

**BOARD DIVERSITY AND FIRM FINANCIAL PERFORMANCE ON
CONSUMER GOODS INDUSTRY IN INDONESIA**

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Abstract

This study refers to the issue of the diversity of Board of Commissioners and Board of Directors and corporate governance and company performance with achievement of dependencies. The purpose of this research is to provide empirical evidence about the influence of board diversity to the firm's financial performance. The sample used in this study is in consumer goods industry listed on the Indonesia stock exchange period 2010-2016. The study is quantitative using secondary data from various sources. The study uses panel data regression analysis with statistical tools in the form of software Eviews version 8.0. The results of this study showed that the test results indicate that simultaneous diversity of Board of Commissioners and Board of Directors have a good effect on the financial performance of the company. This indicates that diversity in the composition of the Board of Commissioners and Board of Directors in General could affect the company's financial performance through monitoring and optimal implementation of the Board of Commissioners and Board of Directors.

Keywords: Board diversity, Board of Commissioners, Board of Directors, Financial performance.

INTRODUCTION

Board diversity issues in corporate governance be a lively topic discussed, both among academics as well as business. Based on the Agency Theory, the Board with considerable diversity will be assessed more independent (Jensen & Meckling, 1976). The more the number of independent Board, then control the behavior management will be getting better and the results are expected to improve the company's performance (Muth & Donaldson, 1998). Rose (2007) reveal a board diversity that empirically the potential to improve the efficiency of the decision-making process, so hopefully can improve the performance of the company. Good Corporate Governance is a system of regulating the companies to create added value for the company. This is because good corporate governance was able to encourage patterns of performance management in a clean, transparent and professional. The application of corporate governance is often associated with the performance of the product has to be exceeded by the Manager of the company's financial performance was no exception. Despite the fact, in Indonesia the application of corporate governance do not always have an effect on the financial performance of the consumer goods company (Aprintia, 2016).

Diversity in Board has two sides (Milliken & Martins, 1996; Webber & Donahue, 2001), with diversity, the members of the Board will tend to have not only one solution so that it will reduce their "compactness" in the decision-making process, but on the other hand, diversity will increase the performance of the members of board because of the diversity found in the Board will be expanding the perspective, knowledge, and skills in identifying and finding solutions to problems (Webber & Donahue, 2001). An important factor for the effectiveness of the Board of directors include the composition of the Board (homogeny vs. diverse), the dynamics of the board (degree of occurrence of conflicts between the board in policy formulation) and the implications of the role of the Board of commissioner and Board of Directors.

The enactment of the Statute of the company in Indonesia, namely law No. 40 Year 2007 made Indonesia adopted a two tier system, namely the separation of the positions of the Board of Commissioners and Board of Directors. The separation of the Board of Commissioners and Board of Directors is a key corporate governance which has a two tier system. With a two tier system adhered to company in Indonesia, making the Board in Indonesia, cannot have a duplicate post of Commissioner and Director in a company.

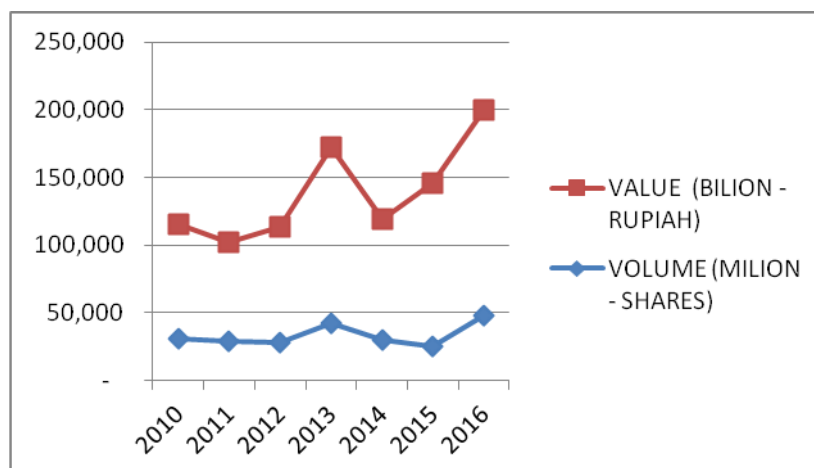
The company's performance is often associated with corporate governance. Financial performance showed a success rate of management in managing the resources that belong to the company. One of the desired qualities of accounting information was financial information that is relevant. Relevant information has two important things namely can provide predictive value and feedback value (SFAC 6, 1985:9). If the measurement of financial performance is already detached from the influence of the performance of the industry, the users of the financial statements will have predictive value appropriately. Data on the average industry often become the benchmark information for investors to assess the financial performance of a company, although in reality, there are some weaknesses of the information contained in the data industry's average of these, one of which is the formulation of different industry ratios among various sources, while information on the calculation of the ratio is not available.

Consumer goods industry is one part of the manufacturing industry in Indonesia. Consumer goods industry became an important pillar of the manufacturing industry in Indonesia due to its known more defensive in all market conditions because their products will always be needed by consumers, although the price of the product often fluctuates. Consumer goods industry includes food and beverage industry, cigarettes, pharmaceuticals, cosmetics and household use, as well as household appliances. Consumer goods industry still be excellent investors to invest their funds because shares of the companies in this industry are still potentially increase. The following is a rate of movement of the stocks of companies in the consumer goods Industry in Indonesia in the year 2010-2016:

Figure 1

The Movement of the Stock Trading Industry of Consumer Goods

Year 2010-2016



In Figure 1, it can be seen that during the period of the year 2010 to 2016, both volume and value stock trading shows the trend is rising and predicted will continue to increase. This is what causes the industry consumer goods be favorite for investors, especially Indonesia's large population, making the existence of the company in the industry of consumer goods will be relatively stable.

