THE INFLUENCE OF CORPORATE GOVERNANCE AND CAPITAL STRUCTURE ON FINANCIAL PERFORMANCE
(Studies on Companies that were Rated in CGPI Listed on The Indonesia Stock Exchange For 2011-2015)

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ABSTRACT
This research aims to investigate the effect of corporate governance and capital structure on financial performance, indicator of corporate governance in this research use Corporate Governance Perception Index (CGPI), and capital structure indicator use Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER). While financial performance mesured with Return On Asset (ROA) and Return on Equity (ROE). This type of research used in this research is explanatory research with quantitative methods. Research population on this research is companies that were rated in CGPI listed on the Indonesia Stock Exchange for 2011-2015. Sample in this research amounted 23 companies obtain from sampling purposive method. This type of data used is secondary data. The data collection technique was done with documentation. The result of this research showed 1) CGPI and DAR has a significant effect on ROA partially, but variable DER has no significant effect on ROA partially; 2) CGPI has a significant effect on ROE partially, but DAR, and DER has no significant effect on the ROE partially; 3) CGPI, DAR, and DER has a significant effect on ROA and ROE simultaneously.

Keyword: Corporate Governance Perception Index, Debt to Asset Ratio, Debt to Equity Ratio, Return on Asset, Return on Equity.
1. INTRODUCTION
The concept of corporate governance is playing an important role in business world. Corporate governance has become the most critical issue all around the world, specially, after global financial crisis that teetered many economies into recession. Corporate governance has received too many concentration due to Adelphia, Enron, WorldCom, and other related high profile scandals. Now days, policy makers are concentrating the issues of corporate governance. By practicing good corporate governance, it is able to reduce principal-agent problems and preclude corporate scandals, frauds, civil and criminal liability of the organization (Hassan, 2015:28).

Empirical evidence on research in 2000 by Zhuang cited by Triyana (2009) in Nurcahyani (2013: 1) showed many low performance of public company in Indonesia than the countries of Southeast Asia in managing the company, this is indicated by the weak accounting standards and regulation, accountability to shareholders, standards of disclosure and transparency as well as the processes of management of the company. The phenomenon that occurs in most companies in Indonesia is not competent to carry out the management of the company professionally (Zarkasyi, 2008: 8). Result survey by ACGA (Asian Corporate Governance Association) state 11 countries against foreign business in Asia in 2014 put Indonesia as the lowest position country in the field of corporate governance.

<table>
<thead>
<tr>
<th>No</th>
<th>Market</th>
<th>2010</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hong Kong</td>
<td>65</td>
<td>66</td>
<td>65</td>
</tr>
<tr>
<td>2</td>
<td>Singapore</td>
<td>67</td>
<td>69</td>
<td>64</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>57</td>
<td>55</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>Thailand</td>
<td>55</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>5</td>
<td>Malaysia</td>
<td>52</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>6</td>
<td>Taiwan</td>
<td>55</td>
<td>53</td>
<td>56</td>
</tr>
<tr>
<td>7</td>
<td>India</td>
<td>48</td>
<td>51</td>
<td>54</td>
</tr>
<tr>
<td>8</td>
<td>Korea</td>
<td>45</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>9</td>
<td>China</td>
<td>49</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>10</td>
<td>Philippines</td>
<td>37</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>11</td>
<td>Indonesia</td>
<td>40</td>
<td>37</td>
<td>39</td>
</tr>
</tbody>
</table>

Information: The lower score means getting worse of GCG
Source: GC Watch Market Scores report by ACGA, 2014

Besides corporate governance, other factors that can align the interests of managers and owners are by using the capital structure. One of the most important decisions faced by financial managers in relation to the continuity of the company is funding decisions or capital structure decisions, which is a financial decision relating to the composition of debt, preferred stock and common stock to be used by the company. Understanding how companies finance their operations, it is necessary to examine the determinants of their financing or capital structure decisions (Pratheepkanth, 2011:172).

In performing a measurement of financial performance of the company, can be done through the ratios derived from the financial statements, one of the financial performance that can be used are consisted of Return On Asset (ROA) and Return On Equity (ROE). ROA and ROE is the measurement instrument of financial performance that is used to calculate the profitability of a company. The use of ROA and ROE in this study because of ROA and ROE is a ratio used to assess the performance of the company from the standpoint of profitability.

