:

Table 2. Multiple Linear Regression Test Results

Coefficients[a]			
		Unstandardized Coefficients	
Model		**B**	**Std. Error**
1	**(Constant)**	-3,600	0,747
	Institutional Ownership	-0,073	0,261
	Managerial Ownership	0,285	0,553
	Board of Commissioners	0,139	0,058
	Audit Committee	0,465	0,262
Dependent Variable: ROE			

In Table 2 above, a multiple linear regression equation is created which is expressed as follows.

ROE = -3,600 - 0,073KI + 0,285KM + 0,139DK + 0,465KA

Based on the multiple linear regression equation presented, it can be explained as follows. If Institutional Ownership (KI), Managerial Ownership (KM), Board of Commissioners (DK), Audit Committee (KA) = 0, then there will be a decrease in Return on Equity (ROE) of -3,600 in mining companies, according to the constant (value absolute financial performance). The regression coefficient for the Institutional Ownership (KI) variable is -0.073, which means that there is a negative relationship between Managerial Ownership and ROE Financial Performance. The regression coefficient for the Board of Commissioners (DK) variable is 0.139, which means there is a regression coefficient for the Managerial Ownership (KM) variable of 0.285, which means there is a positive relationship between Managerial Ownership and ROE Financial Performance, if KM increases or increases by one unit, it will cause an increase in performance. Financial ROE is 0.285 units, assuming that other independent variables are constant or fixed. The influence of the positive relationship between Managerial Ownership and ROE Financial Performance, if DK increases or increases by one unit, it will cause an increase in ROE Financial Performance of 0.139 units, assuming that the other independent variables are constant or fixed. The regression coefficient for the Audit Committee (KA) variable is 0.465, which means that there is a positive relationship between the Audit Committee and ROE Financial Performance, if KA increases or increases by one unit it will cause an increase in ROE Financial Performance of 0.465 units, assuming that the other independent variables are of value. constant or fixed.

Coefficient of Determination (R^2)

The Coefficient of Determination Test aims to measure the contribution of the independent variables (institutional ownership, managerial ownership, board of commissioners and audit committee) to the dependent variable of financial performance. The table below shows the results of the coefficient of determination test as follows:

Table 3. Coefficient of Determination Test Results

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0,499[a]	0,249	0,203	0,77312
Predictors: (Constant), Audit Committee, Institutional Ownership, Managerial Ownership, Board of Commissioners				
Dependent Variable: ROE				

From the calculation results of the coefficient of determination test (Adjusted R Square) above, a value of 0.203 was obtained. This means that the variance of institutional ownership, managerial ownership, board of commissioners and audit committee can explain the financial performance of Return on Equity of 20.3%. Meanwhile, the remaining 100% - 20.3% = 79.7% is explained by other factors not included in the variables studied.

Hypothesis Testing

Uji t

The t test is used to determine the influence of the independent variable partially on the dependent variable. The t test results are presented in the table below, as follows.

Table 4. t test results

Coefficients[a]			
Model		**t**	**Sig.**
1	(Constant)	-4,821	0,000
	Institutional Ownership	-0,281	0,780
	Managerial Ownership	0,516	0,608
	Board of Commissioners	2,405	0,019
	Audit Committee	1,771	0,081
Dependent Variable: Kinerja Keuangan (ROE)			

Based on table 4 above, the results of the t test calculation can be described as follows. The calculated t value of the institutional ownership variable has a t calculated value of -0.281 < t table 1.99714 with a significance level of 0.780 where the significant value is > 0.05, so institutional ownership partially has a negative but not significant effect on ROE in Mining Companies. The calculated t value of the managerial ownership variable has a t calculated value of 0.516 < t table 1.99714 with a significance level of 0.608 where the significant value is > 0.05, so managerial ownership partially has a positive but not significant effect on ROE in Mining Companies. The t calculated value of the board of commissioners variable has a t calculated value of 2.405 > t table 1.99714 with a significance level of 0.019 where the significant value is <0.05, so the board of commissioners partially has a positive and significant effect on ROE in Mining Companies. The calculated t value of the audit committee variable has a t calculated value of 1.771 < t table 1.99714 with a significant level of 0.081 where the significant value is > 0.05, so corporate governance in the audit committee partially has a positive but not significant effect on ROE in Mining Companies.

