

The Influence of Corporate Governance on Company Performance in Energy Companies Listed on The IDX in 2019-2023

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Article Info	Abstract
Article history: Received July 09, 2025 Revised August 10, 2025 Accepted September 19, 2025 *Corresponding author email: hikmawatinugrahini17@gmail.com Keywords: Company performance, directors, independent commissioners, board of directors meetings, ownership	Introduction/ Main Objectives: This study aims to determine the variables of board size, independent board of commissioners, frequency of board meetings, managerial ownership, and institutional ownership on performance in the Energy sector in Indonesia. This study analyzes the Energy sector listed on the Indonesia Stock Exchange in 2019-2023. Research Methods: This study uses a quantitative approach. The type of data used is secondary, namely data obtained from the annual report published on the company's official website. The population in this study were all Energy sector companies listed on the IDX in 2019-2023. The sampling technique used was purposive sampling, obtaining a final sample of 57 companies with a total of 285 observations. The analysis technique used was panel data regression analysis using the Eviews 12 program. Finding/ Results: The result of this study indicate that the variables of the independent board of commissioners and managerial ownership have a positive effect on company performance. While the size of the board of directors, the frequency of board meetings, and institutional ownership do not effect company performance in the Energy sector in Indonesia.
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INTRODUCTION

Improving company performance is one of the goals that a company will achieve. Company performance is the result of various activities or activities carried out by the company and can be used as a benchmark for the success of a company which can be seen from the financial statements (Apriliani & Dewayanto, 2018) . Performance in a company can provide various benefits for several parties, such as creditors, government, financial consultants, investors, and for the company's management itself (Davinda et al., 2021) .

One of the important sectors for the Indonesian economy is the energy sector. Where Non-Tax State Revenue (PNBP) from the Energy and Mineral Resources (ESDM) sector reached IDR 300.3 trillion in 2023, referring to the report of the Ministry of ESDM. Of the total PNBP, most of it comes from mineral and coal revenues which contributed IDR 173.0 trillion or 58% (Esdm.go.id, 2024) . In addition, the energy sector is a crucial sector where the need for energy will be very large in the future society, making the energy sector one of the industrial sectors with very large incomes. This makes many investors look at this sector because of the potential for large profits.

Agustine & Setiawan (2024) , Return on Equity (ROE) is one of the financial indicators that plays an important role in evaluating company performance. ROE provides an overview of how effective the company is in utilizing the invested capital. ROE is one of the images for investors to invest. If the ROE value is high, investors will be interested and viewed well by investors who are considered capable of generating profits. However, conversely, if the ROE value is low, investors are less interested because they are considered insufficient in generating profits.

Good corporate governance principles (OJK, 2014). Corporate governance is a series of processes and structures implemented by companies to improve corporate accountability and success. The goal is to create long-term value for stakeholders, while paying attention to other interests, in accordance with statutory provisions and ethical principles (Sukmawati et al., 2021)

According to Ghazali (2020) , one form of corporate governance mechanism is the size of the board of directors, where the size of the board of directors is part of corporate governance that is responsible for the operations and management of business in the company. Ghazali's research (2020) , the size of the board of directors has a positive effect on company performance. However, the results of research by Nugroho & Widiasmara (2019) , show that the size of the board of directors has a negative effect on company performance. Meanwhile, research by Savira & Hariyati (2021) , the size of the board of directors does not affect company performance.

Maulana (2020) , companies that implement corporate governance mechanisms require the existence of a supervisory board to directly supervise the actions of the board of directors as part of the company's internal control system. In this case, this role is carried out by an independent board of commissioners. Research from Savira & Hariyati (2021) , that the proportion of independent commissioners has a positive effect on company performance.

However, it is different from the research conducted by Mayasari & Ariani (2021) , showing that the proportion of independent commissioners has a negative effect on company performance.