Several studies reveal about the effectiveness and role of the Board of directors within the company as well as to identify the characteristics of Board of Directors which may affect the economic performance of a company (Gunderson, et al, 2009). Some earlier research concluded, the quality of corporate governance do not affect significantly the performance of the company is represented with a profit margin, ROA, ROE or ROI (Sayidah, 2007). The results of the analysis conducted by the Guidance (2008) States that the application of corporate governance was not affecting the market performance of the company.

As far as the observations of the researchers, research previous extensive use of ratio-financial ratios such as Return On Assets (ROA), Return On Equity (ROE), Tobins Q as an indicator of financial performance of the company (Low et al, 2015; Julizaerma & Sorib, 2012; Jermias & Gani, 2014; Paniagua et al, 2015; Pallaniapan, 2017; Rodriguez & Fernandez, 2016; Lazaretti et al., 2008; Bennouri et al, 2018). Assessment of financial performance used by using the ratio of sales growth (Sales Growth) as the Yesil & rich (2013), Coles et al (2008) and Liu et al (2014). Iqbal et al (2018) using the ratio of the portfolio Yield (PY) and Operating Expense Ratio (OER) as an indicator of financial performance assessment applied to microfinance in Asia companies as well as research conducted by Kumaat (2013) of using the ratio Cash Flow Return On Assets (CFROA) as an indicator of financial performance assessment.

The novelty of this study is the researcher's use the ROA and ROE are adjusted using the formula in the Z score as an indicator of performance assessment. Z score will show a score or distance values by the mean or average (Atmaja, 2007:61). Thus will note the distance of ROA and ROE company that examined the data industry's average. The value of ROA and ROE are often used as an indicator of financial performance assessment in many studies, as far as the researchers read the references and previous research, have not found the presence of flaws, but ROA and ROE can still be influenced by the the existence of the industry average. ROA and ROE are tailored to the Z Score is expected to be able to show the value of ROA and ROE are no longer influenced by the industry average, as well as performance assessment can provide information to the financial companies that are excelling in their respective industries.

In line with the different backgrounds that have been presented in this study will subsequently be explained about the connectedness with previous research and the development of hypotheses, research methods used, the analysis and discussion of the research results as well as the conclusions and implications of this research.

RELATED LITERATURE AND HYPOTHESIS DEVELOPMENT

Agency Theory

Jensen and Meckling (1976) describe the relationship of the agency as a relationship between the owner of the company (principal) and an agent with delegation of authority, as described by Jensen and Meckling (1976) on the fifth page as follows:

“a contract under which one or more persons (the principal (s)) engage another person (the agent) to perform some service on their behalf which involve delegating some decision making authority to the agent.”

Based on the above explanation, the Agency Theory is a contractual in order to be a member in the company, in which the principal and the agent as the main offender. Principal is the party that gave a mandate to the agent to act on behalf of the principal, while the agent was a party that was given a mandate by the principal to run the company. The agent is obliged to account for what has been entrusted to him by the principal.

Agency Theory provide the latest views on corporate governance which is a balanced agreement between the principal and the agent in order to make the company run by qualified parties in managing businesses and agents must act rationally to the interests of principals (Khairandy & Malik, 2007:19). Agency conflicts which often happens in Indonesia is between minority and majority shareholders, of which the majority shareholder who oversees the performance of the managers asked the managers to make decisions that benefit shareholders the majority so that it can be detrimental to the majority shareholder (Wiranata & Nugrahanti, 2013).

Corporate governance di Indonesia

The Institute for Corporate governance (IICG) defines corporate governance (CG) as a series of mechanisms for directing and controlling an enterprise so that the company's operations went well in accordance with the expectations of the range of stakeholders interests or stakeholders. The principles of corporate governance include transparency (transparency), accountability (accountability), corporate responsibility (responsibility), independent (independency) and justice (fairness), and. Corporate governance is directed to reduce the asymmetry of information between principal and agent (Effendi, 2008:15).

One of the principles of corporate governance is transparency. Transparency implies openness of information both financial and non financial information. Similarly, with implications for the transparency of financial statements so as to minimize the occurrence of fraudulent financing reporting. If a transparent financial reports has been reached, then the information on the financial performance of the company's performance in particular will present the real information for users of financial reports (Khairandy & Malik, 2007:79).

The Act about Ltd Company of the Republic of Indonesia No. 1 year 1995 as has been replaced with Law Number 40 of the year 2007; the legal framework for corporate governance is the most important Indonesian. By the act, the company is a separate legal entity with a Board of Directors and Board of Commissioners who represent the company. Directors and Commissioners are appointed and dismissed by the general meeting of shareholders (GMS). Thus, the Board of directors or the Board of Commissioners is responsible directly to the GMS.

Board diversity allows the creation of a diversity of background and thought the Board of Commissioners or directors either. In this research include the size of the Board the Board diversity, gender, educational background, tenure, postgraduate business and non business, as well as the board is not a citizen of Indonesia.