Uji F

The purpose of using the F Test is to assess the collective impact of the independent variables on the dependent variable. The test results are presented in the table, as follows.

Table 5. F Test Results

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig**
1	Regression	12,868	4	3,217	5,382	0,001[b]
	Residual	38,851	65	0,598		
	Total	51,719	69			
Dependent Variable: ROE						
Predictors: (Constant), Audit Committee, Institutional Ownership, Managerial Ownership, Board of Commissioners						

In this test, the significance level set is 5% (α = 0.05), (n=70), degrees of freedom (df1 = 4), and (df2) = 66 (70-4). So the Ftable value is 2.51. Based on the ANOVA (Analysis of Variance) table data, the F value obtained is 5.382 $\geq$ 2.51 with a significance level of 0.001 where the significance level is $\leq$ 0.05 (5%). Thus, it can be concluded that the variables of institutional ownership, managerial ownership, board of commissioners and audit committee simultaneously have a positive and significant effect on financial performance as measured by ROE in Mining Companies.

DISCUSSION

The Influence of Corporate Governance in Institutional Ownership on Financial Performance (ROE)

Institutional ownership partially has a negative but not significant effect on the financial performance (ROE) of Mining Companies Listed on the Indonesia Stock Exchange for the 2019-2023 period. This means that an increase in institutional ownership tends to lead to a decrease in the company's financial performance, this effect is not strong enough to be considered significant in statistical analysis. There is a negative correlation between institutional ownership and ROE. An increase in institutional ownership tends to be followed by a decrease in ROE. Conversely, a decrease in institutional ownership has the potential to encourage an increase in ROE. Institutional ownership is part of the ownership structure which is a component of corporate governance. Institutional ownership is the large number of shares owned by institutions. The greater the amount of institutional ownership, the better the quality of profits, which ultimately can improve financial performance. This is because institutional investors have the ability to control management more effectively so that they can improve the quality of profits in the company. This theory is in line with Jensen and Meckling's argument which states that institutional investors play an important role in minimizing agency conflicts between managers and shareholders. Thus, increasing institutional ownership has the potential to encourage better corporate governance practices, which in turn can improve earnings quality and overall financial performance (Demara, Agussalim M, & Yanti, 2021).

Although not significant, institutional ownership shows a negative influence on financial performance (ROE). Several things that are felt to be the cause of this negative influence are due to the concentrated ownership of institutional shares in mining companies (concentration of ownership), which allows for affiliated relationships between owners, supervisors and company directors. This also occurs in the companies used as research samples, so it is best to improve the conditions currently occurring in the context of implementing corporate governance. Concentrated institutional ownership will also give rise to type II agency conflict, namely conflict that occurs between majority and minority shareholders because managers will tend to act in accordance with the majority shareholder. (Saifi, 2019). The results of this research are in line with research conducted by Tjua & Masdjojo, (2022) which states that institutional ownership has an effect but is not significant on financial performance. Institutional ownership is the largest shareholder, so they tend to take steps to benefit themselves, resulting in an imbalance that exists in the company. However, this research is not in line with that conducted by Maridkha, et al., (2021) who stated that institutional ownership has a significant and influential effect on ROE financial performance.

The Influence of Corporate Governance in Managerial Ownership on Financial Performance

Managerial ownership partially has a positive but not significant effect on financial performance (ROE) in Mining Companies Listed on the Indonesia Stock Exchange for the 2019-2023 period. This means that the higher the level of managerial ownership, the better the financial performance. According to Aini, Asmeri, & Ardiani, (2021) managerial ownership is share ownership owned by company management as measured by the presentation of the number of shares held. The greater managerial ownership will motivate managers to improve the company's financial performance. This is based on the assumption that by owning company shares, managers will be more motivated to make decisions that increase profitability, efficiency and ultimately improve financial performance. Thus, large managerial ownership is expected to have a positive impact on the company and shareholders. This research suggests that managerial ownership has a positive but not significant effect. This shows that companies with a greater percentage of share ownership by management tend to have better financial performance.

