

**THE INFLUENCE OF CORPORATE GOVERNANCE PRACTICES
TOWARDS FIRM'S FINANCIAL PERFORMANCE**
**(A STUDY OF PROPERTY AND REAL ESTATE COMPANIES LISTED
IN INDONESIA STOCK EXCHANGE PERIOD 2010-2017)**

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THESIS

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ABSTRACT

This research aims to investigate the effect of corporate governance towards company's financial performance. The sample used are secondary data obtained from the annual report of property and real estate companies listed in Indonesia Stock Exchange during the period of 2010-2017. Independent variables used in this research are; institutional ownership, independent commissioner, board size, audit committee and Gross Profit Margin (GPM). Return on Assets (ROA) ratio was used as the dependent variable. The hypotheses were tested using multiple linear regression. Institutional ownership, independent commissioner, board size, audit committee and Gross Profit Margin has simultaneously affected ROA. Partially, board size, audit committee and Gross Profit Margin have positive and significant influence towards ROA. Meanwhile, independent commissioner and institutional ownership did not affect ROA significantly.

Keywords: Corporate governance, institutional ownership, independent commissioner, board size, audit committee, GPM, ROA.

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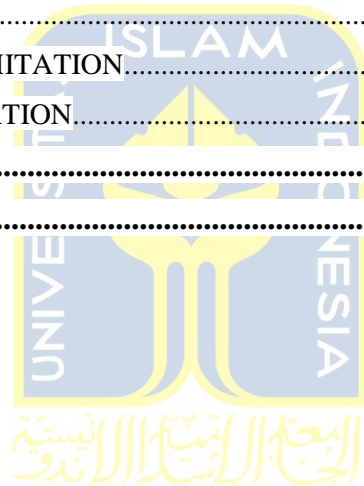
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CHAPTER I

INTRODUCTION

I. BACKGROUND OF THE RESEARCH

In the era of globalization and free trade across countries, the competition among companies is getting intense. Companies are trying to give their best performance in order to survive and earn more profit to satisfy their shareholders. However, in order to maintain the business, a large amount of capital from investors is needed. As there are many options of companies where investors can invest their money, investors tend to find a company that they can trust in managing the given funds. The collapse of Enron and other corporate scandals that have taken place since then, only worsen the investors' confidence in providing the capital. Improving the quality of the company corporate governance is believed to be the best possible solution to assure the shareholders that the money they invested will be used properly and that the investors will get the return without any manipulation by the management. Promoting good corporate governance standards are essential in attracting investment capital, reducing risk and developing a firm's performance.

Corporate governance is the interaction between various participants (shareholders, board of directors, and company's management) in shaping corporation's performance and the way it is proceeding towards. Corporate governance assures transparency which ensures strong and balanced economic development. This also provides guarantee that the interests of all shareholders

(majority as well as minority shareholders) are safeguarded. In other words, corporate governance improves company management by limiting the abuse of power by those inside the company's resources and provides the means to monitor the behaviour of managers to ensure corporate responsibility. (Oman, C., Fries, S., Buitter, W. 2004). Improving the corporate governance practices is believed to strengthen the long-term economic performance of the company (Ibrahim et al, 2010). There are several key important factors that determine the quality of company corporate governance including independent commissioner, institutional ownership, audit committee and board size. Independent commissioner is considered to be an effective way in monitoring the performance of the company as it has no direct relationship to the management and therefore can observe and assess the management objectively. Institutional ownership provides an effective controlling function as institutional owners are better informed than individual investors, thus, reducing the manager's incentives to manipulate the financial condition of the company. Chung et al. (2002) found that the existence of institutional ownership prevents managers from manipulating reported profits upwards or downwards. The audit committee provides the board of directors with necessary assessment and advice about the performance of the company including the company compliance to the standards and regulations, the preparation and disclosure of the financial statements, and whether the compensations paid to the organization's executives were according to fairness and professionalism (Al-Baidhani, 2014). The size of the board of directors also affect the quality of corporate governance. Many researches conclude that the smaller the board size,

the better the financial performance of the company because the decision-making process can be done more effectively and thus the objectives of the company can be achieved successfully.

One important objective that a company is expected to achieve is to increase the shareholders' welfare through the improvement of company value. The value of a company is mainly judged from its management performance and financial performance. Through its financial performance, the investors may assess whether the company is considered to be profitable and therefore can give a higher return for the investors. Nowadays, profitability of a company is frequently associated to how well a company can establish and manage its corporate governance. A company that implements corporate governance may maintain investors' trust to provide the funds for the company and improve the performance of the company through a good decision-making process, thus increase a company's profitability. Return on Assets (ROA) is one of the profitability ratios that provides information whether a company can generate sufficient profit from its assets. In other words, Return on Assets (ROA) indicates the efficiency of a company management in using its economic resources to obtain earnings. It has become a considerable ratio for the investors to decide whether to invest their money in certain company. Some research found that a company that has a good corporate governance tend to obtain a higher profitability ratio. However, many experts also argue that there is no correlation between corporate governance and financial performance of a company. Therefore, the writer is interested to conduct a deeper research regarding to this topic about **“The Influence of Corporate Governance towards Firm’s**

Financial Performance (A Study of Public Companies Listed in Indonesia Stock Exchange Period 2010-2017)." In this research, the writer is intended to assess the corporate governance practices in 20 public companies by evaluating the composition of independent commissioner, institutional ownership, audit committee and board size from each company, and measure its annual Return on Assets (ROA) ratio in order to investigate whether a corporate governance may have significant influence on company financial performance.

II. PROBLEM FORMULATION

The following are the problems that are going to be discussed in this research:

1. Does independent commissioner affect firm's financial performance?
2. Does institutional ownership affect firm's financial performance?
3. Does audit committee affect firm's financial performance?
4. Does board size affect firm's financial performance?
5. Does the gross profit margin ratio affect firm's financial performance?

III. RESEARCH OBJECTIVES

This research aimed to investigate the relationship among various elements of corporate governance and firm's financial performance that can be broken down into:

1. To analyse the influence of independent commissioner towards firm's financial performance.
2. To analyse the influence of institutional ownership towards firm's financial performance.
3. To analyse the influence of audit committee towards firm's financial performance.
4. To analyse the influence of board size towards firm's financial performance.
5. To analyse the influence of gross profit margin ratio towards firm's financial performance.

IV. RESEARCH CONTRIBUTIONS

This research presents information that will be beneficial for the following parties:

1. Writer

This research is expected to give a better and clear understanding about corporate governance and whether it has any influence on profitability ratio of the company.

2. Company management

The result of this research could help the management to evaluate its corporate governance practices and to improve its decision-making process in order to make a positive change in its financial performance.

3. Investors

The investors may get a beneficial information from this research and judge the company financial performance in order to do investment decision.

4. Next researchers

This research is expected to provide information that will be useful as a reference for a deeper analysis regarding the corporate governance and its impacts on company's performance.

V. SYSTEMATIC OF WRITING

This research consists of five chapters that explain different materials and are expected to provide clear understanding of this research. Its five chapters are as follow:

CHAPTER I: INTRODUCTION

This chapter mainly discuss the basic description of the research that consists of research background, problem formulation, research objective, research contribution, and systematic of writing.

CHAPTER II: LITERATURE REVIEW

In this chapter, the theories that underlie the research and some prior researches are presented. It consists of theoretical review, prior research, hypothesis formulation and conceptual framework model.

CHAPTER III: RESEARCH METHODOLOGY

This chapter explains the method of research including object of research, population and sample, data collection method, research variables, and data analysis technique.

CHAPTER IV: DATA ANALYSIS AND DISCUSSIONS

This chapter focuses on explaining the research finding including general description, result analysis and hypothesis discussions.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

This chapter describes conclusion of the research result consist of conclusion, research implications, research limitations, and recommendations.