2. LITERATURE REVIEW
a. Definition of Corporate Governance
GCG is defined as a pattern of relationships, systems and processes used by the company's organs (Board of Directors, Board of Commissioners, GMS) to provide added value to shareholders on an ongoing basis in the long term, with due regard to the interests of other stakeholders. Based on legislation and norms (Daniri, 2014:9). GCG inserted to regulate these relationships and prevent significant errors in the company's strategy and to ensure that the errors that occur can be corrected immediately (Zarkasyi, 2008: 36).

Corporate Governance Perception Index (CGPI) is a program of research and application of good corporate governance ratings on companies in Indonesia through design research that encourages companies to improve the quality of applying the concept of corporate governance. CGPI organized by IICG cooperation with SWA magazine as a regular annual program that has been implemented since 2001 as a tribute to the initiatives and the results of the company's efforts in creating an ethical business and dignity.

b. Definition of Capital Structure
Capital structure is the ratio or balance of long-term financing of companies indicated by the ratio of...
debt to own capital, on several theories according to experts who have been exposed, it can be concluded that the capital structure is a mix or blend long-term debt with its own capital (Martono and Harjito, 2007:240).

According to Syamsuddin (2009: 54) to measure the level of debt the company uses two ratios:

a. Debt to Asset Ratio (DAR)

Debt to Asset Ratio (DAR) is a measurement of the amount of the company's assets are financed by debt or equity. The higher the debt to asset ratio, the greater the number of loans that are used in generating profits for the company.

\[
DAR = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\% 
\]

Source: Syamsuddin (2009:71)

b. Debt to Equity ratio (DER)

This ratio shows the relationship between the amount of debt provided by the creditor to the amount of equity capital provided by the owner of the company (Syamsuddin, 2009: 71). The calculation of Debt Equity Ratio is as follows:

\[
DER = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\% 
\]


c. Definition of Financial Performance

Financial performance is a measuring instrument used to measure the quality of the company. The financial performance of the company can be seen and measured by analyzing a company's financial statements. Financial performance information in the past could be used as a basis for predicting future financial position, it is important for investors to determine a company where it will invest will see the extent of a company's financial performance. Profitability ratios used are as follows:

1) Return on Asset (ROA)

This ratio describes the turnover of assets is measured by volume sales. The greater this ratios getting better because the assets would be faster turn around and make a profit. This ratio can be calculated from the ratio of net income to total assets.

\[
\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}}
\]

Source: Brigham (2012:148)

2) Return on Equity (ROE)

The most important, or bottom-line, accounting ratio is the return on common equity (ROE), found as follows:

\[
\text{ROE} = \frac{\text{Net income}}{\text{Common equity}}
\]

Source: Brigham (2013:113)

d. Hypothesis

The hypothesis is a temporary answer to the formulation of research problems, and formulation of the problem has been expressed in the form of sentence statement. Is said to be temporary, because new answers given by the relevant theory is not based on empirical facts (Sugiyono, 2011: 64). Based on the model and the concept of the hypothetical model developed several hypotheses to be tested in this study as follows:

H1: Corporate Governance Perception Index (CGPI), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER) affect on the Return On Asset (ROA) partially.

H2: Corporate Governance Perception Index (CGPI), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER) affect on the Return On Equity (ROE) partially.

H3: Corporate Governance Perception Index (CGPI), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER) affect on the Return on Assets (ROA) simultaneously.

H4: Corporate Governance Perception Index (CGPI), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER) affect on the Return On Equity (ROE) simultaneously.

3. RESEARCH METHODS

This type of research used in this research is explanatory research with quantitative methods. Thus explanatory research method in this research is to explain the causal relationship between the independent variable corporate governance and
capital structure with a dependent variable financial performance.

The research was conducted at the Indonesian Stock Exchange. Reason for selecting research location due to IDX is the center of the capital market and investment in Indonesia. Companies surveyed were listed on CGPI from the period of 2011 until 2015 and has submitted annual financial statements which audited by independent auditor. Certain considerations are as follows:


b) The Company is continuously were rated in CGPI by IICG and SWA during the period of the sample.