In addition to the proportion of independent commissioners, the frequency of board meetings is also a mechanism in corporate governance (Ghazali, 2020) . The frequency of board meetings is the number of board meetings held in a year. The frequency of board meetings can help the board of directors improve better control over the company's operations which can improve company performance (Faradea & Suwarno, 2022) . Research from Ghazali (2020) shows that the frequency of board meetings has a positive effect on company performance. However, different from the results of research by Prasetyo & Dewayanto (2019) , the frequency of board meetings has a negative effect on company performance. In addition, the results of research from Wisnuwarman (2023) show that the frequency of meetings does not affect company performance.

Apart from the frequency of board meetings, there are also corporate governance mechanisms. ownership structure. Ownership structure has a very important role because of its ability to influence management decisions through shareholder voting (Maulana, 2020) . In this study, there are two ownership structures used , namely managerial ownership and institutional ownership (Pramanaswari, 2024) .

Managerial ownership in a company can reduce the tendency of managers to commit fraud for their own interests so that managers will align their interests with the interests of shareholders, which will ultimately encourage increased company performance (Ayu et al., 2022) . Based on research results from Agasva & Budiantoro (2020) , Nugroho & Widiasmara (2019) , it shows that the managerial ownership structure has a positive effect on company performance. However, research results from Devilia & Prasetyo (2021) , managerial ownership shows a negative effect on company performance.

Sulaiman et al. (2021) , companies that have institutional shares can carry out control and supervision functions professionally, so that they can contribute to improving performance. Based on research by Sulaiman et al. (2021) , it shows that institutional ownership has a positive effect on company performance. However, the results of research by Maulana (2020) show that institutional ownership has no effect on company performance. The results of research by Agasva & Budiantoro (2020) show that institutional ownership has a negative effect on company performance.

In measuring company performance, it can also be seen from the size of the company (Ghazali, 2020) . Company size is one of the factors that can cause the rise and fall of company performance (Agasva & Budiantoro, 2020) . Company size can be a benchmark for the success and sustainability of a company. The size of a company can affect the ability of management to operate the company with various conditions it faces (Sulistiorini & Lestari, 2022) .

The theory underlying this research is agency theory, Jensen & Meckling (1976), agency theory describes the emergence of a relationship contract between the principal and another

party commonly referred to as the agent, where the principal delegates work to the agent. Investors are the principals and the company's management as the agent. According to Lerianda & Sariwulan (2023) , agency theory is the basis for corporate governance, where agency theory explains the problems that arise between the agent and the principal due to differences in interests. Corporate governance is part of one of the strategies in minimizing agency conflicts, reducing agency costs, and aligning the interests of the agent and the principal.

This study aims to determine the effect of corporate governance as measured by using the size of the board of directors, the proportion of independent commissioners, the frequency of board of director's meetings, immanagerial ownership and institutional ownership on company performance with company size as a control variable.

METHOD

This study uses quantitative research. Quantitative research is a type of research conducted to conduct research on a particular population or sample, with data collection using research instruments, as well as statistical or quantitative data analysis, which aims to test previously formulated hypotheses (Sugiyono, 2019) .

In this study, the population used is energy companies listed on the Indonesia Stock Exchange (IDX) in 2019-2023. This study uses a purposive sampling technique with the following criteria:

Table 1. Sample Selection Criteria

No	Information	Results
1	Energy companies listed on the IDX	89
2	Companies that do not present complete annual reports for 2019-2023	(10)
3	Newly registered companies above 2019	(22)
	Total sample of companies	57
	5 years period (2019-2023)	
	Total Observations	285

Source: Processed data (2025)

The data analysis method used in this study is a panel data regression model using Eviews12 through descriptive statistical tests, classical assumption tests, model accuracy tests, and hypothesis tests. The regression equation used is:

$$ROE = \alpha + \beta_1 UD + \beta_2 PKI + \beta_3 FRD + \beta_4 KM + \beta_5 KI + \varepsilon$$

Information:

ROE : Return on Equity

α : Constant

β : Regression coefficient

UD : Size of the Board of Directors

PKI : Proportion of Independent Commissioners

FRD : Board of Directors Meeting Frequency

KM : Managerial Ownership

KI : Institutional Ownership

 ε : error

RESULT AND DISCUSSION

Table 2. Results of Descriptive Statistical Tests

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Sample: 2019 2023

	ROE	UDD	PKI	FRD	KM	KI	UP
Mean	0.049809	3.877193	0.429509	16.82105	0.026357	0.482022	28.29259
Median	0.071801	3.000000	0.400000	12.00000	0.000771	0.521598	28.29710
Maximum	2.895457	15.00000	0.800000	86.00000	0.399931	0.991608	32.44440
Minimum	-7.558428	2.000000	0.200000	3.000000	0.000000	0.002850	24.09000
Std. Dev.	0.625053	1.748945	0.112305	13.77125	0.067916	0.275838	1.718020
Skewness	-6.600101	2.012058	0.821168	2.619652	3.635949	-0.158072	0.059871
Kurtosis	82.38221	10.16113	3.287897	9.827249	16.92908	1.872410	2.644363
Jarque-Bera	76899.90	801.2693	33.01434	879.4817	2931.934	16.28544	1.672188
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000291	0.433400
Sum	14.19551	1105.000	122.4100	4794.000	7.511652	137.3762	8063.387
Sum Sq. Dev.	110.9564	868.7018	3.581931	53859.87	1.309984	21.60859	838.2519
Observations	285	285	285	285	285	285	285

Source: Data processed by Eviews 12, 2025

In table 2 above, it can be seen that the results of data management in the form of descriptive statistics will display the characteristics of the sample used, it can be seen that the variable Y Company Performance (ROE) has a minimum value of -7.558, a maximum value of 2.895 and an average value of 0.0498. The variable size of the board of directors (UDD) has a minimum value of 2, a maximum of 15, an average of 3.877. The variable proportion of independent commissioners (PKI) has a minimum value of 0.2, a maximum value of 0.8 and an average value of 0.429. The variable frequency of board of director's meetings (FRD) has a minimum value of 3, a maximum value of 86 and an average of 16.82. The variable managerial ownership (KM) has a minimum value of 0, a maximum value of 0.3999 and an average value of 0.0263. The variable institutional ownership (KI) has a minimum value of 0.00285, a maximum value of 0.991 and an average of 0.4820. The company size variable (UP) has a minimum value of 24.090, a maximum value of 32.444 and an average of 28.2925.

Table 3. Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.388109	1.582844	-0.245197	0.8065
UDD	0.014926	0.056186	0.265649	0.7908
PKI	0.913159	0.497929	1.833915	0.0680
FRD	-0.000821	0.005527	-0.148489	0.8821
KM	5.344506	1.321113	4.045458	0.0001
KI	0.207720	0.277360	0.748916	0.4547
UP	-0.008460	0.056020	-0.151011	0.8801

Source: Data processed by Eviews 12, 2025

Based on table 3, it can be concluded that:

1. The variable size of the board of directors has a probability value of $0.7908 > 0.05$, meaning that it has no partial effect on company performance.
2. The variable of proportion of independent commissioners has a probability value of $0.0680 < 0.1$, meaning that it partially influences company performance.
3. The variable of frequency of board of director's meetings has a probability value of $0.8821 > 0.05$, meaning that it has no partial effect on company performance.
4. The managerial ownership variable has a probability value of $0.0001 < 0.05$, meaning that it has a partial effect on company performance.
5. The institutional ownership variable has a probability value of $0.4547 > 0.05$, meaning that it has no partial effect on company performance.
6. The company size variable has a probability value of $0.8801 > 0.05$, meaning that it has no partial effect on company performance.

Board of Directors Size on Company Performance

The first hypothesis proposed states that the size of the board of directors has a positive effect on company performance. The results of the study showed a significant level of 0.7908 ($p > 0.05$) with a regression coefficient of 0.014926 . Through this value, it can be seen that the size of the board of directors has no effect on company performance, so it is concluded that H_1 is rejected.

The size of the board of directors in a company, whether it is large or small, does not affect the company's performance. This is because the size of the board of directors in a company cannot determine whether the company's performance will be better or worse, it all depends on the leadership of the board of directors in supervision and strategic decision-making (Vivian & MN, 2022) . In line with the research of Febrina & Hendrawaty (2023) , which states that the results of the size of the board of directors do not affect company performance.