CHAPTER II

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

I. THEORITICAL REVIEW

1.1. Agency Theory

Agency theory was first proposed by Stephen Ross and Barry Mitnick and further developed by Jensen and Meckling (1976). Agency theory is defined as “the relationship between the principals, such as shareholders and agents such as the company executives and managers”. As shareholders have a willingness to bear risk but do not necessarily possess the interest and time to actively manage the company (Brealey et al. 2008), a contractual relationship is created wherein an agent (manager) will manage the risk and control the company on behalf of the principal (shareholder), who is the residual claimant, risk bearer and owner of the company (Jensen et al. 1985, Fama et al. 1983).

However, problems arise when among the principals and the agents may have different interests. It cannot be expected that risk-averse managers (agents) will act in the interest of risk-neutral shareholders (principals) as it may not be in the manager ‘s self-interest to pursue shareholder wealth maximization (Bonazzi et. al. 2007, Lan et al. 2010, Demsetz et al. 1985). The shareholders want the managers to run the company in a way that maximizes shareholder value. The managers, on the other hand, may want to run the company in a way that maximizes the managers’ own

personal power or wealth, even if it lowers the market value of the company. Holmstrom and Milgrom (1994) argued that instead of providing fluctuating incentive payments, the agents will only focus on projects that have a high return and have a fixed wage without any incentive component. The conflict of interest may decrease firm's value and distort corporate investment strategy (O'Connor & Rafferty, 2012; Denis & McConnell, 2003). As this conflict of interests often happen, agency costs may arise. Jensen and Meckling (1976) described the agency cost as the aggregate of the monitoring cost, bonding cost and residual loss. Good corporate governance, however, is believed to be the best possible solution to solve this principal-agent problem.

1.2. Corporate Governance

Corporate governance can be defined as a set of processes and structures for controlling and directing an organization. It constitutes a set of rules, which governs the relationships between management, shareholders and stakeholders (Ching et al, 2006). Shleifer and Vishny (1997) argue that corporate governance provides high level of assurance for suppliers of finance to secure a return on their investment. The Forum for Corporate Governance in Indonesia (FCGI) defines corporate governance as a set of rules that establish relationships between shareholders, administrators, creditors, governments, employees, and other internal and external stakeholders in relation to their rights and obligations. Meiryani (2015) stated that corporate governance systems provide effective protection for shareholders and creditors so that they

are sure to earn a return on their investment properly. Coombes and Watson (2000) found that higher premiums are usually paid for the shares of good governance firms compared to poor governance firms in the emerging market. The payment of a higher premium indicates that firms with good corporate governance are able to yield higher price to book ratios. It indicates that the correlation between corporate governance and firm's financial performance may exist. There are several corporate governance indicators that frequently being used in measuring GCG of a company;

1. Independent commissioner

The independent commissioner has supervisory and advisory functions over management and the implementation of management policy. It protects shareholders rights and maintains long-term sustainability of the company while ensuring its compliance with prevailing laws and regulations (KPMG, 2015). The function of independent commissioners in the agency theory is to convince the management to fulfil and protect the interests of shareholders (Suhardjanto et al., 2012). Therefore, the existence of independent commissioner is expected to provide independent advice to the board of commissioners.

2. Board size

The board size has a significant influence on the performance of a company through its controlling and monitoring mechanism that will affect the decision-making process. Vafeas (2000) stated that the role of the board is also expected to improve the quality of earnings by limiting

the level of earnings management through the monitoring function of financial reporting.

3. Institutional ownership

According to Chung (2009), institutional investors have a much stronger incentive to monitor companies that they own than individual investors because of their larger stakes in those companies, especially if exit is costly.

4. Audit committee

An independent audit committee should ensure that they work without any influence from the management and therefore, can provide unbiased information that can be used to assess the actual financial performance of the company. The committee also ensures that good corporate governance is practiced throughout the company, and that the application of good corporate governance, wherever applicable, is in the best interests of shareholders of the company.

1.3. Gross Profit Margin Ratio

Gross profit margin is a ratio used to assess the financial health of a company that provides the information about the percentage of revenue that exceeds the cost of goods sold. Gross profit margin is calculated by subtracting the cost of goods sold from the revenue, then divide the result by the total revenue earned. The ratio is essential in showing how efficient a company can produce and sell its product. It reveals how much money is left over after

paying all costs relating to the sale of the products such as wages, materials, sales commissions and other related expenses. A higher the percentage of gross profit margin indicates a higher level of funds available for current or future business needs (Katula, n.d.). Investors are usually interested in this ratio as it gives a comparable result with another company no matter the size or the sales volume each company has. The higher the result, means the company is more efficient in producing and selling the products, thus will attract more investors to invest the capital.

1.4. Financial Performance

Financial performance refers to the degree on which a company's financial objectives have been achieved. It measures the results of company's policy and operation through monetary terms. Assessing a firm's financial performance is essential as it ensures that appropriate plans and decisions can be made in a precise and timely manner. Failing in doing so may result to a great loss and even bankruptcy that of course, will hurt the owners/shareholders. The financial performance of the company is mainly judged from its financial statements by using several financial ratios that can be broken down into four categories; 1) profitability; 2) liquidity; 3) leverage; 4) operating or efficiency. In this research, the writer will mainly focus on profitability ratio (ROA) which shows a company's overall efficiency and performance. Investors and creditors can use profitability ratios to assess whether the company is making enough profit from its assets.


Return on Assets (ROA) ratio is a profitability ratio that measures the net income produced by total assets during a period by comparing net income to the average total assets. It measures how efficient a company can manage its assets to produce profits during a specific period. This ratio helps management and investors to see how well the company can convert its investments in assets into profits. A higher ROA ratio indicates that the company is operating efficiently and can effectively manage its assets to produce a higher amount of net income. A low ROA ratio shows inefficient management, whereas a high ROA means that the company has efficient management. However, this ratio can be distorted by depreciation or any unusual expenses.

II. PRIOR RESEARCH

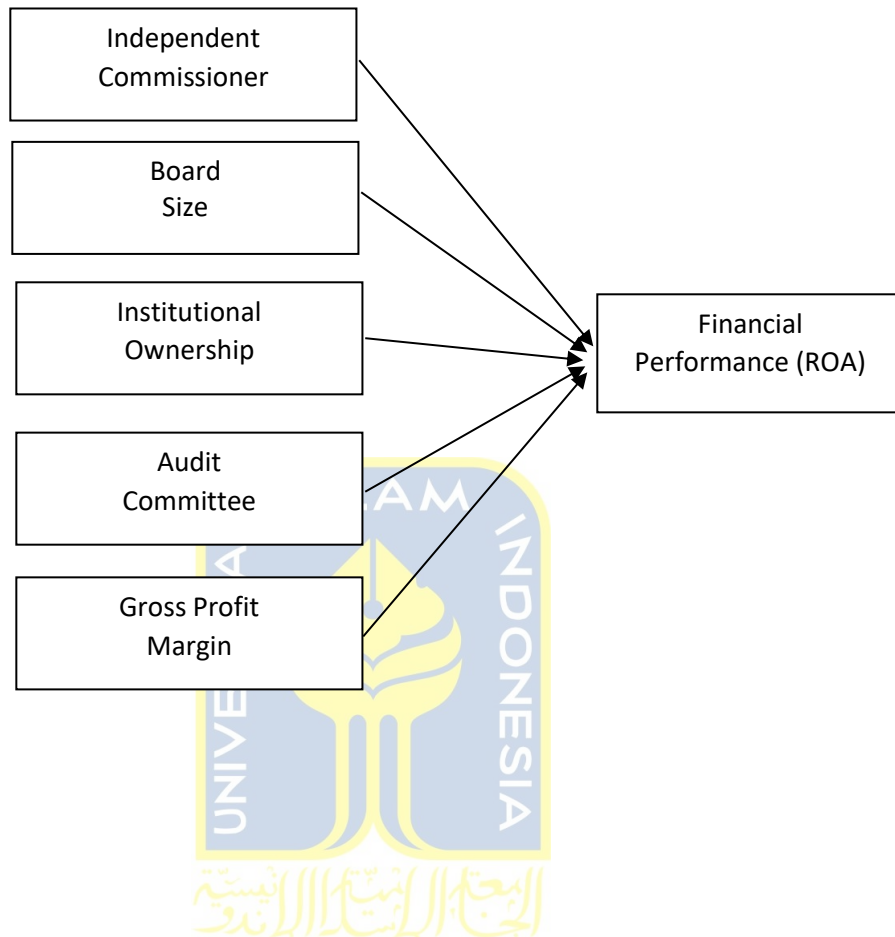
Based on a research conducted by Darmawati et al. (2005), corporate governance statistically affected the company's operating performance which was proxied by ROE. Sekaredi (2011) stated that institutional ownership has a significant positive influence towards a firm's financial performance. Gompers et al. (2003) found that there was a positive relationship between corporate governance and long-term corporate performance. Firdaus, BZ, & Diantimala (2018) also stated that Good Corporate Governance has influence toward the financial performance. However, there are also many researches proving that there is no correlation between corporate governance and a firm's financial performance. Meiryani (2015) found that the simultaneous effect of institutional ownership mechanism, composition of independent commissioner board, and audit committee

