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The Effect of Governance Size to Profitability

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Abstract— *To be able to compete in the global market, every company must always increase its profitability. One way for companies to improve their profitability is by implementing good corporate governance. The purpose of this study was to study the influence of the size of the board of commissioners, the size of the board of directors, and the size of the audit committee on profitability. This research uses quantitative method. The population is mining companies listed on the Indonesia Stock Exchange. The research sample is a mining company listed on the Indonesia Stock Exchange for the period 2015-2019. The results showed that the size of the board of commissioners had no effect on profitability, the size of the board of directors had an effect on profitability, and the size of the audit committee had no effect on profitability.*

I. INTRODUCTION

To be able to compete in the global market the company must improve the performance of its company. Company performance is the value generated by the company in a certain period with reference to a certain standard. The company's performance can be measured by the profitability of the company. Profitability is the ability of a company to make a profit in a certain period. In an effort to improve and maintain the sustainability of a company, profitability has an important meaning because profitability can be a gauge to know the future profit prospects of the company. The financial condition of a company can be demonstrated by its level of profitability.

The performance of PT Adaro Energy Tbk for example has improved from 2015 to 2019 with an overall total of US$ 744.4. Figures 1.1 and 1.2 show the company's core earnings that increased from 2015 to 2018. However, in 2019 experienced a slight decrease of US$ 93 and gross profit margin of 5.5%.

Financial Highlights (US$)	2015	2016	2017	2018	2019	Ringkasan Keuangan (AS$)
Total Assets	439.0	470.1	532.5	757.7	745.6	Total Aset
Total Liabilities	267.8	283.4	389.8	587.2	535.6	Total Liabilitas
Interest Bearing Debt	210.8	202.4	249.7	434.2	395.4	Utang Berbunga
Total Equity	171.2	186.7	142.7	170.5	210.0	Total Ekuitas
Operating Revenues	432.6	443.2	537.4	711.0	744.4	Pendapatan Usaha
Operational Statistics						**Statistik Operasional**
Overburden Removal	151.1	163.1	179.2	220.6	231.0	Pengupasan lapisan penutup (Mbcm)
Coal Production	29.5	35.3	35.4	44.9	49.2	Batubara yang ditambang (Mt)

Fig. 1.1. Financial Summary PT. Adaro Energy Tbk

One way for companies to increase profitability is by implementing Good Corporate Governance. According to Muslih (2019) Good Corporate Governance is a structure and process that exists in the company. This understanding is a very global and comprehensive understanding. Structures and processes are organs that exist in an entity and its working processes. Corporate governance is applied to each company with the aim of improving the performance of the company.

Fig. 1.2. Core Earning Graph PT. Adaro Energy Tbk
Source: Annual Report PT. Adaro Energy Tbk

The existence of GCG principle is expected that the company can operate by meeting the targeted profit so as to increase the value of the company. The implementation of good GCG can be beneficial to increase productivity and efficiency of the company which of course affects the company's profit and investor confidence. With good corporate governance, it will automatically increase a large profit. According to Novi (2017) in Anjani & Yadna (2017) A good company is one element of creating good corporate governance for which the company should be able to improve profitability and performance of its company. According to Setiawan (2012, p. 94) in Anjani &Yadna (2017) that "The proxy used to measure GCG is the board of directors, the board of commissioners, and the size of the audit committee. A growing number of GCG executives including the board of directors, board of commissioners, and the size of the audit committee can support the improvement of the companies" financial ratios.

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There are still inconsistencies in the results of previous research on the influence of good corporate governance on profitability. In the research conducted by Safitri &Kamil (2020) partially the Board of Commissioners had a significant positive effect on Financial Performance, Institutional Ownership had a significant positive effect on Financial Performance, and Managerial Ownership had no significant effect on Financial Performance. According to the results of an Anjani &Yadnya (2017) institutional ownership and independent board of commissioners have a significant negative effect on profitability while the audit committee has a significant positive effect on profitability. The Board of Directors has a negative but insignificant effect on profitability. Fitria, Friantin &Nurdyastuti (2018) research shows that the board of directors has a positive effect, managerial ownership has a negative effect, while unconstitutional ownership, independent commissioners have a positive but insignificant effect on the profitability of the company.

Based on the above discussion, the formulation of the research is whether the size of the board of commissioners affects the profitability of the company, whether the size of the board of directors affects the profitability of the company, and whether the size of the audit committee affects the profitability of the company.