4. RESULT AND DISCUSSION
Descriptive Statistical Analysis
Table 2. Result of Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>40</td>
<td>-4.75</td>
<td>34.6</td>
<td>10.80</td>
<td>8.165</td>
</tr>
<tr>
<td>ROE</td>
<td>40</td>
<td>-7.87</td>
<td>50.53</td>
<td>19.48</td>
<td>11.437</td>
</tr>
<tr>
<td>CGPI</td>
<td>40</td>
<td>70.73</td>
<td>90.66</td>
<td>83.60</td>
<td>4.437</td>
</tr>
<tr>
<td>DAR</td>
<td>40</td>
<td>-25</td>
<td>74</td>
<td>43.87</td>
<td>14.690</td>
</tr>
<tr>
<td>DER</td>
<td>40</td>
<td>34</td>
<td>290</td>
<td>98.62</td>
<td>76.157</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2016

According to the table 2 indicate the amount of sample (N) on 40 samples. Description statistics for each variable are:

1. Results Descriptive statistics of ROA (Return on Assets) indicates the minimum and maximum value is equal to -4.75 and 34.6, the average value and the standard deviation is equal to 10.7955 and 8.16533.

2. Results Descriptive statistics of ROE (Return on Equity) showed that the minimum and maximum values respectively amounted -7.87 and 50.53, while the average value and standard deviation shows the results of 18.4875 and 11.3111.

3. Variable measurement of Good Corporate Governance (GCG) using a measure derived from the Corporate Governance Perception Index (CGPI) developed by IICG. The results of descriptive statistics CGPI variable produce minimum and maximum values of 70.73 and 90.66 with the average value and standard deviation of each of 83.6050 and 4.43777

4. Descriptive results of the DAR (Debt to Assets Ratio) indicates that the minimum and the minimum value of each is equal to 25% and 74%.

While known to the average of DAR at 43.8750 and 14.69029 for the standard deviation.

5. DER variable capital structure (debt to equity ratio) has a minimum value 34% and 290% for maximum value. Mean shows that companies have debts of 98.625 of the total equity with a standard deviation of 76.2575.

Classical Assumption Test Results

1. Normality Test Result
Table 3. Data Normality Test Results of ROA

<table>
<thead>
<tr>
<th>N</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Parameters</td>
<td>Mean 0.0000000 5.9737247</td>
</tr>
<tr>
<td>Most Extreme</td>
<td>Absolute 110  Positive 0.979 Negative -0.110</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>0.693</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.722</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

From the table 3 can be seen that the value of Kolmogorov-Smirnov was 0.693 and the research result shows sig. at 0.722 (can be seen in Table 4) or greater than 0.05; from these values it can be concluded that the residual variable has normal distribution.

Table 4. Data Normality Test Results of ROE

<table>
<thead>
<tr>
<th>N</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Parameters</td>
<td>Mean 0.0000000 8.1773578</td>
</tr>
<tr>
<td>Most Extreme</td>
<td>Absolute 0.840  Positive 0.079 Negative -0.084</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>0.532</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.940</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

From the table 4 above can be seen that the value of the Kolmogorov-Smirnov test was 0.532 and Asymp. Sig (2-tailed) be obtained are worth 0.940, that value has a value greater than 0.05. The value can be concluded that the residual variable has normal distribution.

2. Test Results Multicollinearity
Table 5. Test Results Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Collineray Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>0.871</td>
<td>1.149</td>
</tr>
<tr>
<td>CGPI</td>
<td></td>
<td>0.163</td>
<td>6.123</td>
</tr>
<tr>
<td>DAR</td>
<td></td>
<td>0.137</td>
<td>6.357</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016
In the test results found that overall tolerance values > 0.1 that it can be concluded that there is no multicollinearity between independent variables.

3. Test Result Heteroskedasticity

![Image](https://via.placeholder.com/150)

Figure 1. Heteroscedasticity Test Results ROA

![Image](https://via.placeholder.com/150)

Figure 2. Heteroscedasticity Test Results ROE

In the Figure 1 and 2 can be seen that there is no clear pattern as well as the points are scattered above and below the number 0 on the Y axis, it can be concluded not happen heteroskedasticity.