on the financial performance is not significant. Wulandari (2006) also found that the size of board of directors, independent board of commissioner, and institutional ownership do not have positive significant effect to company performance. Many research were conducted regarding to the influence of Gross Profit Margin towards Return on Asset ratio. Khamidah et al. (2018) found that Gross Profit Margin (GPM) has a negative, insignificant influence on Return on Assets (ROA). However, a research conducted by Sari et al. (2014) showed that profit margin has positive and significant influence on Return on Asset (ROA) of pharmacy companies on the Indonesian Stock Exchange in period of 2006-2010.

III. HYPOTHESIS FORMULATION

- 
- H₁** : Independent commissioner has significant influence on the financial performance of the company
- H₂** : Board size has significant influence on the financial performance of the company
- H₃** : Institutional ownership has significant influence on the financial performance of the company
- H₄** : Audit committee has significant influence on the financial performance of the company
- H₅** : Gross profit margin has significant influence on the financial performance of the company

IV. CONCEPTUAL FRAMEWORK



CHAPTER III

RESEARCH METHOD

I. OBJECT OF RESEARCH

This research aims to analyse corporate governance practices in property and real estate companies that are listed in Indonesia Stock Exchange period 2010-2017. The proportion of independent commissioners, board size, institutional ownership, audit committee and gross profit margin will be the independent variables of this research. All those factors will be elaborated in order to find any significant influence towards Return on Assets (ROA) ratio as dependent variable in this research.

II. POPULATION AND SAMPLING

The population of this research are companies in property and real estate sector listed on Indonesia Stock Exchange for the fiscal year of 2010-2017. This research uses purposive sampling method in order to gather appropriate samples for the research. Researcher set the criteria for the samples as follow:

- (1). Listed company on Indonesia Stock Exchange in property and real estate sector.
- (2). The company publish its annual report during 2010-2017.
- (3). The annual report contains all required information for the research.

By applying those criteria, researcher found 20 companies that are suitable to be analysed further.

The samples

No	Code	Company's Name
1	ASRI	PT Alam Sutera Realty Tbk
2	BIPP	PT Bhuwanatala Indah Permai Tbk
3	BKDP	PT Bukit Darmo Property Tbk
4	BSDE	PT Bumi Serpong Damai Tbk
5	CTRA	PT Ciputra Development Tbk
6	COWL	PT Cowell Development Tbk
7	DUTI	PT Duta Pertiwi Tbk
8	DILD	PT Intiland Development Tbk
9	KIJA	PT Kawasan Industri Jababeka Tbk
10	LPCK	PT Lippo Cikarang Tbk
11	LPKR	PT Lippo Karawaci Tbk
12	MTSM	PT Metro Realty Tbk
13	MKPI	PT Metropolitan Kentjana Tbk
14	MDLN	PT Modernland Realty Tbk
15	PWON	PT Pakuwon Jati Tbk
16	GPRA	PT Perdana Gapuraprima Tbk
17	PLIN	PT Plaza Indonesia Realty Tbk
18	RBMS	PT Ristia Bintang Mahkotasejati Tbk
19	BKSL	PT Sentul City Tbk
20	SMRA	PT Summarecon Agung Tbk

III. DATA COLLECTION METHOD

This research uses secondary data to collect the information needed in this research. Secondary data are collected by someone else for specific purposes which provide basic research principles (Mohajan, 2017). The data collected are from the annual report of listed company on Indonesia Stock Exchange in property and real estate sector during the fiscal year of 2010-2017. The data were obtained from both Indonesia Stock Exchange official website (idx.co.id) and from each company's official website.

IV. RESEARCH VARIABLES

IV.I. Dependent Variable

According to Sarikas (2018), dependent variable is the variable being studied and measured in a scientific experiment. In other words, dependent variable can be defined as a factor that is changed by the effect of other variables. In this research, the dependent variable is Return on Assets (ROA) ratio.

Return on Assets (ROA) ratio is one of the most popular and useful profitability ratios that has been used by manager, investors and analysts to measure the performance of the company. According to Horne dan Wachowicz (2005), ROA measures the overall effectiveness of a company in generating profit by using its available assets. ROA ratio gives an idea to investors of how efficient a company can convert its assets into earnings. The higher the ROA, the more satisfied investors will be. Usually ROA ratio is most useful if being used to compare companies in the same sector or industry because different sectors of business require different amount of assets. Generally, the formula for calculating Return on Assets ratio is:

$$ROA = \frac{\text{net income}}{\text{total assets}}$$

IV.II. Independent Variables

Independent variables are variables that is changed or controlled in the experiment in order to find the effects on the dependent variable. Independent

variables are not affected by the other variables. In this research, the independent variables are: 1) The proportion of independent commissioners; 2) Board size; 3) Institutional ownership; 4) Audit committee; 5) Gross profit margin.

1. The Proportion of Independent Commissioners (IC)

The independent commissioner is a member of the board of commissioner who do not have any relationships in financial, management, or related to member of board of commissioners, board of directors or controlling shareholders or other relationship which may influence them to act independently (Zulfikar et al., 2017).

$$IC = \frac{\text{Independent commissioners}}{\text{Total member of board of commissioners}} \times 100\%$$

2. Board Size (BS)

Board of directors is responsible to the shareholders for managing company's management. The role of board of directors is to monitor manager's behaviour and to give advice to the management regarding company's strategy implementation. The size of the board plays a significant role in the decision-making process, whether a decision can be made in an effective and efficient way.

$$BS = \text{Total member of board of directors}$$

3. Institutional Ownership (IO)

Institutional ownership is the amount of a company's available stock owned by mutual or [pension funds](#), insurance companies, investment

firms, private foundations, endowments or other large entities that manage funds on behalf of others (Kenton, 2018).

$$IO = \frac{\text{Institutional stock ownership}}{\text{Total of outstanding shares}} \times 100\%$$

4. Audit Committee (AC)

The role of company's audit committee is to give an oversight of the financial reporting process, the audit process and company's conformity to the laws and regulations. The composition of audit committee affects on how well the financial reporting standards applied, thus minimizing any fraud and manipulations by the management.

$$AC = \text{Total member of audit committee}$$

5. Gross Profit Margin (GPM)

Gross Profit Margin is one of the ratios to assess the profitability of a company. It reflects the efficiency a company in producing and selling the products to the customers.

$$GPM = \frac{\text{Revenue} - \text{Cost of Goods Sold}}{\text{Revenue}}$$

V. RESEARCH TECHNIQUE

V.I. Classical Assumption Test

The classical assumption test is a statistical test to determine the relation among variables in a research. The classic assumption test is an initial test of

the data before hypothesis testing and data analysis are performed. The test includes normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

a. Normality Test

The normality test aims to test whether in the regression model, the independent variables and the dependent variable have a normal distribution. The normality assessment in this research uses the normal P-P of Regression Standardized Residual graph test. If the data (which can be seen from the points on the graph) spreads and follows the diagonal line, it can be concluded that the data follows the normal distribution pattern. If the data spreads and tends to move away from the diagonal line and does not follow the diagonal line, it can be concluded that the data does not show a normal distribution pattern.