Increasing share ownership by managers, including directors and commissioners, can encourage better company financial performance. Managers play an important role in managing a company. However, if the director does not have share ownership or his managerial ownership is low, the director's performance in improving the company's financial performance may not be optimal. This can be reflected in decision making that is less profitable for the company and shareholders (Pratiwi & Noegroho, 2022). Ideally, managers make business decisions that maximize company resources and benefit all parties, but sometimes there is a potential conflict of interest between managers and shareholders. Managers may be tempted to act in their personal interests, rather than in the interests of the company as a whole. This happens because each party has goals that they want to maximize. Shareholders want maximum profits, while managers may prioritize other interests such as position, salary or bonuses (Fitrhi & Asmeri, 2020).

In line with research conducted by Elly, Vidiyastutik, & Izzah, (2023) suggests that managerial ownership has a significant and influential effect on financial performance, this means that a high level of managerial responsibility will be able to improve the company's financial performance, because the role of management is responsible for reducing financial risk. company so that it can generate profits which will influence better financial performance in the future. This managerial ownership will be able to improve the company's financial performance because the role of management can be responsible for reducing the company's financial risks in order to obtain profits which will have an impact on achieving better company performance in the future. However, this is not in line with research conducted by Sari & Setijawan, (2024) who stated that managerial ownership has an effect but is not significant on financial performance. Managers as minority shareholders are considered unable to actively participate in decision making, so this does not affect the company's financial performance. The low level of managerial ownership in mining companies shows that the adjustment of interests between shareholders and managers is not optimal. Managers with low ownership tend to be less motivated to maximize shareholder wealth, which is reflected in better company performance such as ROE (Sembiring Y., 2020).

The Influence of Corporate Governance within the Board of Commissioners on Financial Performance

The board of commissioners partially has a positive and significant influence on the financial performance (ROE) of Mining Companies Listed on the Indonesia Stock Exchange for the 2019-2023 period. This means that the greater the number of commissioners in a company, the more effective it will be in supervising managers and ultimately improving the company's financial performance. This means that the better the implementation of corporate governance by the board of commissioners, the better the company's financial performance will be. A larger board of commissioners has the potential to provide more comprehensive considerations because it may have more members involved in decision making. The role of an effective board of commissioners can help minimize agency problems that may arise between management (board of directors) and shareholders. As representatives of shareholders, the board of commissioners is tasked with providing direction and supervision to management so that the company can achieve optimal performance. The supervisory function of the board of commissioners includes supervision of company management in general and ensuring that management carries out its responsibilities well (Ramadhani & Agustin, 2021). In line with research conducted by Dewi, Chandrayanti, & Putri, (2023) said that the board of commissioners has a significant and influential effect on financial performance. This means that the larger the number of commissioners, the better the company's financial performance. The results of this research support agency theory, where the control function of the board of commissioners is a practical form of agency theory. In a company, the board of directors is the most important internal mechanism for carrying out client oversight functions and controlling opportunistic management. The board of commissioners builds a bridge between the interests of clients and managers within the company. In contrast to research conducted by Sitepu & Utami, (2023) stated that the board of commissioners has an influence but is not significant on financial performance, which means that the company's financial success is not influenced by the number of board members. The number of members of the board of commissioners does not affect the effectiveness of corporate governance and management, its effectiveness depends on communication and coordination skills in decision making (Adel et al., 2023).

The Influence of Corporate Governance in the Audit Committee on Financial Performance

The audit committee partially has a positive but not significant effect on the financial performance (ROE) of Mining Companies Listed on the Indonesia Stock Exchange for the 2019-2023 period. In line with the theory which states that the audit committee is an element in the good corporate governance framework which is expected to be able to provide a high contribution to the level of implementation. With the existence of an audit committee in the company, it is hoped that it will be able to optimize the checks and balances mechanism, which in the end will be shown to provide optimum protection to shareholders and other stakeholders. The audit committee's task is to assist the board of commissioners in carrying out its supervisory function. This includes a review of the company's existing internal control system, the quality of the company's financial reports, and the effectiveness of the internal audit function. Lukviarman, in (Aini, Asmeri, & Ardiani, 2021). In this study, the results showed that the audit committee had a positive but not significant effect on financial performance. This is because the audit committee is dominated by members from within the company, while there are relatively few members from outside. This inequality limits the independence and effectiveness of the audit committee in carrying out its supervisory duties over company management which can ultimately affect the company's financial performance.