II. Library Review

Agency Theory

Agency theory is a contractual relationship between the owner of the company (principal) and the management (Agent), where the owner of the company authorizes the management to carry out the operational activities of the company. In the short and long term, the owner of the company expects management to utilize the existing resources optimally to prosper the principal.

Godfrey (2010) in Hery (2017:26) explains that agency relationships can cause agency problems between owners and management. Agency relationships can lead to information asymmetry, where in general more information about the manager's financial position than the owner.

With the distribution of different information between the principal and the agent, there are two problems, namely moral hazard and adverse selection. Moral hazard is a problem that arises if the agent does not do things that have been mutually agreed in the employment contract. Adverse selection is a situation where the principal does not fully know whether the decision taken by the agent is correct based on the information obtained or because of negligence in the duties performed by the agent.

Agency relationships can lead to conflicts of interest resulting from inequality of purpose, where the interests of the owner are not always carried out by management. Shareholders or owners of the company have the aim of increasing their interests through dividend distribution, in contrast to management that aims to increase its interests through compensation. This situation resulted in the management taking decisions that benefited him but did not have a good impact on the company. According to Jensen and Meckling (1976) the separation between the manager and the owner of the company will always result in costs due to out-of-sync interests between the owner and the manager. With these problems, a control mechanism is needed to be able to prosper differences of interests between the two parties. Corporate governance mechanism has the purpose to create added value for all stakeholders, so that there is no conflict and there is a balance of interests between the owner of the company and the manager.

Profitability

Profitability is a ratio used to measure a company's ability to make a profit. In addition to being an indicator of the company's ability to meet obligations for funders, profitability is also a gauge to show the company's future prospects. In addition to the purpose of measuring the company's ability to make a profit, this ratio also shows the level of effectiveness of a company's management in carrying out the company's operational activities. Profitability ratio can be used by comparing various components in financial reports, especially by using statements of financial position and profit and loss statements from several operating periods. The goal is to know the development of the company within a certain time span.

Hery (2015:227) states that profitability ratio is a ratio describing the company's ability to generate profit from all aspects and resources it has, either through sales, assets, or capital.

Definition of Return on Assets (ROA)

Return On Assets (ROA) is used to analyze financial statements which are reports of the company's financial performance using profitability ratios. Performance measurement with Return On Assets (ROA) is seen from the overall asset to generate profit from the invested capital. This ratio is derived from net profit after tax divided by total assets or total assets. The level of ability of assets owned by the company can generate profit is also calculated by Return On Assets (ROA). Here's a definition by experts who have different understandings.

According to Munawir (2010:89) in Kamal (2016) Return on Invesment is the company's ability to calculate the profitability ratio by calculating the overall funds invested in assets used for the company's operations in generating profit. According to Cashmere (2012:201) in Kamal (2016) the ratio that indicates the return on the number of assets used in the company is called the return on investment or better known as Return On Invesment (ROI). According to Syamsuddin (2009:63) in Kamal (2016) Return On Assets (ROA) is a measuring instrument used to measure the company's ability to generate profit with the total number of company assets available.

Corporate Governance

According to Muslih (2019) Corporate governance is the arrangement of a relationship between the owner of the company and the manager of the company. The importance of corporate governance is as the key to agency problems. The owner of a company with company management has a different purpose in order for his company to make as much

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profit as possible. The manager wants the compensation he receives to be as high as possible. Corporate governance regulates the relationship between the two so that goals are achieved. Each particular author or institution provides a different understanding of corporate governance. The Office of the Superintendent of Financial Institutions Canada in guideline Corporate Governance (2013) defines governance as a series of relationships between the company's management, boards, shareholders and other stakeholders. Corporate governance also provides a structure through which the company's objectives are set, and ways to achieve those goals and monitor predetermined performance. Good corporate governance should provide appropriate incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring.

The above definition emphasizes that Corporate Governance is a set of relationships between the company's management, board, shareholders, and other stakeholders governed by a system to effectively achieve the company's objectives. Tjandra (2015) said that the purpose of corporate governance is to create added value for all stakeholders.

Principles of Corporate Governance

Based on the general guidelines of Good Corporate Indonesia 2006 in Tjandra (2015), there are several GCG principles, namely transparency, accountability, responsiveness, independence, and fairness.