b. Multicollinearity Test

Multicollinearity test aims to determine whether there is any correlation among independent variables. A good regression model should not have a correlation between independent variables because if this happens, then the variables can be classified as similar. One way to detect the multicollinearity is to look at the Variance Inflation Factor (VIF) by using these criteria:

- If the tolerance value is > 0.1 and $VIF < 10$, it can be concluded that there is no multicollinearity between independent variables in the regression model.
- If the tolerance value is < 0.1 and $VIF > 10$, it can be concluded that there is multicollinearity between independent variables in the regression model.

c. Autocorrelation Test

Auto correlation is a characteristic of data which shows the degree of similarity between the values of the same variables over successive time intervals (Bock, n.d.). The assessment of autocorrelation in this research is by using the Durbin-Watson test (DW-test). The criteria of assessment as follows:

- If $dw < dl$, negative autocorrelation occurs
- If $dl < dw < du$, it cannot be concluded
- If $du < dw < 4-du$, there is no negative and positive autocorrelation
- If $4-du > dw < 4-dl$, it cannot be concluded
- If $4-dl < dw$, positive autocorrelation occurs

d. Heteroscedasticity Test

Heteroscedasticity is a term used in statistics to describe the case where the variance of errors or the model is not the same for all observations. However, in classical linear regression model, a homogenous error term is required. If the requirement is not fulfilled, it can be assumed that

heteroscedasticity has occurred in the data. In this research, the heteroscedasticity will be tested using scatterplot graph. The assessment of heteroscedasticity is done by observing the patterns that occur in the scatterplot graph. If dots or plots spread unevenly and or form certain regular patterns, heteroscedasticity is indicated. However, if the points spread above and below number 0 on the Y axis and there is no clear pattern, heteroscedasticity does not occur in the data.

V.II. Hypothesis Testing and Data Analysis

a. Multiple Regression Analysis

The analytical tool used in this study is multiple linear regression using SPSS software. Multiple linear regression testing is used to test the effect of the proportion of independent commissioners, board size, institutional ownership, and audit committee on the profitability ratio, especially the return on assets ratio. Hypothesis testing is done by using multiple linear regression. The regression equation is as follows:

$$ROA = \beta_0 + IC\beta_1 + BS\beta_2 + IO\beta_3 + AC\beta_4 + GPM\beta_5 + \varepsilon$$

Explanation:

ROA : Return on Assets ratio

β_0 : Constants

IC : Proportion of independent commissioners

β_1 : Regression coefficient of independent commissioners

BS : Board size

β_2 : Regression coefficient of board size

IO : Institutional ownership

β_3 : Regression coefficient of institutional ownership

AC : Audit committee
 β_4 : Regression coefficient of audit committee
GPM : Gross profit margin
 β_5 : Regression coefficient of gross profit margin
 ε : Error

b. Significance Testing (F-Test)

This test aims to test the significance of the influence of overall independent variables (independent commissioners, board size, institutional ownership, audit committee and gross profit margin) on the dependent variable (ROA ratio) by analysing at the significant F value. The statistical F-test basically shows whether all the independent variables in question in this model has a joint or simultaneous influence on the dependent variable. If the significance value is greater than 5%, the hypothesis is rejected and if the significance value is less than 5%, the hypothesis is accepted (Ghozali, 2011). Thus, if the sig. value is less than 5%, it can be concluded that independent commissioners, board size, institutional ownership, audit committee and Gross Profit Margin (GPM) altogether have a significant effect on ROA ratio.

c. T-Test

The T-test is one of many tests used for hypothesis testing in statistics. A t-test is used as a hypothesis testing tool, which allows testing of an assumption applicable to a population (Kenton, 2019). Unlike the F-test, the T-test is used to analyse the influence of each independent variable

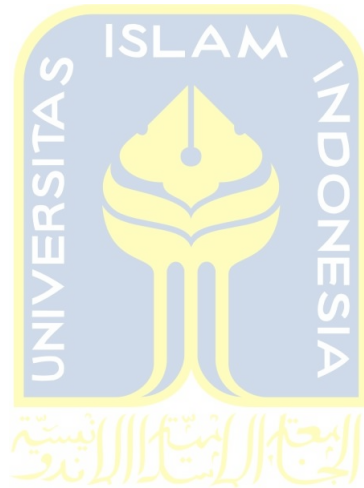
individually to the dependent variable. Partial testing of regression is intended to determine whether the independent variables individually have an influence on the dependent variable assuming the other variables are constant. Significance test of t value is used to test the significance of the effect of each independent variable on the dependent variable. The criteria to accept the hypothesis as follows:

- H_1 is supported if the regression coefficient β_1 is positive and has p-value ≤ 0.05 .
- H_2 is supported if the regression coefficient β_2 is positive and has p-value ≤ 0.05 .
- H_3 is supported if the regression coefficient β_3 is positive and has p-value ≤ 0.05 .
- H_4 is supported if the regression coefficient β_4 is positive and has p-value ≤ 0.05 .
- H_5 is supported if the regression coefficient β_5 is positive and has p-value ≤ 0.05 .

d. Coefficient of Determination (R squared)

Coefficient of determination indicates the proportion of the [variance](#) in the dependent variable (Y) that is predicted or explained by linear regression and the predictor variable or the independent variable (X) (Enders, n.d.). The value closer to 1.00 means that the independent

variable is able to provide the information needed to predict dependent variation (Ghozali, 2011).



CHAPTER IV
DATA ANALYSIS AND DISCUSSIONS

I. GENERAL EXPLANATION OF RESEARCH OBJECTS

The samples in this research are property and real estate companies listed on Indonesia Stock Exchange period 2010-2017. Based on purposive sampling method that had been conducted, 20 companies are considered to meet the criteria.

The sample selection are as follows:

Criteria	Shortlisted Companies
Property and real estate companies listed on Indonesia Stock Exchange period 2010-2017	37
Companies with incomplete reports	(17)
Total companies	20
Years of observation	8
Total samples	160

II. DESCRIPTIVE STATISTICS

Descriptive statistics means summarizing and organizing the data so they can be easily understood (Narkhede, 2018). Unlike inferential statistics, descriptive statistics only focusing on describing the data, not to generate a conclusion. The descriptive statistics of this research are as follows:

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IO	160	5.85	95.43	56.4426	22.94021
BS	160	2.00	12.00	5.4312	2.09708
IC	160	.25	.83	.4391	.11302
AC	160	2.00	5.00	3.0813	.35416
GPM	160	-191.91	78.95	48.5450	28.90310
ROA	160	-.10	.25	.0495	.05881
Valid N (listwise)	160				

1. Institutional Ownership

From the result we can see that the mean value of institutional ownership is 56.44 which can be inferred that the company is mainly owned by organizational shareholders rather than individual ownership, so the monitoring activity towards the company's management and operation can be done more effectively. However, the percentage of institutional ownership of PT Kawasan Industri Jababeka Tbk in 2010 is only 5.85, this number is low compared with the highest result 95.43 owned by PT Cowell Development Tbk.

2. Board Size

The result shows that the average value of the board size is 5.43, it means that in average, a company may have 5 people that hold the responsibility as the board of directors. The minimum value of board size is 2.00 that came from PT Ristia Bintang Mahkotasejati Tbk in 2010, 2014, and 2015, PT Cowell Development Tbk in 2011 and 2013, and PT Metro Realty Tbk in 2011-2013. In other hand, the maximum value is 12.00 from PT Ciputra Development Tbk in 2017.

3. Independent Commissioners

The proportion of independent commissioners is 0.44 in average. It means that most of companies have been in accordance with the regulation set by Indonesia Stock Exchange number Kep-305 / BEI / 07-2004 which states that each public company must have at least 30% independent commissioners of the total members of the Board of Commissioners. However, the lowest proportion of independent commissioners is 0.25 that came from the data of PT Plaza Indonesia Realty Tbk in 2015, 2016 and 2017. Other than that, the proportion of independent commissioners of other companies are already above 30%.