The Board's size and financial performance

The presence of the Board of Commissioners and Board of Directors are becoming an important factor in the application of corporate governance. The size of the Board of Directors as a whole is considered capable of affecting the company's financial performance (Neil & Dulewicz, 2010; Julizaerma & Sorib, 2012). The size of the Board should be able to improve and optimize the performance of the company's financial, both of the Board with a size large or small has the advantage of each, but the size of a large Board can improve surveillance and can take the decision effectively (Coles et al, 2008), but on the other hand, research conducted by Paniagua et al (2015) revealed that the board size is so large it can result in difficulty to integrate and synergize the corporate strategy. Based on the above description, it can be formulated as the following hypothesis:

H1a: the size of the Board of Commissioners has the positive effect on the firm financial performance

H1B: the size of the Board of Directors has the positive effect on the firm financial performance

Gender and Financial Performance

The current gender diversity is seen as a process to exploit the diversity of characteristics between men and women that are judged to be able to bring benefits to the company (Julizaerma & Sorib, 2012). Still the limited number of women placed in the top position (top management) partly due to the existence of different views about the causes of success earned by men and women. The presence of women in the Board of Directors of the company has significant influence are strong enough in the operating performance of the company as well as by the existence of female representation in the board can provide the perspective, experience and the granting of a different opinion (Muller, 2014). Low et al (2015) shows the results that the existence of differences between the results of the research conducted in countries of the Anglo America and in Asian countries regarding the presence of women in the composition of the Board of directors or Commissioners because due to cultural factors that can not be neglected. Based on the above description, it can be formulated as the following hypothesis:

H2A: the presence of women in the composition of the Board of Commissioners has the positive effect on the firm financial performance

H2b: the presence of women in the composition of the Board of Directors has the positive effect on the firm financial performance

Tenure and Financial Performance

Tenure in this study is the length of time that has been running a member of the Board of Commissioners and Board of directors from the time of his appointment until the end of the period of 2010, 2011, 2012, 2013, 2014 2015 and 2016. Tenure can have an impact on the decision-making process, the longer tenure a Director, and then will have a variety of considerations in the process of determining such a decision considering the company's stability, complexity, communication and coordination (Rivas, 2012). Tenure also have an impact on the extent of the level of supervision as well as improve the overall input on performance and the granting boards (Patro et al, 2018). Based on the description, it can be formulated as the following hypothesis:

H3a: tenure in the composition of the Board of Commissioners have the positive effect on the firm financial performance.

H3b: tenure in the composition of the Board of Directors have the positive effect on the firm financial performance.

Educational Background And Financial Performance

Educational background is one indicator of the diversity that exists in the Board of Commissioners or directors, either because someone owned education deemed unable to affect

the way a person thinks and point of view. Kusumastuti (2007) stated educational background which is owned by the influential Board members to knowledge. Similarly, a study by diakukan et al Toumi (2016), which revealed that the characteristics of the Board that one of its components is the educational background are judged to have a positive influence against the value of the company. Level of education being no less important assessment is to assess the quality of the Board of Directors (Petrovic, 2008) what is more related to the skill of communication and interpersonal as well as the existence of a desire to always improve the quality for yourself. The Board of Directors of optimal performance is expected to improve the company's performance in its entirety (Murphy & McIntyre, 2007). Based on the description, it can be formulated as the following hypothesis:

H4a: proportion of Board of Commissioners with backgrounds in the field of postgraduate business has the positive effect on the firm financial performance.

H4b: proportion of the Board of Directors with a background of postgraduate in business has the positive effect on the firm financial performance.

H5a: proportion of Board of Commissioners with backgrounds in the field of postgraduate non business has the positive effect on the firm financial performance.

H5b: proportion of the Board of Directors with a background in the field of postgraduate non business has the positive effect on the firm financial performance.

Foreign Nationality (Non-Indonesian) And Financial Performance

The ever-growing world market presents to affect the market and the economy in Indonesia. The demands of global competition makes it easy for the entry of a transfer of economic resources from and out of Indonesia including one is the inclusion of the experts who did not come from Indonesia or foreign nationals. Experts including that incorporated in either the Commissioner or members of the Board of Directors assessed the memiliki connection and network as well as a broader knowledge. The presence of members of the Board of Commissioners and Board of Directors with foreign nationality suggests that the company has been in the process of globalization and the exchange of information in international networks (Alfraih, 2016). The Board of Commissioners and Board of directors who have access directly to investors, indirectly giving confidence in investing in the company stock. What if a member of the Board of foreign film and television will show that the company has been run professionally, so that foreign investors don't hesitate to invest in the company. Based on the above description, it can be formulated as the following hypothesis:

H6a: the proportion of the foreign nationality of Commissioners has the positive effect on the firm financial performance.

H6b: proportion of foreign nationality whose Board of Directors have the positive effect on the firm financial performance.

METHOD

This study will test the influence of the board's diversity on the company's financial performance in the industry of consumer goods in Indonesia. This research is quantitative descriptive research shaped i.e. research that reveal large or small an influence or relationships between variables are expressed in numbers, by means of collecting data which is a factor supporting against the influence between variables – variables are concerned. The kind of this research is research with data panel, namely data collection research that involves a lot of time or period with lots of samples (Ghozali & Ratmono, 2013:54).

Population and Sample

This research using population data of manufacturing companies listed on the Indonesia stock exchange and the sample used in this study is the industry of consumer goods that are listed on the Indonesia stock exchange over a span of seven years that is from the year 2010 up to the year 2016. Determination of the sample in this study using the method of purposive sampling, where researchers use criteria have been determined so that the samples used in accordance with the research objectives (Sekaran, 2013). Sample criteria used in this study include:

a. companies in the consumer goods industry are compiled and published annual reports and financial statements during the period from 2010 to 2016 and is available on the website of the Indonesia stock exchange (www.idx.co.id).

b. financial report is presented using the Rupiah currency has no value and the ratio of total debt to the total equity (DER) is negative.