The Audit Committee plays a role in supporting the board of commissioners, increasing the number of audit committee members will improve the quality of supervision. This is expected to reduce the possibility of management manipulating financial data and accounting procedures. As a result, the company's financial performance is expected to improve. In line with research conducted by Qalbi & Hermi, (2022) stated that the audit committee has an influence but is not significant on financial performance. This means that a large audit committee does not directly guarantee increased monitoring of the company's financial performance. The effectiveness of an audit committee in monitoring financial performance depends not only on the number of members, but also on the quality of interaction between the committee and financial management, the competence of committee members, and how well they carry out their supervisory duties. In contrast to research conducted by Tjua & Masdjojo, (2022) stated that the audit committee has a significant and influential effect on financial performance, because more and more people are holding intensive meetings, which can increase the costs incurred by the company. Apart from that, when holding audit committee meetings it is usually not attended by the number of members who have provisions because they have different activities. This creates delays in making quick decisions, so it does not affect improving financial performance

The Influence of Corporate Governance in Institutional Ownership, Managerial Ownership, Board of Commissioners, Audit Committee on Financial Performance

Institutional ownership, managerial ownership, board of commissioners and audit committee simultaneously have a positive and significant effect on financial performance (ROE) in Mining Companies Listed on the Indonesia Stock Exchange for the 2019-2023 period. This research shows that good corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee together have a positive and significant effect on ROE. This proves that companies that have consistently implemented good corporate governance can achieve better financial performance. The results of this research are in accordance with the theory of Jensen and Meckling (1976) which suggests that institutional ownership has an important role in minimizing agency conflicts between managers and shareholders. The presence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by managers. Increased institutional ownership causes management performance to be monitored optimally so that management avoids behavior that is detrimental to the principal (Baidar et al., 2022).

Large institutional ownership allows for tighter monitoring of a company's financial performance which can ultimately increase profitability and provide better control over return on equity. The size of the amount of managerial share ownership in a company can indicate the congruence of interests between management and shareholders. Companies with an increasing number of management shares should have low agency conflicts and lower agency costs (Saifi, 2019). The existence of a board of commissioners in a company can be used to overcome agency conflicts between shareholders and managers, because the board of commissioners can communicate the objectives of shareholders to managers. The board of commissioners is the core of corporate governance which is tasked with ensuring company strategy, supervising managers and strengthening accountability in the company, which can be the company's goal in improving the company's financial performance. whose job is to guarantee the company's strategy, supervise managers, and require accountability within the company, this can achieve the company's goal, namely improving the company's financial performance. The addition of members to the board of commissioners in the company cannot affect the company's financial performance, because additional members are possible only to comply with existing regulations (Mutathahirin et al., 2020).

The audit committee has a very important and strategic role in encouraging the credibility of the financial reporting process because it includes setting up a company supervision system that ensures the creation of an adequate company supervision system and the implementation of good corporate governance. With this supervision, it is certain that the company will achieve good financial performance and be able to improve financial performance. Apart from supervising financial reports, the audit committee also functions to supervise the company's internal controls (Bakhtiar, Nurlaela, & Hendra, 2020). In line with research conducted by Nababan, Gultom, & Sihite, (2021), it is stated that institutional ownership, managerial ownership, the board of commissioners and the audit committee simultaneously and significantly influence the company's financial performance. This shows that corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee simultaneously and significantly influences the company's financial performance. This is because corporate governance mechanisms need to work together to be able to have a significant impact on the company's financial performance. Corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee needs to be integrated into overall company policy and strategy to align company goals with good corporate governance practices.

CONCLUSION

Based on the discussion above regarding the influence of corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee on financial performance as measured by Return on Equity (ROE) in

Mining Companies listed on the Indonesia Stock Exchange (BEI) for the 2019-2023 period , then the following conclusions can be drawn. Corporate governance in institutional ownership has a negative but not significant effect on the financial performance of mining companies listed on the IDX for the 2019-2023 period. Corporate governance in managerial ownership has a positive but not significant effect on the financial performance of Mining Companies listed on the IDX for the 2019-2023 period. Corporate governance within the board of commissioners has a positive and significant effect on the financial performance of Mining Companies listed on the IDX for the 2019-2023 period. Corporate governance in the audit committee has a positive but not significant effect on the financial performance of Mining Companies listed on the IDX for the 2019-2023 period. Corporate governance in institutional ownership, managerial ownership, board of commissioners and audit committee has a positive and significant effect on the financial performance of mining companies listed on the IDX for the 2019-2023 period.