4. Audit Committee

The average number of audit committee member is 3.08. Based on a regulation issued by the Capital Market Supervisory Agency and Financial Institution rule number IX.1.5, the member of audit committee should consist of minimum 3 people that 1 person acts as audit committee chairman. As the result has shown, it means that most of the companies has followed the regulation set.

5. Gross Profit Margin (GPM)

The average value of Gross Profit Margin is 48.54% that means in every product sold, the company earns 48.54% profits of the total price, before other business expenses are paid. It means that the higher the percentage, the company gains more profit from its product sales. The lowest percentage is -

192% from PT Bukit Darmo Property Tbk in 2013 and the highest result is 79% from PT Duta Pertiwi Tbk in 2017.

6. Return on Assets (ROA)

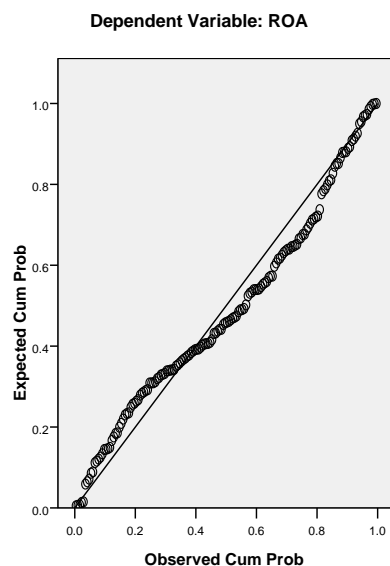
The descriptive statistics shows that Return on Assets ratio is ranged between -0.10 to 0.25 with the average value of 0.0495. It means that in average, companies can obtain 4.95% of revenue from their assets. Company that has the highest ROA ratio is PT Modernland Realty Tbk in 2013 with the ratio of 25%, whereas a company with the lowest ROA is PT Bhuwanatala Indah Permai Tbk in 2011 with the ROA ratio of -10.33%.

III. CLASSICAL ASSUMPTION TEST

III.I. Normality Test

Normality test aims to test whether in the regression model, the independent variables and the dependent variable have a normal distribution. The normal P-P of Regression Standardized Residual graph test is being used in this research to conduct the normality test.

Normal P-P Plot of Regression Standardized Residual



The normal P-P of Regression Standardized Residual graph above shows that the spread of data is around the diagonal line and its spread follows the direction of the diagonal line of the graph. In other words, the existence of points around the line and on the Scatter Plot, the points appear to spread around linear lines, this indicates that the model is normally distributed.

III.II. Multicollinearity Test

Multicollinearity test aims to determine whether there is any correlation among independent variables. In the regression model, among the independent variables should not be correlated in order to obtain a reliable result.

Multicollinearity Test Result

Variable	Tolerance	VIF	Explanation
IO	0.897	1.114	No multicollinearity
BS	0.896	1.116	No multicollinearity
IC	0.859	1.164	No multicollinearity
AC	0.916	1.091	No multicollinearity
GPM	0.906	1.104	No multicollinearity

Sumber : Data primer diolah

The result of multicollinearity test shows that all independent variables that consist of institutional ownership, board size, independent commissioner, audit committee and Gross Profit Margin (GPM) have no multicollinearity among them. The conclusion can be obtained by analysing the tolerance value and VIF value of each variable. All of the independent variables have the tolerance value of above 0.1 and the VIF value below 10, so it can be concluded that there is no multicollinearity among independent variables.

III.III. Autocorrelation Test

Autocorrelation test aims to analyse whether the error terms in a time series transfer from one period to another. This research uses the Durbin-Watson test (DW test). The result is presented in the following table:

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.524 ^a	.274	.251	.05090	1.813

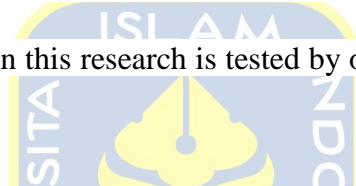
a. Predictors: (Constant), GPM, AC, IO, BS, IC

b. Dependent Variable: ROA

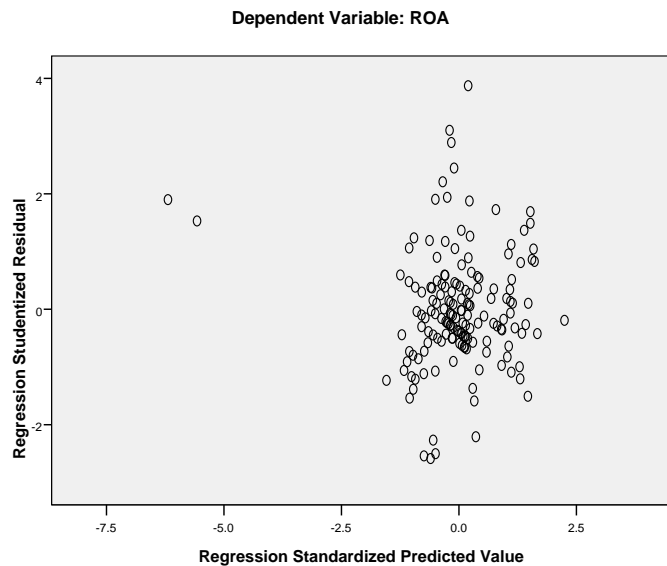
The table above shows that the value of DW is 1.813 and dU is 1.802 that the result can be summed up into formulation of $dU < DW < 4-dU$, $1.802 < 1.813 < 2.198$ which means that there is no autocorrelation exist in the regression model.

III.IV. Heteroscedasticity Test

Heteroscedasticity is a term used in statistics to describe the case where the variance of errors or the model is not the same for all observations. The heteroscedasticity in this research is tested by observing the scatterplot graph as below:



Scatterplot



The pattern in the scatterplot shows that the dots spread randomly both above and below the number 0 on the Y axis, and it indicates that heteroscedasticity does not occur in the regression model.

IV. HYPOTHESIS TESTING

IV.I. F-Test

The statistical F-test shows whether all the independent variables in question in this model has a joint or simultaneous influence on the dependent variable. If the significance value is greater than 5%, the hypothesis is rejected and if the significance value is less than 5%, the hypothesis is accepted (Ghozali, 2011).

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.151	5	.030	11.648	.000 ^a
	Residual	.399	154	.003		
	Total	.550	159			

a. Predictors: (Constant), GPM, AC, IO, BS, IC

b. Dependent Variable: ROA

The result of statistical f-test shows that the significance value is less than 5% which indicates that independent commissioner, board size, institutional ownership, audit committee and Gross Profit Margin (GPM) has simultaneous influence on the company's Return on Asset (ROA).

IV.II. T-Test

The t-test is used in statistics to test how each independent variable influences the dependent variable partially. The t-test basically shows how far the influence of one independent variable explains the variation of the dependent variable (Ghozali, 2006). Significance test of t value is used to test the significance of the effect of each independent variable on the dependent variable. All hypothesis will be accepted if the sig. value of the t-test is less than 0.05.



Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.122	.046		-2.651	.009		
	IO	.000	.000	.105	1.452	.149	.897	1.114
	BS	.005	.002	.181	2.497	.014	.896	1.116
	IC	-.017	.039	-.033	-.452	.652	.859	1.164
	AC	.033	.012	.196	2.740	.007	.916	1.091
	GPM	.001	.000	.360	4.985	.000	.906	1.104

a. Dependent Variable: ROA



As the table above has shown, a regression model can be inferred as follows:

$$ROA = -0.122 + 0.000 IO + 0.005 BS - 0.017 IC + 0.033 AC + 0.001 GPM + e$$

1. The value of constant is -0.122 which means that the value of Return on Asset is -0.122 if all the value of independent variables is 0.
2. Institutional ownership has 0.000 of coefficient of regression which means that if the value of institutional ownership goes up one unit with the assumption that other independent variables are constant, the value of ROA will not be affected.
3. The coefficient of regression of board size shows the value of 0.005, it can be concluded that if the value of board size goes up one unit with the

assumption that other independent variables are constant, the value of ROA will increase by 0.005.