The data in this study using secondary data. Secondary data (secondary data) is data obtained from sources that are already available (Sekaran, 2013). Secondary data used in this research is data annual report (annual report) of industrial consumer goods companies that went public and was listed on the Indonesia stock exchange (BEI) in 2010 up to 2016.

Table 1**Sample Determination**

Sample Criteria	Total
The number of industrial consumer goods until the year 2016	40
Number of industrial consumer goods which do not fit the criteria	(6)

Number of industrial consumer goods which fit the criteria	34
The data is used as a sample (34 x 7years)	238

Measurement of Variable

The independent variable in this research is board diversity that comprised of Board size, gender, educational background, tenure, postgraduate business and non business and foreign nationality (other than the nationality of Indonesia), while the dependent variable in this study is the financial performance of companies that proxied with ROA, ROE and ROA, adjusted adjusted ROE. The control variables in this study are firm’s size, leverage, firm’s age, and Big Four’s public accountant.

The control variable is a variable that can be controlled so that the dependent variables independent of influence is not influenced by external factors that are not examined. The calculation of these variables has been shown in detail in Table 2, Table 3, Table 4

Table 2

Independent Variable Description

Variable	Definition	Measurement	Reference
Independent Variable			
Board Size	the number of members of the Board of Commissioners and Board of Directors are calculated over a long period of observation from the year 2010 up to 2016	Σ commissioner Σ director	Alfraih (2016)
Gender	Gender diversity is measured by using a proportion of female existence in the composition of the Board of Commissioners and	Σ female on board : Σ board members	Julizaerma & Zulkarnain (2012)

Board of Directors			
Tenure	Tenure is the length of time served as a member of the Board of Commissioners or the Board of Directors.	Weighting tenure Board of Commissioners and the Board of Directors through the frequency distribution table and justification of researchers	Dajan, (2000)
Educational Background	Educational background is divided into two i.e. courses with educational background in business and non business	<p>Σ members of the Board who have postgraduate education background in business: Σ board members</p> <p>Σ members of the Board who have postgraduate education background a non business: Σ board members</p>	Toumi <i>et al</i> (2016)
Foreign nationality (non Indonesian)	Diversity of nationality in this research is measured by counting the number of members of the Board of Commissioners or the Board of Directors of a foreign nation is divided by the number of members of the Board of Commissioners or directors	Σ board members that have foreign nationality: Σ Board members	Barka & Dardour (2015)

Table.....

Dependent Variable Description

Variable	Definition	Measurement	Reference
<i>Dependent Variable</i>	According to Brigham and Houston (2007:268)	ROA = (NI after tax /	

is the ratio of net income to the total asset that measures the return on total assets. $(\text{net income} / \text{total asset}) \times 100\%$

ROA & Adjusted ROA

Brigham & Daves (2007:268)

Adjusted ROA = ROA – *Z Score* Atmaja (2007:61)

ROE & Adjusted ROE

This ratio is used to see the level of efficiency in managing the company's equity to generate net profits of the company (Brigham & Houston, 2007:268)

ROE = (NI after tax / total equity) x 100% Brigham & Daves (2007:268)

Adjusted ROE = ROE – *Z Score* Atmaja (2007:61)

Table 4

Control Variable Description

Variable	Definition	Measurement	Reference
Control Variable			
Firm size	Firm size is indicated by the total asset	LN (Total Asset)	Julizaerma & Zulkarnain (2012)
Leverage	Leverage is used to measure the extent of the assets owned by the company that is derived from debt or equity	DER = Total Debt : Total Equity	Brigham & Houston (2007:257)

Firm age	Firm age is calculated since the company stand and started its operational activities, not the time was listed in the Indonesia stock exchange	Σ the number of years since the company stands	Julizaerma & Zulkarnain (2012)
Big 4	This variable is used to see if the company is audited by public accountant which belong to the Group of big 4 or not	Score 1 for companies that are audited by The Big 4 public accountant, and another was given a score of 0.	Dimovski et al (2013)

Research Design

This study will test the influence of the diversity of the Board of Commissioners or directors on good financial performance of companies that proxied with ROA and ROE either adjusted to the Z Score or not. From theoretical model equations are:

a. ROA pada dewan komisaris dan dewan direksi

$$ROA_{it} = \alpha + \beta_1 \text{BOARDSIZE}_{it} + \beta_2 \text{GENDER}_{it} + \beta_3 \text{TENURE}_{it} + \beta_4 \text{PGBISNIS}_{it} + \beta_5 \text{PGNONBISNIS}_{it} + \beta_6 \text{FOREIGN}_{it} + \beta_7 \text{FIRMSIZE}_{it} + \beta_8 \text{LEV}_{it} + \beta_9 \text{FIRMAGE}_{it} + \beta_{10} \text{BIG4}_i + \mu_{it}.$$

b. Adjusted ROA pada dewan komisaris dan dewan direksi

$$\text{Adjusted } ROA_{it} = \alpha + \beta_1 \text{BOARDSIZE}_{it} + \beta_2 \text{GENDER}_{it} + \beta_3 \text{TENURE}_{it} + \beta_4 \text{PGBISNIS}_{it} + \beta_5 \text{PGNONBISNIS}_{it} + \beta_6 \text{FOREIGN}_{it} + \beta_7 \text{FIRMSIZE}_{it} + \beta_8 \text{LEV}_{it} + \beta_9 \text{FIRMAGE}_{it} + \beta_{10} \text{BIG4}_i + \mu_{it}.$$