Board of Commissioners Size

KNKG (2006) in Kusumandari (2016) defines the Board of Commissioners as the highest internal control mechanism that is collectively responsible for supervising and advising the board of directors and ensuring that the company implements GCG. Understanding of the board of commissioners can also be found in the Law of Limited Liability Companies No. 40 of 2007 article 108 paragraph (5) which states that for companies in the form of limited liability companies, it is mandatory to have at least 2 (two) members of the Board of Commissioners. The size of the board of commissioners consists of the chairman and members of the board of commissioners.

Nugraha and Andayani (2013) in Zulhaimi and Nuraprianti (2019) stated that the Board of Commissioners is the highest executive in the entity authorized in overseeing the company's management activities. In Article 108 uupt (2007) it is stipulated that the duties of the board of commissioners are to supervise management policies, the course of management in general, both regarding the company and the company's business, and to advise the board of directors. Diani (2018) explained that the board of commissioners has the main task to supervise the policy and supervise the implementation of policies by the board of directors in running the company. Policies of concern to the board of commissioners are strategic and important.

Board of Directors Size

Kusumandari (2016) explained that the board of directors is the party that serves as the executor of the company's operations and management. The appointment and dismissal of the board of directors, the determination of the amount of income, as well as the division of duties and authorities of each member of the board of directors are carried out at the General Meeting of Shareholders (GMS). The size of the board of directors is the chairman and the number of members of the board of directors of a company. Subhan (2011) in Oktaviani (2015) explained that the Board of Directors is one of the management systems that allows optimization of the role of members of the board of directors in the implementation of good corporate governance.

Audit Committee Size

The Audit Committee is a complementary organ of the Board of Commissioners. In OJK Circular Letter No.16 / SEOJK.05 / 2014 it is stipulated that the audit committee is a committee formed and responsible to the Board of Commissioners to help the board of commissioners monitor and ensure the effectiveness of internal control systems and the implementation of the duties of internal and external auditors. Article 11 paragraph 1 of the Regulation of the Minister of SOEs Number Per-12 / MBU / 2012 states that the board of commissioners must form an audit committee consisting of members and chairmen. In the Circular Letter of the Financial Services Authority No. 55 / SE OJK.04 / 2017 article 1 mentioned that the audit committee is a committee formed by and responsible to the board of commissioners in assisting the implementation of the duties and functions of the board of commissioners. The size of the audit committee consists of the chairman and members of the audit committee.

In the general provisions of the Decision of the Chairman of Bapepam it is stipulated that the audit committee is a committee formed by and responsible to the board of commissioners in helping bring the assignment and function of the board of commissioners. Further stated in the general provisions that the Audit Committee consists of at least 3 (three) members who are independent commissioners and outside parties or public companies. The Audit Committee is chaired by an Independent Commissioner. The Audit Committee must meet the necessary expertise established by the regulations. Article 15 of the Regulation of the Minister of State-Owned Enterprises Number Per-12 / MBU / 2012 stipulates that the Audit Committee members must meet the requirements. Paramitha and Rahardjo (2013) in Muslih (2019) concluded that the performance of the Audit Committee may also be influenced by the characteristics of the Board of Commissioners. The task of the audit committee according to Alijoyo and Subarto Zaini (2004) in Tjandra (2015) is to ensure that the management has provided financial statements with a true picture.

Research Framework

Based on the above discussion, the framework of this study as presented in figure 2.

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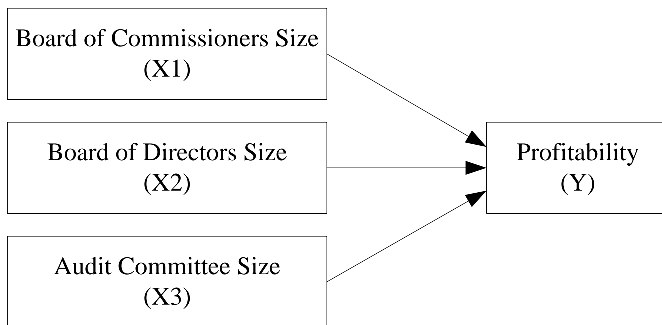

Fig. 2. Research Framework

Effect of Board of Commissioners Size on Profitability

The size of the board of commissioners concerns the number of personnel in the company's organs in charge of conducting general and special supervision in accordance with the articles of association and advising the Board of Directors. Supervision conducted by the commissioner means the actions of the commissioner to pay attention to all of the performance of the board of directors and all management and give direction to the management. Managerial barriers are a concern for the company's board of commissioners. Thus the larger the size of the board of commissioners should be the greater the capacity of the board of commissioners to drive the performance of the company.