4. The coefficient of regression of independent commissioner shows the value of -0.017, it can be inferred that if the value of independent commissioner goes up one unit and the other independent variables are constant, the value of ROA will decrease by -0.017.
5. The coefficient of regression of audit committee shows the value of 0.033, that can be interpreted if the value of audit committee goes up one unit and the other independent variables assumed to be constant, the value of ROA will increase by 0.033.
6. The coefficient of regression of Gross Profit Margin (GPM) shows the value of 0.001, that means if the value of GPM goes up one unit with the assumption that the other independent variables are constant, the value of ROA will increase by 0.001.

IV.III. Coefficient of Determination (R squared)

Coefficient of determination is used to assess how much the dependent variable is explained by the independent variables while the rest is caused by other factors from outside of the model. It shows the percentage variation in y which is explained by all the x variables together (Bansal, n.d.). The higher the percentage is preferable in the research model.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.524 ^a	.274	.251	.05090	1.813

a. Predictors: (Constant), GPM, AC, IO, BS, IC

b. Dependent Variable: ROA

The table above shows the coefficient of determination of 0.274, means that 27.4% variance of Return on Asset are explained by the independent commissioner, institutional ownership, board size, audit committee and Gross Profit Margin (GPM), while the rest are influenced by other factors outside of the model.

V. DISCUSSIONS

1. The Influence of Independent Commissioner towards Return on Assets (ROA).

The hypothesis tested in this research is H_1 : Independent commissioner has significant influence on the financial performance of the company. The statistical test showed that independent commissioner has coefficient of regression of -0.017 and sig. value of 0.652 which is higher than 5%. The results can be interpreted that the proportion of independent commissioner has negative and insignificant effect on Return on Assets (ROA) of the company. This result is supported by the research conducted by Veronica & Utama (2006) whose found that corporate governance practices measured by the proportion of independent commissioners is not proven to significantly affect the amount of earnings management conducted by the manager. The reason is that the existence of

independent commissioners in the company is just as a formality to fulfil the regulations, thus the monitoring function towards the company's policies and operation is not performed effectively and efficiently. As a conclusion, **the first hypothesis is rejected.**

2. The Influence of Board Size towards Return on Assets (ROA).

The hypothesis tested in this research is H_2 : Board size has significant influence on the financial performance of the company. The statistical test showed that the board size has coefficient of regression of 0.005 and sig. value of 0.014 which is less than 5%. The results above can be interpreted that the board size has a positive and significant effect on Return on Asset (ROA). This result is supported by the previous research conducted by Hapsoro (2008) stated that the board size has positive influence towards company's financial performance. The size improvement of board of directors will provide benefits to the company as it will build a broader network with the outside parties of the company and the availability of resources can be guaranteed. As a conclusion, **the second hypothesis is accepted.**

3. The Influence of Institutional Ownership towards Return on Asset (ROA).

The hypothesis tested in this research is H_3 : Institutional ownership has significant influence on the financial performance of the company. The statistical test showed that institutional ownership has coefficient of regression of 0.000 and the sig. value of 0.149 which is more than 5%. It indicates that institutional ownership does not have significant influence towards company's Return on Asset (ROA). Larasanti (2003) found that institutional ownership is not

significantly affect the firm value and company's financial performance. Wulandari (2006) and Hapsoro (2008) found that institutional ownership does not affect the company's financial performance because in general, institutions and organizations hold the majority ownership in the company. Thus, the majority shareholders will control the company and they tend to act in their own interests even at the expense of the interest of minority shareholders. Therefore, **the third hypothesis is rejected.**

4. The Influence of Audit Committee towards Return on Asset (ROA).

The hypothesis tested in this research is H_4 : Audit committee has significant influence on the financial performance of the company. The statistical test showed the coefficient of regression of audit committee is 0.033 with the sig. value of 0.007 which is less than 5%. It indicates that the audit committee has positive and significant influence towards company's Return on Asset (ROA). Audit committee is a team formed by the board of commissioners that works professionally and independently to help and strengthen the function of commissioners board in carrying out supervisory function on the financial reporting process, risk management, audit process as well as corporate governance practices in the company. Therefore, **the fourth hypothesis is accepted.**

5. The Influence of Gross Profit Margin (GPM) towards Return on Asset (ROA).

The hypothesis being tested in this research is H_5 : Gross profit margin has significant influence on the financial performance of the company. The statistical test showed that Gross Profit Margin (GPM) has coefficient of regression of 0.001

and sig. value of 0.000 which is below 5%. It can be concluded that Gross Profit Margin (GPM) has a positive and significant effect on Return on Asset (ROA), because the GPM and ROA are both included in profitability ratios that the result may affect each other. Therefore, **the fifth hypothesis is accepted.**



CHAPTER V

CONCLUSION AND RECOMMENDATION

I. CONCLUSION

This research is conducted with the objective to measure the influence of corporate governance as well as Gross Profit Margin (GPM) towards company's Return on Assets. The population of this research are companies in property and real estate sub-sector that listed in Indonesia Stock Exchange during the period of 2010-2017 with the total samples of 160. The writer used secondary data to obtain the information needed for the research purpose. The independent variables included in this research are independent commissioner, institutional ownership, board size, audit committee and Gross Profit Margin (GPM). Whereas the Return on Assets (ROA) is used as the dependent variable in the research model.

The statistical test has shown that board size, audit committee and Gross Profit Margin (GPM) have positive and significant influence towards company's Return on Assets (ROA). However, independent commissioner and institutional ownership did not affect the Return on Assets (ROA) significantly. In conclusion, two out of five hypotheses are rejected in this research.

II. RESEARCH LIMITATION

1. This research only focused on property and real estate company which does not reflect the overall conditions of the other business sectors.

2. The data used in this research were limited to the period during 2010-2017 whereas the implementation of corporate governance and its impact towards company's financial performance would be more observable during long term period.
3. This research only observed the influence of independent commissioner, institutional ownership, board size, audit committee and Gross Profit Margin (GPM) towards the Return on Assets (ROA) of the company. Thus, the value of coefficient of determination obtained is still low which only 27.4%.

III. RECOMMENDATION

According to the conclusion and the research limitation the writer has presented above, there are many recommendations that each user of this paper could consider:

1. The Company Management

The management could improve the quality of corporate governance and other factors that can influence the value of profitability ratio of the firm.

2. Investors

Investors may gain more understanding about corporate governance and its importance in affecting the Return on Assets (ROA) of the company which this ratio is important for the investors to make any investing decisions.

3. The Next Researcher

The next researcher could expand the time period of the observation to obtain clearer result of the impact of corporate governance. The business sector observed could also be changed into another in order to comprehend the implication of corporate governance in other business sectors.



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APPENDICES

Appendix 1

List of Property and Real Estate Companies

No	Code	Company's Name
1	ASRI	PT Alam Sutera Realty Tbk
2	BIPP	PT Bhuwanatala Indah Permai Tbk
3	BKDP	PT Bukit Darma Property Tbk
4	BSDE	PT Bumi Serpong Damai Tbk
5	CTRA	PT Ciputra Development Tbk
6	COWL	PT Cowell Development Tbk
7	DUTI	PT Duta Pertiwi Tbk
8	DILD	PT Intiland Development Tbk
9	KIJA	PT Kawasan Industri Jababeka Tbk
10	LPCK	PT Lippo Cikarang Tbk
11	LPKR	PT Lippo Karawaci Tbk
12	MTSM	PT Metro Realty Tbk
13	MKPI	PT Metropolitan Kentjana Tbk
14	MDLN	PT Modernland Realty Tbk
15	PWON	PT Pakuwon Jati Tbk
16	GPRA	PT Perdana Gapuraprima Tbk
17	PLIN	PT Plaza Indonesia Realty Tbk
18	RBMS	PT Ristia Bintang Mahkotasejati Tbk
19	BKSL	PT Sentul City Tbk
20	SMRA	PT Summarecon Agung Tbk