c. ROE pada dewan komisaris dan dewan direksi

$$ROE_{it} = \alpha + \beta_1 \text{BOARDSIZE}_{it} + \beta_2 \text{GENDER}_{it} + \beta_3 \text{TENURE}_{it} + \beta_4 \text{PGBISNIS}_{it} + \beta_5 \text{PGNONBISNIS}_{it} + \beta_6 \text{FOREIGN}_{it} + \beta_7 \text{FIRMSIZE}_{it} + \beta_8 \text{LEV}_{it} + \beta_9 \text{FIRMAGE}_{it} + \beta_{10} \text{BIG4}_i + \mu_{it}.$$

d. Adjusted ROE pada dewan komisaris

$$\text{Adjusted } ROE_{it} = \alpha + \beta_1 \text{BOARDSIZE}_{it} + \beta_2 \text{GENDER}_{it} + \beta_3 \text{TENURE}_{it} + \beta_4 \text{PGBISNIS}_{it} + \beta_5 \text{PGNONBISNIS}_{it} + \beta_6 \text{FOREIGN}_{it} + \beta_7 \text{FIRMSIZE}_{it} + \beta_8 \text{LEV}_{it} + \beta_9 \text{FIRMAGE}_{it} + \beta_{10} \text{BIG4}_i + \mu_{it}.$$

Where:

i: show company.

t: denotes a time series (2010-2016).

α : intersep coefficient or constant.

β : shows the direction and influence of each.

μ : factor disorder or not can be observed.

ANALYSIS AND DISCUSSION

Descriptive Statistics

Results descriptive statistics on the consumer goods industry as reflected in the Table 5. In the Table 5, see the comparison between ROA and ROE are adjusted to the Z score and ROA and ROE are without adjusted.

Table 5
Descriptive Statistics of Financial Performance

Variabel	Obs	Mean	Median	Max	Min	Std. dev
ROA	232	11.8563	8.2450	87.9100	-15.5000	13.7151
ADJUSTED ROA	232	4.2000	-0.2196	4.1686	-2.0364	0.9869
ROE	232	20.4077	13.7150	162.5500	118.1700	35.5583
ADJUSTED ROE	232	-0.0007	-0.1583	3.7104	-3.8576	0.9871

The value of ROA and adjusted the highest ROA is of 87.91 and 4.1686 IE is the value of PT Sekarbumi Tbk in 2010, while its lowest value i.e.-15.500; -and-2.0364 which belongs to PT Bentoel International Investama in 2016. Standard deviation adjusted and ROA ROA of 13.7151 and 0.98, meaning ROA in this industry amounting to 13.71% and adjusted variations ROA of 0.98%.

On the industry of consumer goods, the value of the ROE and adjusted the highest ROE is 162.55 and 3.7104 IE is the value of PT Sekarbumi Tbk in 2010, while its lowest value i.e. 118.17-and-3.8576 belonging to PT Bentoel International Investama in 2013. Standard deviation adjusted ROE and ROE amounted to 35.5583 and 0.9871 to mean variation of ROE in this industry of 35.55% whereas the variation in the adjusted ROE amounted to 0.98%.

Table 6 shows the descriptive statistics diversity Board of Commissioners or directors. The Board of Commissioners and Board of Directors are tested separately considering Indonesia has a two tier that separates the functions of oversight and implementing within the company.

Table 6
Descriptive Statistic of Board Commissioner's Diversity

Variabel	Obs	Mean	Median	Max	Min	Std. dev
X1 UKURAN DEWAN	232	4.1853	3.0000	8.0000	2.0000	1.6184
X2 GENDER	232	0.4871	0.0000	4.0000	0.0000	0.7728
X3 TENUR	232	32.6340	25.5000	115.0000	2.0000	24.9006
X4 PG BISNIS	232	0.8534	1.0000	4.0000	0.0000	1.0792
X5 NON BISNIS	232	0.5733	0.0000	4.0000	0.0000	0.8895
X6 WNA	232	0.9741	0.0000	5.0000	0.0000	1.2789
UKURAN PERUSAHAAN	232	7.24E-12	1.21E-12	9.18E-13	7.44E-08	1.56E-13
DER	232	80.5508	33.5000	2448.000	0.0000	230.9001
UMUR PERUSAHAAN	232	41.3879	38.5000	86.0000	9.0000	19.5788
BIG 4	232	0.4957	0.0000	1.0000	0.0000	0.5011

Table 7
Descriptive Statistic of Board Director's Diversity

Variabel	Obs	Mean	Median	Max	Min	Std. dev
X1 UKURAN DEWAN	232	5.4353	5.0000	16.0000	2.0000	2.6880
X2 GENDER	232	0.8405	1.0000	5.0000	0.0000	0.9469
X3 TENUR	232	35.4063	31.0000	120.0000	2.0000	22.5935

X4 PG BISNIS	232	1.1767	1.0000	3.0000	0.0000	1.1161
X5 NON BISNIS	232	0.3319	0.0000	2.0000	0.0000	0.6820
X6 WNA	232	1.1293	0.0000	9.0000	0.0000	1.8750
UKURAN PERUSAHAAN	232	7.24E -12	1.21E -12	9.18E -13	7.44E -08	1.56E -13
DER	232	80.5508	33.5000	2448.000 ,	0.0000	230.9001
UMUR PERUSAHAAN	232	41.3879	38.5000	86.0000	9.0000	19.5788
BIG 4	232	0.4957	0.0000	1.0000	0.0000	0.5011

1) The Board of Commissioners

On the consumer goods industry, companies on average 4 members of the Board of Commissioners. The number of members of the Board of Commissioners most owned by some of the companies are a number of 8 people and in some companies have a number of members of the Board of Commissioners just as much as 3 people. The gender test conducted on the order of the Board of Commissioners, most companies have a number of women Commissioners 4. The minimum value shows number 0 which means there are some companies that do not have the order of the Board of Commissioners with members of the women in it.