From the test results are obtained that spreads scatterplot diagram display and does not form a specific pattern then there is no heteroskedasticity, so it can be concluded that the residual variance has a homogeneous (constant) or in other words there are no symptoms heterokidastity.

4. Autocorrelation Test Results

Table 6. ROA Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimated</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.728*</td>
<td>.530</td>
<td>.491</td>
<td>5.82593</td>
<td>1.724</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

Table 7. ROE Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimated</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.697*</td>
<td>.486</td>
<td>.443</td>
<td>8.43880</td>
<td>1.719</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

Table 6 and 7 above can be seen the value of Durbin-Watson each of 1.724 to 1.719 for the ROA and ROE. Based on the calculation of the value of Durbin-Watson table by using the value of significance of 5%, with a total sample of 40 (n) and a variable number of free 3 (k = 3), then the Durbin-Watson table du values obtained for 1.659, so the value of 4-du is 2.241. Durbin-Watson value is between the value and the 4du-du, so it can be inferred that the regression model in ROA and ROE there is no autocorrelation.

Results of Multiple Linear Regression Analysis

Table 8. Regression Test Results CGPI, DAR, and DER on ROA

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>64.783</td>
<td>19.12</td>
<td>-</td>
<td>3.387</td>
<td>0.002</td>
</tr>
<tr>
<td>X1</td>
<td>-0.470</td>
<td>0.225</td>
<td>-0.255</td>
<td>-2.085</td>
<td>0.044</td>
</tr>
<tr>
<td>X2</td>
<td>-0.333</td>
<td>0.157</td>
<td>-0.599</td>
<td>-2.118</td>
<td>0.041</td>
</tr>
<tr>
<td>X3</td>
<td>-0.001</td>
<td>0.031</td>
<td>-0.010</td>
<td>-0.034</td>
<td>0.973</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

The regression equations were obtained based on Table 8 is as follows:

\[ Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

\[ Y_1 = 64.783 - 0.470 X_1 - 0.333 X_2 - 0.001 X_3 + e \]

The equation above can be interpreted as follows:

a. Constants (\( \alpha \)) regression of 64.783
   The constant value can be interpreted that the value of ROA without the influence of the CGPI, DAR and DER is 64.783.

b. The regression coefficient \( \beta_1 = -0.470 \)
   The results of the regression coefficient values indicate that each increase of one percent of the variable CGPI implementation, it will decrease ROA of 0.470 assuming other independent variables is 0.

c. The regression coefficient \( \beta_2 = -0.333 \)
   The results of the regression coefficients showed that each increase of one percent DAR variable, it will decrease ROA of 0.333 assuming other independent variables is 0.

d. The regression coefficient \( \beta_3 = -0.001 \)
   The results of the regression coefficients showed that each increase of one percent DER variable, it will decrease ROA of 0.001 assuming other independent variable is 0.
Table 9. Regression Test Results CGPI, DAR, and DER on ROE

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>105.05</td>
<td>27.701</td>
<td>-0.045</td>
<td>3.792</td>
</tr>
<tr>
<td>X1</td>
<td>-0.914</td>
<td>0.326</td>
<td>-0.358</td>
<td>-2.799</td>
</tr>
<tr>
<td>X2</td>
<td>-0.120</td>
<td>0.228</td>
<td>-0.155</td>
<td>-0.526</td>
</tr>
<tr>
<td>X3</td>
<td>-0.051</td>
<td>0.045</td>
<td>-0.340</td>
<td>-1.130</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

The regression equations were obtained based on Table 9 as is follows:

\[ Y_2 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

\[ Y_2 = 105.053 - 0.914 X_1 - 0.120 X_2 - 0.051 X_3 + e \]

The equation above can be interpreted as follows:

a. Constants (\( \alpha \)) regression of 105.053

The constant value can be interpreted that the value of ROE without the influence of the CGPI, DAR and DER is 105.053.

b. The regression coefficient \( \beta_1 = -0.914 \)

The results of the regression coefficient values indicate that each increase of one percent of the variable CGPI implementation, it will decrease ROE of 0.914 assuming other independent variables is 0.

c. The regression coefficient \( \beta_2 = -0.120 \)

The results of the regression coefficients showed that each decrease of one percent DAR variable, it will decrease ROE of 0.120 assuming other independent variables is 0.

d. The regression coefficient \( \beta_3 = -0.051 \)

The results of the regression coefficients showed that each increase of one percent DER variable, it will decrease ROE of 0.051 assuming other independent variable is 0.