There have been previous studies on the influence of the board of commissioners' size on the company's performance. In a study conducted by Kusumandari (2016) on banking companies listed on the Indonesia Stock Exchange, it was concluded that the size of the board of commissioners had a significant effect on ROA. Islami (2018) concluded from his research that the size of the board of commissioners positively affects the profitability of the company. Safitri &Kamil (2020) also concluded that the size of the board of commissioners had a significant positive effect on financial performance.

Based on the results of the discussion above, the hypothesis is as follows:
H1: The size of the board of commissioners positively affects profitability.

The Effect of the Board of Directors' Size on Profitability

The board of directors is an important organ in the company and has full duties and responsibilities to the interests of the company. The board of directors is tasked with making strategic plans and ensuring the running of the system within the company. The board of directors is a very important organ for the company to determine the direction of company policy. Strategic planning made by the board of directors will determine the improvement of a company's performance. Thus, the board of directors who play a role in the company's operations will improve the company's performance. The size of the board of directors concerns the number of chairmen and members of the company's board of directors. Supervisory duties by the board of directors are divided between the chairman and members of the board of directors. Thus, the larger the size of the board of directors, the greater the ability of the board of directors to perform supervisory tasks and boost the company's performance.

There have been previous studies on the influence of the board on profitability. Fitria, Friantin, and Nurdyastuti (2018) concluded from their research that the board of directors had a positive effect on the company's performance. Kusumandari (2016) more specifically concluded that the size of the board of directors had an effect on profitability.

Based on the results of the discussion above, the hypothesis is as follows:
H2: The size of the board of directors positively affects profitability.

Effect of Audit Committee Size on Profitability

The audit committee is tasked with assisting the board of commissioners to ensure that financial statements are presented reasonably in accordance with generally accepted accounting principles, the company's internal control structure is well implemented, responsible for overseeing financial statements, supervising external audits, observing internal control systems, and overseeing internal audits. The size of the audit committee concerns the chairman and members of the audit committee. The implementation of the duties of the audit committee is divided among the personnel of the audit committee. Thus, the larger the audit committee will be the greater its ability to carry out its duties overseeing the management of the company.

There have been previous studies on the influence of audit committees on profitability. Aulia, Hendratno &Zultilisna (2018) conducted research on property and real estate companies listed in IDX, and concluded that the audit committee had a positive effect on ROA. Anjani &Yadnya (2017) also concluded from its research that the audit committee had a positive impact on profitability.

Based on the above discussion, hypotheses can be determined as follows:
H3: The size of the audit committee positively affects profitability.

III. Method

In this study, researchers conducted an analysis to determine the Effect of Good Corporate Governance on Profitability in Mining Companies Listed on the Indonesia Stock Exchange in 2015 - 2019, so that testing of the hypothesis is required. This test is conducted based on variables studied using methods and analysis so as to provide relevant results and evidence.

In this study, researchers used 4 variables consisting of 3 Independet Variable and 1 Dependent Variable.

Profitability is a ratio used to measure a company's ability to make a profit. Profitability ratios can be used by comparing the various components that are in financial reports. In this study, the profitability of the company is calculated by Return On Asset (ROA) which is a ratio that measures the company's ability from profit after tax with total assets. The independent variables in this study are three sizes of the board of commissioners (X1), the size of the board of directors (X2), and the size of the audit committee (X3). The amount of the board of commissioners is measured by the number of members of the board of commissioners contained in the

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company. The size of the board of directors is measured by the number of personnel of the board of directors consisting of the chairman and the number of members of the board of directors. The size of the audit committee is calculated by summing the chairman and the number of members of the audit committee.

The population in this study was mining sector companies listed on the Indonesia Stock Exchange (IDX). The samples in this study choosed purposively are mining sector companies listed on the Indonesia Stock Exchange for the period of 2015-2019.

The data source in this study is secondary data. According to Sugiyono (2019:194) secondary data sources are data sources that do not directly provide data to data collectors. The documentation method in this study uses data in the form of annual reports of mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2019.

The data analysis techniques used in this study include descriptive statistics, classic assumption tests, goodness of fit tests, F significance tests, and individual t tests. Data processing is done with eviews software version 9.

Empirical models in this study are:

$$Y = \alpha + \beta 1UDK + \beta 2UDD + \beta 3UKA + e$$

Where:

Y = Profitability
α = Constant
β = Coefficient of regression of each independent variable
X1 = Size of the Board of Commissioners
X2 = Board of Directors Size
X3 = Audit Committee Size
e = Random variable.