On the industry of consumer goods, the average number of Board of Commissioners are tenure 32.63 years, and there is a single board with a total of commissioner's tenure which reached number 115. This is because some members of the Board of Commissioners in Office since the new company was founded. A number of companies have 4 members of the Board of Commissioners with a postgraduate education background in the field of business and who has a postgraduate degree in a non business a number of 4 people. In the consumer good industry, a number of companies have Commissioners of foreign nationality a number of 5 people.

2) The Board of Directors

The size of the Board of Directors on the industry a little more if compared to the size of the Board of Commissioners. In this industry, the average company has a 5-member Board of Directors. Some of the companies in this industry have a 16-member Board of Directors and several other companies have only 2 members of the Board of Directors. On the composition of the Board of Directors, the company has the most members of the Board of Directors of as many as 5 people. The minimum value shows number 0 which means there are some companies that do not have an arrangement with a member of the Board of Directors of women in it.

Average number of tenure Board of Directors is a number of 35.4 years. There are some members of the Board of directors who have served since the company was founded, so that there is one company with a total of 120. On the composition of the Board of Directors of postgraduate education background in the field of industrial consumer goods business on a number of Board members and 3 people who has a postgraduate education background a non business a number of 2 people. Some companies in the consumer goods industry has a member of the Board of Directors of a foreign nation a number of 9 people.

The Simultaneous Significance Tests (Test F)

This test is intended to determine whether the independent variables being tested will have influence on the dependent variables together (Ghozali, 2011:98). In this study, the test Statistic F will be done separately for Board of Commissioners and Board of Directors.

Table 8

F-Test Model and a Test of Coefficient Determination (R) On the Board of Commissioners

Dependent variable	R Squared	Adjusted R Squared	F Statistic	Prob (F-Statistic)
ROA	0.064938	0.022628	1.534809	0.128299
ADJUSTED ROA	0.047478	0.004378	1.101575	0.361982
ROE	0.215309	0.179802	6.063943	0.00000
ADJUSTED ROE	0.230214	0.195382	6.609265	0.00000

In the consumer goods industry, testing is done to the Board of Commissioners, the Prob (F-statistics) on the dependent variable ROA and adjusted ROA showed the value of $\alpha > 0.05$ IE each registration and 0.361982 meaning 0.12829 sixth variable independent (BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) variables do not affect ROA and adjusted ROA. On the dependent variable ROE and adjusted ROE, the Prob (F-statistic) is 0.0000, meaning that one or all six of the independent variable ((BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) together or simultaneous has the dependent variable affects both.

Adjusted R-squared value for a variable ROA and adjusted ROA is 0.02262 and 0.004378 or amounted to 2.2% and 0.4% of the dependent variable is affected by the independent variable (BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) and the rest is influenced by Another factor. As for the dependent variable

ROE and adjusted ROE, adjusted R-squared values respectively are 0.1798 and 0.1953, meaning that the 17.98% and 19.53% of the variable ROE and adjusted ROE is affected by the independent variable and the rest is influenced by another factor.

Table 9

F-Test Model and a Test of Coefficient Determination (R) On the Board of Directors

Variabel Dependen	<i>R Squared</i>	<i>Adjusted R Squared</i>	<i>F Statistic</i>	<i>Prob (F-Statistic)</i>
ROA	0.108388	0.068043	2.686564	0.004009
ADJUSTED ROA	0.077981	0.036261	1.869144	0.05067
ROE	0.230077	0.195239	6.604177	0.0000
ADJUSTED ROE	0.243559	0.209331	7.115778	0.0000

Testing was done on the Board of Directors; the value of the Prob (F-statistic) ROA is 0.004009 ($\alpha < 0.05$). This means one or all six of the independent variable (BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) together with the dependent variables affect the confidence level 95%, whereas in variable value adjusted ROA, Prob (F-statistics) indicates the value of the 0.05067 ($\alpha > 0.05$) so that any or all six of the independent variable (BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) together does not affect the dependent variable with a 95% confidence level.

So it is with the dependent variable ROE and adjusted ROE that has Prob (F-statistic) of 0.0000 which means that any one or all six of the independent variable (BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) together affect the dependent variable with a 95% confidence level.

Adjusted R-squared value for a variable ROA and adjusted ROA is 0.068043 and 0.00437 or of 6.80% and 0.4% of the dependent variable is the second is affected by the independent variable (BOARD SIZE, GENDER, TENURE, PG BUSINESS, PG NON BUSINESS and a FOREIGN NATIONALITY) and the rest is influenced by other factors. As for the dependent variable adjusted ROE and ROE have adjusted R-squared values respectively are 0.195239 and 0.2093 which means that 19.52% and 20.93% of the variable ROE and adjusted ROE is affected by the independent variable and the rest influenced by other factors.