REFERENCE

Adel, S., & Anoraga, B. (2023). Afghan Youth's Expectation for Educational, Economic and Political Development during the Reign of Taliban. *International Journal of Islamic Studies Higher Education*, *2*(1), 16–27.

Agussalim Manguluang. (2017). *Diktat/Buku Ajar Statistik* (1 ed.). Padang: Ekasakti Press.

Aini, N., Asmeri, R., & Ardiani, Y. (2021). Pengaruh Good Corporate Governance Terhadap Kebijakan Hutang (Studi Empiris Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Tahun 2014-2018). *Pareso jurnal, 3*(3), 557-574.

Aprila, N., Suryandri, N., & Susandya, A. (2022). Pengaruh Good Corporate Governance terhadap Kinerja Keuangan Perusahaan. *Kharisma, 4*(2), 136-146. https://e-journal.unmas.ac.id/index.php/kharisma/article/view/4873/3789

Arifin, Z., & Rizaldy, M. (2023). Pengaruh Etos Kerja dan Kompetensi Terhadap Kinerja Karyawan PT.Surya Segara Safety Marine. *Reslaj : Religion Education Social Laa Roiba Journal*, *5*.

Arifin, Z., Lubis, T., Ath-Thukhi, A. M., Alsokari, T., Ainin, M., & Taufan, M. (2024). Analyzing the Problems of Arabic Language Learning in Higher Education. *International Journal of Islamic Studies Higher Education*, *3*(3).

Ariska, M., Fahru, M., & Kusuma, J. (2020). Leverage, Ukuran Perusahaan dan Profitabilitas dan Pengaruhnya Terhadap Tax Avoidance Pada Perusahaan Sektor Pertambangan di Bursa Efek Indonesia Tahun 2014-2019. *Jurnal Revenue Akuntansi, 1*(1), 134-142. doi: 10.46306/REV.V1I1.13

Baidar, B., Mutathahirin, M., & Fitriani, F. (2023). Implementation of Card Sort Learning Media in Islamic Education Class in MIN. *Khalaqa: Journal of Education and Learning*, *1*(2), 1-10.

Bakhtiar, H. A., Nurlaela, S., & Hendra, K. (2020). Kepemilikan Manajerial, Kepemilikan Institusional, Komisaris Independen, Komite Audit dan Nilai Perusahaan. *Accounting and Financial Review, 3*(2), 136-142. http://unmer.ac.id/index.php/afre

Bakhtiar, H., Nurlaela, S., & Hendra, K. (2020). Kepemilikan Manajerial, Kepemilikan Institusional, Komisaris Independen, Komite Audit dan Nilai Perusahaan. Accounting and Financial Review, 3(2), 136-142. Retrieved from. *Accounting and Financial Review, 3*(2), 136-142. http://unmer.ac.id/index.php/afre

Bancin, K., & Harmain, H. (2022). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan Terdaftar Di BEI Tahun 2016-2020. *Owner : Riset & Jurnal Akuntansi, 6*(4), 3714-3723. https://doi.org/10.33395/owner.v6i4.1124

Busro, M. (2018). *Teori-Teori Manajemen Sumber Daya Manusia*. Jakarta: Prenadamedia Group.

Demara, F. S., Yanti, N., & Agussalim M. (2021). Pengaruh Profitabilitas, Likuiditas, kepemilkan Institusional, dan Kebijakan Dividen Terhadap Nilai Perusahaan (Studi Empiris Property, Real Estate and Building Constuction yang Terdaftar di Bursa Efek Indonesia Tahun 2014-2018). *Jurnal Matua, 3*(3), 603-617. https://ejurnal-unespadang.ac.id/index.php/MJ/article/view/388

Destafiani, D., Sutardjo, A., & Anggreaeni, M. D. (2022). Pengaruh Disiplin, Motivasi dan Lingkungan Kerja terhadap Kinerja Karyawan PT. PNM Cabang Pariaman. *Jurnal Matua*, *4*.