IV. Results and Discussion

Research Results

Descriptive statistics of research data are found in table 1.

The research data passed the classical assumption test.

Hypothesis Test and Analysis

The regression equations in this study are presented on table 2.

$$Y = \alpha + \beta 1UDK + \beta 2UDD + \beta 3UKA + e.$$

Based on table 2 above, the Adjusted R-squared value is 0.13 which means that 13% change in ROA variables can be explained by UDK, UDD, and UKA variables.

Simultaneous test results are presented on table 3.

TABLE 1. Descriptive Statistical Results

	PR	C	UDK	UDD	UKA
Mean	0.151818	1.000000	5.836364	5.363636	3.090909
Median	0.060000	1.000000	6.000000	5.000000	3.000000
Maximum	0.920000	1.000000	9.000000	10.00000	4.000000
Minimum	-0.640000	1.000000	3.000000	3.000000	2.000000
Std. Dev.	0.257481	0.000000	1.424178	1.947112	0.348155
Skewness	0.914443	NA	-0.019352	0.557023	1.405457
Kurtosis	5.447168	NA	2.729803	2.525507	7.083333
Jarque-Bera	21.38917	NA	0.170739	3.360137	56.31735
Probability	0.000023	NA	0.918173	0.186361	0.000000
Sum	8.350000	55.00000	321.0000	295.0000	170.0000
Sum Sq. Dev.	3.580018	0.000000	109.5273	204.7273	6.545455
Observations	55	55	55	55	55

TABLE 2. Multiple linear regression Test Results

Dependent Variable: PR				
Method: Least Squares				
Date: 07/06/21 Time: 14:30				
Sample: 1 55				
Included observations: 55				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.709867	0.318962	2.225555	0.0305
UDK	-0.045860	0.026495	-1.730919	0.0895
UDD	0.072203	0.021794	3.312918	0.0017
UKA	-0.219243	0.107949	-2.030996	0.0475
R-squared	0.183000	Mean dependent var		0.151818
Adjusted R-squared	0.134941	S.D. dependent var		0.257481
S.E. of regression	0.239480	Akaike info criterion		0.049250
Sum squared resid	2.924874	Schwarz criterion		0.195238
Log likelihood	2.645630	Hannan-Quinn criter.		0.105704
F-statistic	3.807840	Durbin-Watson stat		1.447345
Prob(F-statistic)	0.015409			

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TABLE 3. Simultaneous Test Results (F Test)

Dependent Variable: PR				
Method: Least Squares				
Date: 07/06/21 Time: 14:30				
Sample: 1 55				
Included observations: 55				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.709867	0.318962	2.225555	0.0305
UDK	-0.045860	0.026495	-1.730919	0.0895
UDD	0.072203	0.021794	3.312918	0.0017
UKA	-0.219243	0.107949	-2.030996	0.0475
R-squared	0.183000	Mean dependent var		0.151818
Adjusted R-squared	0.134941	S.D. dependent var		0.257481
S.E. of regression	0.239480	Akaike info criterion		0.049250
Sum squared resid	2.924874	Schwarz criterion		0.195238
Log likelihood	2.645630	Hannan-Quinn criter.		0.105704
F-statistic	3.807840	Durbin-Watson stat		1.447345
Prob(F-statistic)	0.015409			

TABLE 4. Individual Parameter Significance Test Results (t Test)

Dependent Variable: PR				
Method: Least Squares				
Date: 07/06/21 Time: 14:30				
Sample: 1 55				
Included observations: 55				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.709867	0.318962	2.225555	0.0305
UDK	-0.045860	0.026495	-1.730919	0.0895
UDD	0.072203	0.021794	3.312918	0.0017
UKA	-0.219243	0.107949	-2.030996	0.0475
R-squared	0.183000	Mean dependent var		0.151818
Adjusted R-squared	0.134941	S.D. dependent var		0.257481
S.E. of regression	0.239480	Akaike info criterion		0.049250
Sum squared resid	2.924874	Schwarz criterion		0.195238
Log likelihood	2.645630	Hannan-Quinn criter.		0.105704
F-statistic	3.807840	Durbin-Watson stat		1.447345
Prob(F-statistic)	0.015409			

Based on the results of simultaneous significance test (test f) presented on table 3, the result obtained that Prob-F is 0.015. F test results with a prob of less than 0.05 indicate that the amount of variable influence tied to the free variable is significant so that the regression model can be used to predict profitability.