Regression Result and Discussion

Table 10

Regression test results of Board of Commissioners and Board of Directors

Hypothesis	Model			
	1	2	3	4
Commissioner				
BFSIZE	0.3806	0.4654	0.046**	0.206
GNDR	0.0837	0.7364	0.0414**	0.5022
TNR	0.3627	0.5604	0.2922	0.3667
PGB	0.5076	0.3863	0.3773	0.5268
PGBN	0.0000**	0.0083**	0.0000**	0.3731
FOREIGN	0.8557	0.9718	0.8226	0.5877
FBSIZE	0.6407	0.2888	0.7543	0.9265
LEV	0.7728	0.6957	0.000**	0.0171**
FIRMAGE	0.0036**	0.3457	0.0000**	0.347
BIG4	0.7253	0.9241	0.1922	0.1581
Director				
BFSIZE	0.2145	0.0052**	0.1483	0.0718
GNDR	0.7306	0.7471	0.0858	0.6384
TNR	0.2135	0.0285**	0.1608	0.223
PGB	0.1147	0.0775	0.2071	0.1281
PGBN	0.007**	0.3025	0.0005**	0.4887
FOREIGN	0.8861	0.5021	0.7091	0.5647

FSIZE	0.7652	0.2687	0.4099	0.0948
LEV	0.1644	0.6136	0.0001**	0.0186**
FIRMAGE	0.0139**	0.3872	0.0000**	0.3207
BIG4	0.4425	0.7196	0.0243	0.1689

Notes: ** Significant 5%, 1=ROA, 2=*Adjusted ROA*, 3= ROE, 4= *Adjusted ROE*

BSIZE: Board Size, GNDR = Gender, TNR = Tenure, PGB = *postgraduate* business,
 PGNB = *postgraduate* non business, FOREIGN = Foreign Nationality, FSIZE = Firm Size,
 LEV = *Leverage*, FIRMAGE = Firm Age, BIG4 = Big 4 Public Accountant

Board Size

Board of Commissioners

In the consumer goods industry, the size of the Board of Commissioners has an impact on the financial performance of companies that proxied with the ROE. These results support research conducted by Julizaerma and Sorib (2012); Neil & Dulewicz (2010); and Alfraih (2016) stating that the size of the Board has a positive and significant relationship on performance of a company. The number of Commissioners, making oversight which would be better done as the Board of Commissioners do not have to divide the concentration to other things in the company. The results of this research confirm H1a statement.

Board of Directors

The test results on the size of the Board of Directors is not much different from the results of testing are done to the Board of Commissioners. On the variable adjusted ROA, the size of the Board shows that there is a positive influence on performance of finance, it is simultaneously supporting research conducted by Coles et al. (2008) which claimed that the size of a large Board can improve the function monitoring and more effective decision making. The number of members of the Board of Commissioners that allows a member of the board to focus in conducting surveillance on one field. H1B in research is confirmed.

Gender

Board of Commissioners

On the industry of consumer goods, in the Board of Commissioners, the gender variable has a significant influence on performance of financial proxied with ROE. Characteristics of sub sectors that are sensitive to the exchange rate of rupiah demand prudence in taking decisions and define strategies for the company. Positive influence of the existence of the Board of Directors of

women against the performance of the company in accordance with the resource dependence theory that suggests women's board can give affect on the performance of the company by way of providing input and advice, legitimacy and the influence of network (Liu et al, 2014). New capabilities that bring women directors owned new perceptions and new values to the ranks of top management that will bring better results with regards to problem solving, improving creativity and innovation, as well as improving access to information (Bennouri et al, 2018). No wonder when in the modern era as it is today, a lot of women who occupy important positions such as on the Board of Commissioners of a company. The results of this research while simultaneously confirming the statement of H2a.

Board of Directors

Testing on the Board of directors shows different results with the results shown in the Board of Commissioners. Gender does not show a positive influence towards good financial performance that has been customized or not. The presence of women in the composition of the Board the company is judged able to improve corporate governance and build institutions, business that are more open, though it still required a lot of adjustment to prove the role of women in her position the top management of a company (Zaluki & Nurwati, 2012). The cultural factor is one of the things that cannot be neglected, given the culture of the East that are still a little limited the space for women to occupy a high position equal to the men, though at the moment it's rare. The results of this study do not confirm the statements of H2b.

Tenure

Board of Commissioners

Tenure is the length of time served as a member of the Board of Commissioners or directors either. Tenure in this study measured through weighting by using frequency distribution. Regression test results from the tables, in the consumer goods industry, tenure in Board of Commissioners does not show its effects on the financial performance of the company. The high turnover rate in the order of the Board assessed can degrade performance (Belkhir, 2009), in other words, the more often the order of the Board of Commissioners, then their performance will not be maximized. But on the other hand, if someone serves on the Board of Commissioners for too long, then at one point, he can experience a level of saturation as well as the requirement to develop the knowledge that is increasingly high. The results of testing on tenure Board of Commissioners on this industry is not in support of such research results, so H3a stated in this study not confirmed.

Board of Directors

Slightly different results shown by the results of testing variables tenur on board against the financial performance. In this industry, tenure showed significant effects on the financial performance of the company are proxied by adjusted with ROA. The results of this research while simultaneously supporting the results of the study by Muller (2014) stating that the amount

of tenure in the Board of Directors has a significant influence on performance of operations of the company. The length of time served one becomes the Board of Commissioners is able to generate experience and able to hone the nature of prudence in conducting surveillance. The results of this study confirm the H3b.