Coefficient Determination Test Results

Based on Table 6, the regression model has a coefficient of determination (adjusted \( R^2 \)) of 0.491 or 49.1%. It can be concluded that the contribution of independent variables consisting of variable CGPI (X1), DAR (X2), and DER (X3) can affect the dependent variable ROA (Y2) of 44.3% and the balance of 55.7% is explained by other factors which is not addressed in this study.

Based on Table 7, the regression model has a coefficient of determination (adjusted \( R^2 \)) of 0.443. It can be concluded that the contribution of independent variables consisting of variable CGPI (X1), DAR (X2), and DER (X3) can affect the dependent variable ROE (Y2) of 44.3% and the balance of 55.7% is explained by other factors which is not addressed in this study.

Hypothesis Test Results

1. Partial Regression Testing (t Test)

a) The partial regression test results CGPI, DAR and DER to ROA

Based on the previous Table 8 can be seen the effect of the partial regression test results to ROA for each variable and can be explained as follows:

a. Variable CGPI (X1)

Results of hypothesis testing regression coefficient CGPI (X1) has a regression coefficient is -0.470. Obtained t-value = -2.085 and obtained a significance value of 0.044. Values t-value test statistic is greater than t-table (-2.085 > 2.028) and a significant value smaller than \( \alpha = 0.05 \). This test shows that \( H_0 \) rejected and \( H_a \) accepted, it can be concluded that the variable CGPI (X1) has a negative significant effects on ROA (Y1).

b. Variable DAR (X2)

Results of hypothesis testing regression coefficient DAR (X2) has a regression coefficient is -0.333. Obtained t-count of -2.118 and obtained significance value of 0.041. Values t-value test statistic is greater than t-table (-2.118 > 2.028) and a significant value smaller than \( \alpha = 0.05 \). This test shows that \( H_0 \) rejected and \( H_a \) accepted, it can be concluded that the variable DER has a negative significant effect on ROA (Y1).

c. Variable DER (X3)

Results of hypothesis testing regression coefficient opinions (X3) has a regression coefficient is -0.001. Obtained t-value of -0.034 and obtained significance value of 0.973. t-value test statistic value is smaller than t-table (-0.034 < 2.028) and a significant value greater than \( \alpha = 0.05 \). This test shows that \( H_0 \) accepted, it can be concluded that the variable DER (X3) has not significant effect on ROA (Y1).

b) The results of the partial regression test CGPI, DAR and DER on ROE

Table 9 explains how the results of the partial regression on ROE for each variable that can be described as follows:
a. Variable CGPI ($X_1$)

Results of hypothesis testing regression coefficient CG Score ($X_1$) has a regression coefficient is -0.914. Obtained $t_{value}$ of -2.799 and obtained a significance value of 0.008. Values $t_{value}$ test statistic is greater than $t_{table}$ (-2.799 > 2.028) and a significant value smaller than $\alpha = 0.05$. This test shows that $H_0$ rejected and $H_a$ accepted, it can be concluded that the variable CGPI ($X_1$) has a negative significant affects on ROA variable ($Y_2$).

b. Variable DAR ($X_2$)

Results of hypothesis testing regression coefficient DAR ($X_2$) has a regression coefficient is -0.120. Obtained $t_{value}$ of -0.526 and obtained a significance value of 0.602. $t_{value}$ test statistic value is smaller than $t_{table}$ (-0.526 < 2.028) and a significant value greater than $\alpha = 0.05$. This test shows that $H_0$ accepted, it can be concluded that the DAR variable ($X_2$) has not significant effect on ROE ($Y_2$).

c. Variable DER ($X_3$)

Results of hypothesis testing regression coefficient opinions ($X_3$) can be written variable $X_3$ has a regression coefficient is -0.051. Obtained $t_{value}$ of -1.130 and obtained a significance value of 0.266. $t_{value}$ test statistic value is smaller than $t_{table}$ (-1.130 < 2.028) and a significant value greater than $\alpha = 0.05$. This test shows that $H_0$ is accepted, it can be concluded that the variable DER ($X_3$) has not significant effect on ROE ($Y_2$).