Proportion of Independent Commissioners to Company Performance

The second hypothesis proposed is stating that the proportion of independent commissioners has a positive effect on company performance. The results of the study showed a significance level of 0.0680 ($p < 0.1$) with a regression coefficient of 0.913159. Through this value, it can be seen that the proportion of independent commissioners has a positive effect on company performance at a significance level of 10%, so it can be concluded that H_2 is accepted.

Based on agency theory, the greater the proportion of independent commissioners, the more effective the supervision of management will be. This is related to the role of the independent board of commissioners in supervising and evaluating the performance of managers, so that they can provide more input to the board of directors. Thus, management performance can be improved, which ultimately contributes to improving company performance (Saitri & Mendra, 2023). In line with research conducted by Aprilia & Wuryani (2021), it shows that the proportion of independent commissioners has a positive effect on company performance.

Frequency of Board of Directors Meetings on Company Performance

The third hypothesis proposed states that the frequency of board of director's meetings has a positive effect on company performance. The results of the study showed a significance level of 0.8821 ($p > 0.05$) with a coefficient of -0.000821. Through this value, it can be seen that the frequency of board of director's meetings does not affect company performance, so it can be concluded that H_3 is rejected.

The number of meetings held by the board of directors, whether many or few, does not always have an impact on company performance. This is because each generally only focuses on performance results, apart from financial incentive aspects. In addition, the high frequency of meetings does not guarantee the presence of all members of the board of directors. The absence of some members of the board of directors when discussing performance issues can cause decisions taken to be less valid (Audio & Serly, 2022).

Managerial Ownership on Company Performance

The fourth hypothesis proposed that managerial ownership has a positive effect on company performance. The results of the study showed a significance level of 0.0001 ($p < 0.05$) with a coefficient of 5.344506. Through this value, it can be seen that managerial ownership has a positive effect on company performance, so it can be concluded that H_4 is accepted.

Based on agency theory, managerial ownership can minimize the potential for agency conflicts in a company. This is because the greater the ownership owned by managers, the less likely they are to take actions that are detrimental to the company for personal gain, thus managers will align their interests with shareholders (Maulana, 2020). In line with research conducted by Agasva & Budiantoro (2020), it shows that managerial ownership has a positive effect on company performance.

Institutional Ownership on Company Performance

The fifth hypothesis proposed is that institutional ownership has a positive effect on company performance. The results of the study showed a significance level of 0.4547 ($p > 0.05$) with a coefficient of 0.2077720. Through this value, it can be seen that institutional ownership does not affect company performance, so it can be concluded that H_5 is rejected.

In the study of Devilia & Prasetyo (2021), institutional ownership has no effect on company performance. This is because institutions tend to rely entirely on company management without supervision and contribution. High dependence on management causes weak pressure on management to improve company performance. This is not in line with agency theory, where in agency theory institutional ownership should be a monitoring tool to reduce agency conflict. In line with research conducted by Febrina & Hendrawaty (2023), it shows that institutional ownership has no effect on company performance.

The author needs to report the results in sufficient detail so that the reader can see which statistical analysis was conducted and why, and later to justify their conclusions.

The “Discussion and Analysis” part, highlights the rationale behind the result answering the question “why the result is so?” It shows the theories and the evidence from the results. The part does not just explain the figures but also deals with this deep analysis to cope with the gap that it is trying to solve.

CONCLUSION

Based on the research that has been conducted with panel data regression analysis, it can be concluded that the variables of the proportion of independent commissioners and managerial ownership have a positive influence on company performance. While the variables of board size, board meeting frequency, institutional ownership, and company size do not affect company performance. This study has limitations, including the large number of new companies incorporated in the Energy sector, so it does not meet the period studied between 2019-2023. Based on the limitations of the study, the suggestions that can be given are to add other variables related to corporate governance that have an influence on company performance. Adding a research period to obtain more valid data results at this time. In this section, the author presents brief conclusions from the results of the research with suggestions for advanced researchers or general readers. A conclusion may cover the main points of the paper, but do not replicate the abstract in the conclusion.

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