Dewi, A., Chandrayanti, T., & Putri, S. (2023). Pengaruh Pengungkapan Corporate Social Responsibility (CSR), Ukuran Perusahaan, dan Leverage Terhadap Kinerja Keuangan (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2017-2019. *Epja : Ekasakti Pareso Jurna Akuntansi, 1*(3), 213-225. https://ejurnal-unespadang.ac.id/index.php/EPJA

Dewi, N. (2022). Pengaruh Komite Audit, Keahlian Keuangan Komite Audit, Reputasi Auditor, Spesialisasi Industri Auditor, Dan Audit Tenure Terhadap Integritas Laporan Keuangan Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2018-2020. *(Doctoral Dissertation, Universitas Mahasaraswati Denpasar)*.

Elly, M., Vidiyastutik, E., & Izzah, N. (2023). Pengaruh Good Corporate Governance Dan Firm Size Terhadap Kinerja Keuangan (ROA) (Studi Kasus Pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia Tahun 2019-2021). *Ecobuss, 11*(2), 110-119. http://dx.doi.org/10.51747/ecobuss.v11i.1703

Emron Edison. Yohny dan Komariyah. (2016). *Manajemen Sumber daya Manusia* (bandung). Bandung: Anggota Ikatan Penerbit Indonesia.

Engkizar, E., Jaafar, A., Sarianto, D., Ayad, N., Rahman, A., Febriani, A., ... & Rahman, I. (2024). Analysis of Quran Education Problems in Majority Muslim Countries. *International Journal of Islamic Studies Higher Education*, *3*(1), 65-80.

Engkizar, Engkizar, K. Munawir, Soni Kaputra, Zainul Arifin, Syafrimen Syafril, Fuady Anwar, and Mutathahirin Mutathahirin. "Building of Family-based Islamic Character for Children in Tablighi Jamaat Community." *Ta'dib* 24, no. 2 (2021): 299-310.

Findri, M. (2022). Pengaruh Kinerja Lingkungan, Good Corporate Governance, dan Intellectual Capital Terhadap Kinerja Keuangan dengan Corporate Social Responsibility sebagai Variabel Intervening. *Doctoral Disertation, Universitas Putra Indonesia YPTK.*

Fiqi, M. A. (2018). Pengaruh Lingkungan Kerja dan Disiplin Kerja Terhadap Kinerja Karyawan Pada CV. Tiara Abadi Pamekasan. *Ekomadania*, *1*.

Firmansyah, A., & Estutik, R. S. (2021). *Kajian Akuntansi Keuangan: Peran Tata Kelola Perusahaan dalam Tanggung Jawab Lingkungan, Pengungkapan Tanggung Jawab Sosial, Agresivitas Pajak* (1 ed.). Jawa Barat: CV Adanu Abimata.

Fitrhi, Y., & Asmeri, R. (2020). Pengaruh Kepemilikan Manajerial, Struktur Modal dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2014-2016. *Jurnal Matua, 2*(3), 41-60.

Hafiz, M. R., Hastari, S., & Rizqi, A. I. (2019). Pengaruh Disiplin Kerja Dan Semangat Kerja Terhadap Kinerja Pegawai Pada Kantor Kecamatan