Educational Background

Board of Commissioners

In this research, educational backgrounds divided into two, namely postgraduate educational background in business and non business. Testing was done on the consumer goods industry, variable business postgraduate education background the Board of Commissioners has no influence on the financial performance of the company and thus postgraduate education background a non business on board the Commissioner had an affect on the financial performance of the company. It supports research conducted by Petrovic (2008) which claimed that the assessment of the level of education being no less important to assess the quality of the Board Moreover related to the skill of communication and interpersonal as well as the existence of the desire to always improve the quality for yourself. The Board of Directors of optimal performance is expected to improve the company's performance in its entirety (Murphy & McIntyre, 2007). If educational background of a non business thus influential, this can be attributed to the characteristics of the company which is not a financial company, so the basic science that is owned by the members of the Board of Commissioners is not always background to the business. On industrial consumer goods, H4a stated not confirmed yet confirm H5a statement.

Board of Directors

The test results on the Board of Directors are not much different with Board of Commissioners. Educational background in the fields of business showed no significant effects the financial performance, however, the variable that indicates the non business studies the effect on the financial performance that proxied by ROA and ROE. Kusumastuti (2007) stated educational background which is owned by the influential Board members to knowledge. The Board of Directors must not have the educational background of the business, to be able to manage a company with good, the most important is related to the skill of communication and interpersonal as well as the existence of a desire to always improve the quality of self (Petrovic, 2008). The results of this study do not confirm H4b statement and confirming H5b statement.

Foreign Nationality

Board of Commissioners

Testing on the Board of Commissioners, variable foreign nationality does not show its effects on the financial performance of the company, well ROA or ROE. This does not support the research conducted by Alfraih (2016) that concluded that the presence of members of the Board of Commissioners and Board of Directors with foreign nationality suggests that the company has

been in the process of globalization and the exchange of information in international networks. The presence of the Board of Commissioners of foreign nationality in addition to profitable companies, but on the other hand could also burden the company. Their existence is assessed can overload the financial side of the company. The expats is not uncommon to be given more facilities than other board members. The results of this study do not confirm the statements H6a.

Board of Directors

Testing on the Board of Directors also show similar things as well as on the Board of Commissioners. Foreign nationality variables showed no significant effects against the financial performance on the Board of Directors. The results of this study do not support the H6b simultaneously rejects the results of research conducted by Sahin et al (2015) stating the characteristics possessed by the Board of Directors have influence on international diversification and financial performance corporate finance. Limited time at their disposal, could be a barrier for them to work optimally in a company. The results of this study do not confirm the H6b statement.

Variable Control

Firm Size

The firm size that is used as control variables in a sub this sector does not show its effects on the financial performance of the company. This is in accordance with the research conducted by Jermias and Gani (2014), which uses the company's size as a control variable and has no effect on the company's performance.

Leverage

Debt to Equity Ratio (DER) was used as control variables in the study. The selection of the control variables as DER one is creditors can look equities or funds that were placed by the owner as a security boundary, which means that the higher the proportion of the total paid up capital by shareholders, then the risk of facing the creditor will be getting smaller (Brigham and Houston, 2012:140). The test results on the Board of Commissioners and Board of Directors on the industrial consumer goods, indicating the results of that DER effect on the financial performance of companies that proxied with ROE both adjusted or not.

Firm Age

This control variable is measured by calculating the company's long standing and in operation. On the Board of Commissioners and Board of Directors of consumer goods industries, the control variable shows a positive influence on the financial performance of the company either proxied by ROA or ROE which is not adjustable, it is not in line with the research performed by Julizaerma & Sorib (2012) stating that age the company has negative affect with the company's performance.

The Big 4

The result on the Board of Commissioners and Board of Directors, the control variable BIG4 does not show its effects on firm financial performance

Conclusion and Implication

This study tested the affect of the diversity of the Board of Commissioners and the Board of Directors either as measured by proxy: the board size, gender, tenure, educational background postgraduate business and non-business, and foreign nationality to firm's financial performance that proxied with ROA and ROE that has been adjustable with the value of the Z Score and ROA and ROE without adjusted. Simultaneously, the diversity in the composition of the Board of Commissioners and Board of Directors have an impact on the financial performance of consumer goods companies.

The implications for the management of the company is the presence of the Board of Commissioners and Board of Directors, should not only be used as a "symbol" for a company. The Board of Commissioners and Board of Directors must perform its functions as supervisor and managing the company's operations. The application of corporate governance is expected to improve the performance of the company, not only from the financial side, but also on the performance of some sectors. Thus, it does not cover the possibility of going to a healthy business climate is created that will bring a positive impact to the economy of Indonesia. The company must comply with all the rules set UU No. 40/2007 regarding limited liability company as the basis of the applicable law in Indonesia.

Limitations of this research are measured using tenure variable weighting with the justification of the researchers and using frequency distribution. It is subjective in nature because it is based on the justification of the researchers. Further research will use variable tenure, it is advisable to seek a more precise measurement of the way and be more objective so that the results can be applied to the various types of company are not limited only on industrial goods consumption.

ACKNOWLEDGEMENT

This research article is part of the thesis is compiled by researchers as a condition for obtaining a master's degree in the field of accounting. Researchers thanked the parties that had helped the process of settlement of both article and thesis research. Thank you for Dr. Payamta, M.Si., Ak., CPA.,CPI; Doddy Setiawan, S.E., M.Si., IMRI., Ph.D., Ak; Dr. Djuminah, M.Si.,Ak dan Dr Wahyu Widarjo, S.E., M. Si., for guidance and mentoring during the completion of this study.

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