2. **Simultaneous Regression Testing (F Statistic Test)**

Table 10. Simultaneous Regression Test Results ($f$ test statistic) to ROA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Squares</th>
<th>$F$</th>
<th>$Sig.$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>1378.337</td>
<td>3</td>
<td>459.446</td>
<td>13.536</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1221.893</td>
<td>36</td>
<td>33.941</td>
<td></td>
<td>.400</td>
</tr>
<tr>
<td>Total</td>
<td>2600.230</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

Table 10 shows that the value $df_1$ and $df_2 = 3 = 36$ obtained a value of 2.866 $F_{table}$. Based on Table 12, hypothesis testing regression models simultaneous using the F test can be seen $F_{value}$ larger than $F_{table}$ (13.536 > 2.866) and significance of 0.000 which is smaller than alpha ($\alpha$) = 0.05. It concluded that $H_0$ rejected and $H_a$ accepted, meaning that there is significant effect between variables CGPI ($X_1$), DAR ($X_2$), DER ($X_3$) on ROA ($Y_1$) simultaneously.

Table 11. Simultaneous Regression Test Results ($f$ test statistic) to ROE

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Squares</th>
<th>$F$</th>
<th>$Sig.$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>2426.258</td>
<td>3</td>
<td>808.753</td>
<td>11.357</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>2563.681</td>
<td>36</td>
<td>71.213</td>
<td></td>
<td>.301</td>
</tr>
<tr>
<td>Total</td>
<td>4989.939</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed, 2016

Table 11 above shows that the value $df_1$ and $df_2 = 3 = 36$ obtained a value of 2.866 $F_{table}$. Based on Table 13, hypothesis testing regression models simultaneously using the F test can be seen $F_{value}$ larger than $F_{table}$ (11.357 > 2.866) and significance of 0.000 which is smaller than $\alpha = 0.05$. It concluded that $H_0$ rejected and $H_a$ accepted, meaning that there is significant effect between variables CGPI ($X_1$), DAR ($X_2$), DER ($X_3$) on ROE ($Y_2$) simultaneously.

**Discussion**

1. **Hypothesis 1**

   a. The Influence of CGPI on ROA Partially

   Based on the test results of the first hypothesis on good corporate governance (GCG) were measured using a score of Corporate Governance Perception Index (CGPI) has a negative significant effects on ROA partially. Based on $t$ test the hypothesis that has a significant effect between CGPI on ROA partially is acceptable. The results of the study on the first hypothesis is consistent with Nurcahyani (2013) and Ramadhan (2013). This hypothesis result is not consistent with Laksana (2012) which states CGPI has not significant effect on ROA. Good Corporate Governance has a negative significant effect on the financial performance of the company. The better the level of good corporate governance which is owned by a company then it will weaken the agent’s action in doing earnings management that is harmful that can reduce the company’s financial performance.

   b. The Influence of DAR on ROA Partially

   Based on the test results of capital structure were measured using a score of Debt to Assets Ratio (DAR) has a negative significant effects on ROA partially. Based on $t$ test the hypothesis that has a significant effect between DAR on ROA partially is acceptable. From the results of $t$ test showed that the increase in DAR will decrease ROA as well. The results of the study is consistent by Rosyadah (2013) which state DAR has a significant effect on ROA.

   c. The Influence of DER on ROA Partially

   Based on the test results of capital structure were measured using Debt to Equity Ratio (DER) has not
a significant effects on ROA partially. Based on t test the hypothesis that there is no significant effect between DER on ROA is not accordance with Rosyadah (2013) and Ramadhan (2013) which proves that the DER has a significant effect on ROA. Effect of DER is negative on ROA, if the value of DER rises, the value of ROA will go down, otherwise if the value of DER go down the value of ROA will increase, but has not significant effect.