Gondangwetan. *Jurnal EMA-Ekonomi Manajemen Akuntansi*, *4*.
Hafizi, M. Z. A. A. A., Satrianis, S., Ikhsan, M., Putra, P. E., Violanita, U., & Syafrizal, S. (2022). The Level of Knowledge and Practice of Students Regarding Worship in Senior High Schools. *International Journal of Multidisciplinary Research of Higher Education (IJMURHICA)*, *5*(4), 120–126. https://doi.org/10.24036/ijmurhica.v5i4.148
Hermita, R., M., A., & Yuliastanty, S. (2022). Pengaruh Semangat dan Motivasi Kerja Terhadap Kinerja Pegawai Pada Masa Covid-19 di Kantor Badan Kesatuan Bangsa dan Politik (Kesbangpol) Kabupaten Agam. *Jurnal Matua*, *4*.
Ilham, M. (2019). Pengaruh Komunikasi Dan Lingkungan Kerja Fisik Terhadap Kinerja Karyawan. *Jurnal Ilmu Manajemen*, *7*.
Imanurrofi, S. (2024). Pengaruh Risiko Kredit, Rasio Likuiditas, Dan Kepemilikan Manajerial Terhadap Financial Distress Melalui Krisis Sebagai Varibel Moderasi Pada Perusahaan Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018–2022. *Doctoral Dissertation, Universitas Islam Negeri Maulana Malik Ibrahim*.
Imron, A. (2024). Pengaruh Good Corporate Governance (GCG) dan Corporate Social Responsibility (CSR) Terhadap Kinerja Keuangan Perusahaan: Pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia Periode 2017-2022. *Doctoral Dissertation, Universitas Islam negeri Maulana Malik Ibrahim*.
Imron, A. (2024). Pengaruh Good Corporate Governance (GCG) dan Corporate Social Responsibility (CSR) Terhadap Kinerja Keuangan Perusahaan: Pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia Periode 2017-2022. (2024). *Doctoral Dissertation, Universitas Islam Negeri Maulana Malik Ibrahim*.
Manguluang, A. (n.d.). *Manajemen Sumberdaya Manusia Lanjutan*. (Y. P, Ed.) (2020 ed.). Ekasakti Press.
Maridkha, A., & Himmati, R. (2021). Pengaruh Good Corporate Governance terhadap Kinerja Keuangan Perusahaan Perbankan Periode 2017-2020. *Journal of Accounting and Digital Finance,* *1*(3), 195-205. https://doi.org/10.53088/jadfi.v1i3.208
Mediana, A., & NR, E. (2020). Pengaruh Audit Internal, Struktur Modal, dan Good Corporate Governance terhadap Kinerja Keuangan (Studi Empiris pada Perusahaan Sektor Keuangan yang Terdaftar di BEI Peirode 2016-2018. *Jurnal Eksplorasi Akuntansi, 2*(1), 2001-2019. https://doi.org/10.24036/jea.v2i1.192
Mutathahirin, M., Hudamahya, A., & Hamdi, H. (2020). Community Assessment of Salafi Studies in the City of Padang. *International Journal of Multidisciplinary Research of Higher Education (IJMURHICA)*, *3*(2), 47-55.
Nababan, E., Gultom, R., & Sihite, M. (2021). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan Pada Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2016-2019. *Majalah Ilmiah Methoda,* *11*(3), 156-164. https//doi.org/10.46880/methoda.Vol11No3.pp156-164
Nadhirah, A. N., Kurniawati, T., & Nor, Z. B. M. (2023). Analysis of the Influence of Investment in Education and Health on Economic Growth in Malaysia. *International Journal of Multidisciplinary Research of Higher Education (IJMURHICA)*, *6*(2), 65–77.
Ompusunggu, S. J., & Simanjuntak, J. (2020). Pengaruh Budaya Organisasi Dan Motivasi Kerja Terhadap Kinerja Karyawan Pada PT Amtek Engineering Batam, *4*.
Prasetyo, G. E. (2022). Pengaruh Motivasi, Semangat Kerja, dan Kompensasi Kerja Terhadap Kinerja Karyawan Pada PT. Dos Ni Roha Kediri. *OPTIMAL: Jurnal Ekonomi dan Manajemen*, *2*.
Pratiwi, D. (2017). Pengaruh Disiplin Kerja dan Lingkungan Kerja Terhadap Kinerja

Pegawai Pada PT Bank Sumut Syariah Cabang Pematangsiantar. *Jurnal MAKER*, *3*.

Pratiwi, V. A., & Noegroho, Y. A. (2022). Pengaruh Dewan Komisaris, Komisaris Independen, dan Kepemilikan Manajerial Terhadap Kinerja Keuangan Perusahaan di Masa Pandemi COVID-19. *Tera Ilmu Akuntansi, 23*(1), 7-16. https://doi.org/10.21776/tema.23.1.7-16

Puspitasari, D. (2023). Peran Audit Internal Dan Dewan Komisaris Dalam Mewujudkan Good Corporate Governance (Studi Kasus Pada Pt Bprs Aman Syariah). *Doctoral Dissertation, lain metro.*

Putra, I., Affandi, H., Purnamasari, L., & Sunarsi, D. (2021). *Analisis Laporan Keuangan* (1 ed.). Surabaya: Cipta Media Nusantara (CMN).