Appendix 2

Data Observed

CODE	YEAR	IC	BS	IO	AC	GPM	ROA
ASRI	2010	0.40	4	49.52	3	51.39	0,063314008
BIPP	2010	0.50	4	42.84	3	37.05	-0,026216715
BKDP	2010	0.50	4	42.16	3	37.75	-0,01445874
BSDE	2010	0.43	10	60.70	3	62.03	0,044439091
CTRA	2010	0.50	9	38.71	3	43.40	0,027505883
COWL	2010	0.50	3	66.15	3	51.27	0,031471365
DUTI	2010	0.40	9	85.31	3	72.26	0,069935027
DILD	2010	0.33	8	60.75	4	55.80	0,076206499
KIJA	2010	0.50	5	5.85	3	41.69	0,018622965
LPCK	2010	0.60	5	42.20	3	44.24	0,039105501

LPKR	2010	0.63	5	18.71	3	48.76	0,032456409
MTSM	2010	0.50	4	82.00	3	24.01	0,017831799
MKPI	2010	0.32	6	82.60	4	56.58	0,144563949
MDLN	2010	0.50	3	65.16	3	61.56	0,018990848
PWON	2010	0.67	6	80.89	3	45.56	0,069478767
GPRA	2010	0.40	3	89.52	3	45.22	0,029689425
PLIN	2010	0.50	5	81.87	3	49.34	0,117450722
RBMS	2010	0.33	2	64.43	3	42.58	0,003995342
BKSL	2010	0.40	8	63.56	4	47.92	0,017273406
SMRA	2010	0.40	7	38.44	3	44.28	0,038027943
ASRI	2011	0.40	4	52.62	3	58.97	0,100149644
BIPP	2011	0.50	4	52.75	3	39.49	-0,103299437
BKDP	2011	0.50	4	42.16	3	24.41	-0,02128439
BSDE	2011	0.38	10	60.70	3	63.61	0,079143192
CTRA	2011	0.50	9	38.71	3	47.88	0,02818461
COWL	2011	0.50	2	66.07	3	47.53	0,086396229
DUTI	2011	0.33	9	85.31	3	73.96	0,081416774
DILD	2011	0.33	8	49.58	4	44.52	0,025897245
KIJA	2011	0.50	5	23.46	3	53.43	0,05826521
LPCK	2011	0.60	5	42.20	3	43.09	0,126192941
LPKR	2011	0.57	7	17.88	3	45.26	0,044585503
MTSM	2011	0.50	2	81.00	3	29.24	0,044650967
MKPI	2011	0.35	6	82.60	4	58.63	0,151034582
MDLN	2011	0.50	4	56.21	3	58.09	0,038186922
PWON	2011	0.67	6	83.4	3	49.71	0,065892165
GPRA	2011	0.33	3	89.52	2	46.39	0,036282674
PLIN	2011	0.50	5	76.79	3	53.81	0,019601343
RBMS	2011	0.33	3	24.18	3	46.98	-0,102697696
BKSL	2011	0.50	8	29.60	3	51.63	0,025792091
SMRA	2011	0.50	7	37.87	3	44.38	0,047993365
ASRI	2012	0.40	5	55.45	5	59.96	0,108959479
BIPP	2012	0.67	3	54.58	3	52.15	-0,084819033
BKDP	2012	0.50	4	42.16	3	-165.87	-0,06488836
BSDE	2012	0.38	10	50.45	3	63.87	0,08825468
CTRA	2012	0.40	8	37.95	3	50.16	0,039212198
COWL	2012	0.33	3	94.74	3	45.37	0,039173546
DUTI	2012	0.33	8	85.31	3	67.14	0,093037639
DILD	2012	0.33	8	42.13	4	39.32	0,032902809
KIJA	2012	0.50	4	17.53	3	61.41	0,053692033
LPCK	2012	0.50	5	42.20	3	51.36	0,143722397
LPKR	2012	0.71	8	17.88	3	45.79	0,053191977
MTSM	2012	0.50	2	81.00	3	35.06	0,038372345

MKPI	2012	0.29	6	80.66	4	58.89	0,142194007
MDLN	2012	0.50	4	41.15	3	49.55	0,056724611
PWON	2012	0.67	6	70.39	3	56.98	0,101310355
GPRA	2012	0.33	3	89.39	2	54.13	0,04295474
PLIN	2012	0.50	5	88.84	3	46.88	0,059420079
RBMS	2012	0.33	3	20.38	3	46.24	0,012583221
BKSL	2012	0.43	9	48.34	3	55.20	0,035898232
SMRA	2012	0.50	7	41.82	3	45.97	0,072826205
ASRI	2013	0.40	5	52.00	4	49.87	0,060769363
BIPP	2013	0.33	3	66.35	3	55.95	0,194844937
BKDP	2013	0.50	4	42.16	3	-191.91	-0,069946155
BSDE	2013	0.38	9	50.45	3	72.56	0,128727094
CTRA	2013	0.50	8	38.56	3	50.16	0,048556858
COWL	2013	0.33	2	93.32	3	59.23	0,025040915
DUTI	2013	0.33	7	88.56	3	72.52	0,101270979
DILD	2013	0.33	8	42.13	4	46.75	0,043793242
KIJA	2013	0.50	5	19.97	3	42.76	0,012656029
LPCK	2013	0.57	4	42.20	3	55.93	0,153241162
LPKR	2013	0.75	6	17.88	3	45.70	0,050877724
MTSM	2013	0.50	2	81.00	3	31.99	-0,021165072
MKPI	2013	0.32	5	76.26	4	55.74	0,128773105
MDLN	2013	0.40	4	36.91	3	76.62	0,254118363
PWON	2013	0.67	7	52.19	3	58.25	0,122232474
GPRA	2013	0.33	3	90.35	2	58.23	0,079924768
PLIN	2013	0.33	5	89.07	3	58.76	0,008079596
RBMS	2013	0.33	3	20.51	3	58.71	-0,087951226
BKSL	2013	0.43	8	41.58	3	62.07	0,056732784
SMRA	2013	0.50	9	37.64	3	52.53	0,080231149
ASRI	2014	0.40	5	51.48	3	63.53	0,064842482
BIPP	2014	0.33	3	66.35	3	55.04	0,031831645
BKDP	2014	0.50	4	42.16	3	49.54	0,008677022
BSDE	2014	0.38	9	52.80	3	74.15	0,142047375
CTRA	2014	0.50	8	38.36	3	52.55	0,056903985
COWL	2014	0.33	3	93.32	3	58.88	0,044913883
DUTI	2014	0.33	7	88.56	3	74.96	0,087104324
DILD	2014	0.33	8	42.13	3	54.20	0,048020314
KIJA	2014	0.50	5	19.97	3	44.73	0,046330709
LPCK	2014	0.44	4	42.20	3	58.97	0,195860252
LPKR	2014	0.67	6	23.13	3	46.31	0,083027398
MTSM	2014	0.50	3	81.00	3	10.27	-0,01186561
MKPI	2014	0.32	6	76.26	4	55.54	0,101353864
MDLN	2014	0.40	4	35.96	3	56.34	0,068078672