2. Hypothesis 2
a. The Influence of CGPI on ROE Partially
   Based on the test results good corporate governance (GCG) were measured using a score of Corporate Governance Perception Index (CGPI) has a negative significant effects on ROE partially. Based on t test the hypothesis that has a significant effect between CGPI on ROE partially is acceptable. This means that with the better management of the company on its own efforts to improve financial performance can be optimally performed. The results of the study is consistent with Nurcahyani (2013) which states CGPI has a positive significant effect on ROE. This hypothesis result is not consistent with the effect of CGPI on ROE by Laksana (2012) which states CGPI has not a significant effect on ROE.

b. The Influence of DAR on ROE Partially
   Based on the test results Debt to Assets Ratio (DAR) has not significant effects on ROE partially. The research result of the effect of DAR on ROE is not in accordance with Rosyadah (2013) which states DAR has a significant effect on ROE. No significant association is due to t test results showed variable results DER is 0.526 which means greater than the real level of significance.

c. The Influence of DER on ROE Partially
   Based on the test results of capital structure were measured using Debt to Equity Ratio (DER) has a not significant effects on ROE partially. Based on t test the hypothesis that there has no significant effect between DER on ROE is not accordance with research by Rosyadah (2013) which states DER has a significant effect on ROE. If DER higher, then the company's ability to obtain ROE will be getting lower. DER has a negative effect on ROE.

3. Hypothesis 3
Based on test results CGPI, DAR, and DER on ROA simultaneously, indicate that there are significant results. Hypothesis that CGPI, DAR, and DER has a significant effect on ROA simultaneously can be accepted. The results of the study on the third hypothesis that CGPI, DAR, and DER has a significant effect on ROA is consistent with the research by Rosyadah (2013) although it not explains about the corporate governance. F Test results showed a significant result that is lower than 0.05 that the whole it can be stated statistically independent variables simultaneously have a significant effect on ROA.

4. Hypothesis 4
   Based on test results CGPI, DAR, and DER on ROE simultaneously, indicate that there are significant results. Hypothesis that CGPI, DAR, and DER has a significant effect on ROE simultaneously can be accepted. The results of the study on the fourth hypothesis that CGPI, DAR, and DER has a significant effect on ROE is consistent with the research by Rosyadah (2013) although it not explains about the corporate governance. F test results showed a significant result that is lower than 0.05 that the whole it can be stated statistically independent variables simultaneously have a significant effect on ROE.

5. CONCLUSION AND SUGGESTION

Conclusion
1. T test results showed that the independent variables Corporate Governance Perception Index (CGPI) and Debt to Asset Ratio (DAR) which has a significant influence on Return On Asset (ROA) partially. Other independent variables Debt to Equity Ratio (DER) in the t test showed no significant effect on the Return on Assets (ROA) partially.
2. T test results showed that only independent variable Corporate Governance Perception Index (CGPI), which has a significant influence on Return On Equity (ROE) partially. Other independent variables Debt to Assets ratio (DAR) and Debt to Equity Ratio (DER) in the t test showed has not significant effect on Return on Equity (ROE) partially.
3. Simultaneous effect was performed using F test. F test results indicate that the independent variable corporate governance perception Index (CGPI), Debt to Assets Ratio (DAR), and Debt to Equity Ratio (DER) has a significant effect on Return on Assets (ROA) simultaneously.
4. Simultaneous effect was performed using F test. F test results indicate that the independent variable corporate governance Perception Index (CGPI), Debt to Assets Ratio (DAR), and Debt to Equity Ratio (DER) has a significant effect on Return on Equity (ROE) simultaneously.

B. Suggestion
1. For prospective investors can use aspects of GCG as a basis for making investment decisions. GCG implementation that performed consistently by the company, can be a good assessment of financial performance of companies, not just at the moment but in the long term. Good corporate performance will be followed by the value of the company continues to increase.
2. For the shareholders is expected to further encourage the management to pay more attention to the implementation of GCG in the company. GCG allows organs within the company acted in accordance with its function so that the shareholders can obtain a high return.
3. For the next researcher who is interested to re-examine the research taking the same problem is expected to add an indicator to measure a company's corporate governance. GCG measurements used in this study only includes the Corporate Governance Perception Index (CGPI) which can be added other indicators such as the audit committee and the proportion of independent board in future research.

REFERENCES


Daniri, Mas Achmad. 2014. Lead by GCG. Jakarta: Gagas Bisnis.