Individual Parameter Significance Test (t Test)

This test is performed to determine the effect of each independent variable on dependent variables. The test results of individual parameter significance are presented on table 4.

Based on the results of the t test on table 4, the results were obtained that prob UDK 0.09 > 0.05. This means that UDK has no effect on profitability. Based on the results of the t test in table 4, the result is obtained that prob UDD 0.00 < 0.05. This means that UDK has a positive impact on profitability. Based on the t test result on table 4, the result is obtained that prob UKA 0.05. This means that the size of the audit committee has no effect on profitability.

Discussion

Effect of Board of Commissioners Size on Profitability

The variable probability of a board of commissioners size based on the regression result is 0.09 with a negative coefficient. This means that the size of the board of commissioners has no effect on the profitability of the mining sector for the period 2015-2019. The increasing number of commissioners in a company can increase the profitability of the company higher. It turns out that in the mining sector companies there is no significant influence of the size of the board of commissioners on profitability. This result is due to the small influence of the board of commissioners organ in providing benefits for the company. The number or position of the board of commissioners in the company has no major effect in decision making in managing and increasing the company's profitability (ROA).

The results of this hypothesis are in line with research conducted by Anjani &Yadnya (2017), Aulia, Hendratno & Zultilisna (2018), and Muslih (2018).

Effect of the Board of Directors' Size on Profitability

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The variable probability of a board of directors size based on the regression result is 0.0017 (<0,05) with a positive coefficient. This means that the size of the board of directors (UDD) has a positive effect on the profitability of the mining sector in the period 2015-2019. In the short and long term, the board of directors is tasked with determining all directions of resources owned by the company. The increasing number of boards of directors in the company can provide a better form of supervision of the company's performance. Good and controlled company performance will certainly result in good profitability and can increase the share price so that the company's financial performance will also improve.

The results of this study are in line with the results of research conducted by Fitria, Friantin &Nurdyastuti (2018) and Kusumandari (2016).

Effect of Audit Committee Size on Profitability

The probability of an audit committee size variable based on the regression result is 0.05. This means that the size of the audit committee has no effect on the profitability of the mining sector for the period 2015-2019. The audit committee has a duty to assist the board of commissioners in overseeing the company's activities, especially in the supervision of internal control of the company. The addition of members of the audit committee should increase the capacity to divide the work among the members of the audit committee. However, based on the results of this study, the size of the audit committee organ has no effect on improving the ability of the audit committee to assist the board of commissioners in directing the management of the company. Muslih (2020) conducts research on companies in Indonesia using survey methods. The respondents were all stakeholders of the company consisting of directors, management, external auditors, board of commissioners, audit committees, and other stakeholders in Indonesia. The survey results show that the governance of the audit committee needed in Indonesia is mainly the existence of structured communication between the audit committee and the internal audit committee, the authority of the audit committee to oversee the company's financial reporting, the presence of members of the audit committee with financial expertise experienced in the field of accounting, auditing, and finance, and the existence of an independent audit committee in the audit committee organs. So the number of members of the audit committee is not an important governance parameter of the audit committee.

The results of this study are in line with muslih (2019).

V. CONCLUSIONS AND SUGGESTIONS

Conclusion

To be able to compete in the global market, every company must always increase its profitability. There are a variety of factors that can drive the profitability of the company.

The purpose of this study was to study the influence of the size of the board of commissioners, the size of the board of directors, and the size of the audit committee on profitability.

This research method uses a quantitative approach. The population is mining companies listed on the Indonesia Stock Exchange. The research samples are a mining companies listed on the Indonesia Stock Exchange for the period 2015-2019.

The results of this study show that:

1. The probability of board of commissioners size (UDK) is 0.08 (>0.05). Insignificant. So hypothesis 1 is not proven.
2. The probability of size of the board of directors (UDD) is 0.01 (<0.05). Significant. Hypothesis 2 is proven.
3. The probability of a variable Audit Committee Size (UKA) is 0.05. Tidak significant. Hypothesis 3 is not proven.

Suggestion

Based on the above conclusions, the suggestions that can be given are as follows:

1. BUMN should conduct feasibility studies before increasing the number of members of the board of commissioners.
2. BUMN should maintain and strive to improve the performance of directors of SOEs continuously.
3. BUMN should improve the governance of the audit committee so that its performance increases.

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