PWON	2014	0.67	7	57.61	3	55.73	0,154980676
GPRA	2014	0.33	3	83.59	3	49.98	0,060773236
PLIN	2014	0.33	6	89.46	3	62.31	0,07882277
RBMS	2014	0.33	2	20.35	3	48.97	0,019246201
BKSL	2014	0.40	6	47.63	3	45.50	0,004157515
SMRA	2014	0.50	9	37.64	3	52.27	0,09021872
ASRI	2015	0.40	6	51.48	3	73.86	0,031882392
BIPP	2015	0.33	3	76.99	3	61.29	0,094178061
BKDP	2015	0.33	4	42.16	3	25.69	-0,035677913
BSDE	2015	0.40	8	53.04	3	74.69	0,065275953
CTRA	2015	0.33	5	43.92	3	49.62	0,048886366
COWL	2015	0.50	4	92.40	3	65.45	-0,05047588
DUTI	2015	0.33	7	88.56	3	76.98	0,074426634
DILD	2015	0.33	7	42.13	3	47.38	0,040725204
KIJA	2015	0.40	5	25.85	3	44.22	0,034026594
LPCK	2015	0.38	5	42.20	3	54.66	0,167067705
LPKR	2015	0.63	8	23.13	3	44.95	0,024781174
MTSM	2015	0.50	4	81.00	3	13.54	-0,05305756
MKPI	2015	0.32	6	76.26	4	51.94	0,155819091
MDLN	2015	0.40	4	34.04	3	56.57	0,068007222
PWON	2015	0.67	7	52.19	3	57.70	0,074584353
GPRA	2015	0.33	4	72.23	3	56.06	0,046305744
PLIN	2015	0.25	6	87.34	3	63.36	0,0598768
RBMS	2015	0.33	2	20.27	3	45.56	-0,016929525
BKSL	2015	0.50	4	54.57	3	41.08	0,005533307
SMRA	2015	0.50	8	37.64	3	51.69	0,056725934
ASRI	2016	0.40	4	43.89	3	53.94	0,02520446
BIPP	2016	0.33	3	76.99	3	64.08	0,016519455
BKDP	2016	0.50	4	38.06	3	21.14	-0,036872309
BSDE	2016	0.40	8	73.29	3	71.78	0,053210245
CTRA	2016	0.33	5	46.44	3	48.81	0,029642047
COWL	2016	0.50	4	95.43	3	61.53	-0,006724799
DUTI	2016	0.50	5	88.56	3	75.98	0,086734599
DILD	2016	0.33	7	42.14	3	45.53	0,02511394
KIJA	2016	0.40	5	24.86	3	42.41	0,039738987
LPCK	2016	0.43	5	42.20	3	47.91	0,095485645
LPKR	2016	0.83	8	72.33	3	41.69	0,026913923
MTSM	2016	0.50	4	81.00	3	8.07	-0,02794116
MKPI	2016	0.28	6	76.26	4	56.51	0,181388013
MDLN	2016	0.40	4	32.32	3	64.97	0,034480464
PWON	2016	0.33	6	56.13	3	56.88	0,086110225
GPRA	2016	0.33	4	85.24	3	51.21	0,0299466

PLIN	2016	0.25	6	91.70	3	63.82	0,15820526
RBMS	2016	0.50	3	21.10	3	41.01	-0,040080952
BKSL	2016	0.50	5	48.80	3	61.31	0,049511563
SMRA	2016	0.50	8	37.64	3	48.14	0,029074559
ASRI	2017	0.40	4	47.25	3	60.66	0,066574255
BIPP	2017	0.33	3	71.49	3	39.71	-0,017747324
BKDP	2017	0.50	4	38.06	3	5.35	-0,055099496
BSDE	2017	0.40	8	76.45	3	73.36	0,112439313
CTRA	2017	0.38	12	46.93	3	46.87	0,028207576
COWL	2017	0.50	4	93.23	3	63.74	-0,019297184
DUTI	2017	0.50	5	88.56	3	78.95	0,061333748
DILD	2017	0.33	7	62.29	3	43.39	0,020732433
KIJA	2017	0.40	5	58.34	3	37.96	0,013299868
LPCK	2017	0.50	7	53.88	3	42.21	0,029765167
LPKR	2017	0.80	6	67.23	3	41.28	0,015095157
MTSM	2017	0.50	4	81.00	3	10.32	-0,05986098
MKPI	2017	0.28	6	77.07	4	56.21	0,174814288
MDLN	2017	0.40	4	36.18	3	60.64	0,042108735
PWON	2017	0.33	6	69.74	3	58.84	0,086675436
GPRA	2017	0.33	4	73.50	3	53.71	0,024886316
PLIN	2017	0.25	7	90.87	3	61.97	0,061707654
RBMS	2017	0.50	3	21.39	3	38.82	0,066372741
BKSL	2017	0.50	4	42.55	3	59.24	0,031285164
SMRA	2017	0.50	8	37.64	3	45.51	0,02457853

Appendix 3

Descriptive Statistics Table

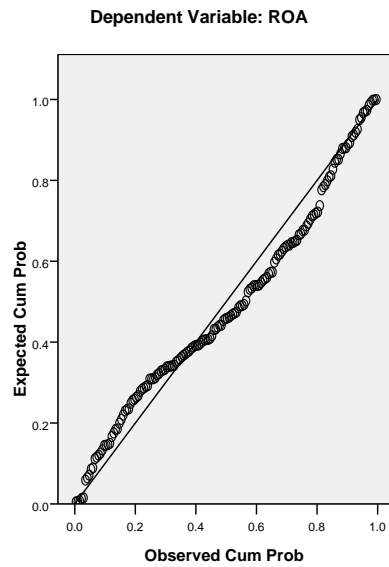
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IO	160	5.85	95.43	56.4426	22.94021
BS	160	2.00	12.00	5.4312	2.09708
IC	160	.25	.83	.4391	.11302
AC	160	2.00	5.00	3.0813	.35416
GPM	160	-191.91	78.95	48.5450	28.90310
ROA	160	-.10	.25	.0495	.05881
Valid N (listwise)	160				

Appendix 4

Normality Test Graph

Normal P-P Plot of Regression Standardized Residual



Appendix 5

Multicollinearity Table

Variable	Tolerance	VIF	Explanation
IO	0.897	1.114	No multicollinearity
BS	0.896	1.116	No multicollinearity
IC	0.859	1.164	No multicollinearity
AC	0.916	1.091	No multicollinearity
GPM	0.906	1.104	No multicollinearity

Appendix 6

Autocorrelation Table

Model Summary^b

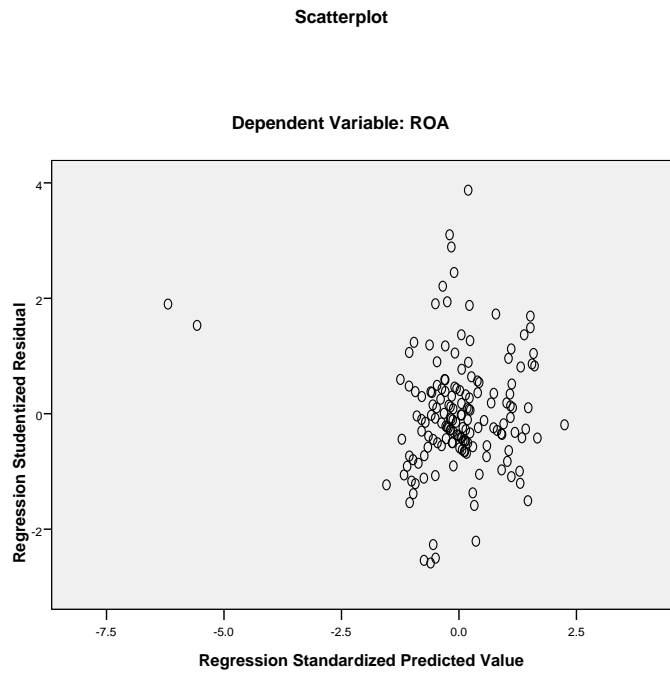
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.524 ^a	.274	.251	.05090	1.813

a. Predictors: (Constant), GPM, AC, IO, BS, IC

b. Dependent Variable: ROA

Appendix 7

Heteroscedasticity Graph



Appendix 8

F-Test Table

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.151	5	.030	11.648	.000 ^a
	Residual	.399	154	.003		
	Total	.550	159			

a. Predictors: (Constant), GPM, AC, IO, BS, IC

b. Dependent Variable: ROA

Appendix 9

T-Test Table

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.122	.046		-2.651	.009		
	IO	.000	.000	.105	1.452	.149	.897	1.114
	BS	.005	.002	.181	2.497	.014	.896	1.116
	IC	-.017	.039	-.033	-.452	.652	.859	1.164
	AC	.033	.012	.196	2.740	.007	.916	1.091
	GPM	.001	.000	.360	4.985	.000	.906	1.104

a. Dependent Variable: ROA

Appendix 10

Coefficient of Determination Table



Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.524 ^a	.274	.251	.05090	1.813

a. Predictors: (Constant), GPM, AC, IO, BS, IC

b. Dependent Variable: ROA