Qalbi, A., & Hermi. (2022). Pengaruh Good Corporate Governance dan Environmental Performance Terhadap Kinerja Keuangan Perusahaan, 2(5), *Jurnal Comserva, 2*(5), 408-419. doi:10.36418/comserva.v2i5.339

Rahayu, L., Asmeri, R., & Silvera, D. (2023). Pengaruh Penerapan Corporate Social Responsibility (CSR) dan Good Corporate Governance (GCG) Terhadap Kinerja Keuangan Perusahaan Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2015-2019. *Pareso, 5*(3), 183-200.

Ramadhani, A., & Agustin, H. (2021). Pengaruh Intellectual Capital dan Corporate Governance Terhadap Kinerja Keuangan (Studi Empiris Pada Perusahaan BUMN yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2019). Jurnal Eksplorasi Akuntansi, 3(1), 67-81. *Jurnal Eksplorasi Akuntansi, 3*(1), 67-81. https://doi.org/10.24036/jea.v3i1.336

Saifi, M. (2019). Pengaruh Corporate Governance dan Struktur Kepemilikan terhadap Kinerja Keuangan Perusahaan. *Jurnal Profit, 13*(2), 1-11. https://doi.org/10.21776/ub.profit.2019.013.02.1

Saputro, A.R.A. (2021). Pengaruh Good Coporate Governance, Corporate Social Responsibility, dan Ukuran Perusahaan Terhadap Nilai Perusahaan (Studi Kasus Pada Perusahaan yang masuk dalam Indeks LQ 45 Bursa Efek Indonesia Periode 2016-2019. *Doctoral Dissertation, Universitas Islam Agung Semarang.*

Sari, S., & Setijawan, I. (2024). Pengaruh Corporate Governance Terhadap Kinerja Keuangan Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2018-2021. *Jurnal Ilmiah Sultan Agung, 3*(1), 160-183. https://jurnal.unissula.ac.id/index.php/JIMU/article/view/36963

Sembiring, Y. (2020). Pengaruh Kepemilikan Institusional dan Kepemilikan Manajerial Terhadap Kinerja Keuangan Pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia. Jurnal Mutiara Akuntansi, 5(1), 91-100. Retrieved from. *Jurnal Mutiara Akuntansi, 5*(1), 91-100. http://e-journal.sari-mutiara.ac.id/index.php/JMA/article/view/1186

Setiawan, O., & Setiadi, I. (2020). Pengaruh Good Corporate Governance terhadap Kinerja Keuangan pada Sektor Barang Konsumsi di BEI. *Kompartemen: Jurnal Ilmiah Akuntansi, 18*(1), 13-21. http://dx.doi.org/10.30595/kompartemen.v18i1.6606

Simamora, H. (2019). *Manajemen Sumber Daya Manusia*. STIE YKPN Yogyakarta.

Sitepu, E., & Utami, E. (2023). Pengaruh Good Corporate Governance terhadap Kinerja Keuangan Perusahaan Perbankan. Journal Ekonomi Pembangunan STIE Muhammadiyah Palopo, 9(2), 503-510. *Journal Ekonomi Pembangunan STIE Muhammadiyah Palopo, 9*(2), 503-510. http://dx.doi.org/10.35906/jep.v9i2.1775

Sutrisno, E. (2019). *Manajemen Sumber Daya Manusia*. Jakarta: Kencana Prenada Media Group.

Tjua, S., & Masdjojo, G. (2022). Pengaruh Good Corporate Governance Terhadap

Kinerja Keuangan Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia pada Periode 2017-2021. *Jurnal Ilmiah Akuntansi dan Keuangan, 5*(2), 1147-1158. https://doi.org/10.32670/fairvalue.v5i2.2410

Wahyubroto, & Rony. (2017). Implementasi Prinsip-prinsip Good Corporate Governance pada Perusahaan di Kota Gresik. *Manajemen, 5*(3).

Wibowo. (2018). Manajemen Sumber Daya Manusia. PT Raja Grapindo Persada. Jakarta.

Zahroh, H., Hartono, H., Ainiyah, N., & Nugroho, T. (2023). Pengaruh Kepemilikan Institusional, Leverage, dan Ukuran Dewan Komisaris terhadap Pengungkapan Corporate Social Responsibility (CSR) dengan Ukuran Perusahaan sebagai Variabel Pemoderasi. *Mutiara Ilmu Akuntansi, 1*(4), 96-109.