FACTORS AFFECTING FINANCIAL PERFORMANCE IN THE INFRASTRUCTURE INDUSTRY IN INDONESIA

Erica Erica¹, Hendro Lukman*¹*

¹ Faculty of Economics and Business, Universitas Tarumanagara, Jakarta - Indonesia
*Email: hendrol@fe.untar.ac.id

Submitted: 01-04-2022, Revised: 01-08-2022, Accepted: 02-02-2023

ABSTRACT
The company needs good governance in order for management to function properly and increase its performance. The separation of execution and oversight is an important characteristic of good governance. The aim of the research is to see if independent commissioners, CEO duality, committee size of committee audit, financial expertise on the audit committee board, and connection of political have an impact on business performance in infrastructure public companies in Indonesia during 2016 to 2020. Secondary data was used with 83 sample. The regression analysis used in this study was done using the SPSS version 25 application. The findings demonstrate that the audit committee size has a huge and beneficial impact on corporate performance. However, the independent board of commissioners, CEO duality, financial expertise on the audit committee, and political connections have no significance. The findings of the study indicate that the audit committees of Indonesian infrastructure corporations should be enhanced to compensate for the deficiencies of other governance elements.

Keywords: Corporate Governance, Board of Commissioners, Audit Committee, Political Connections, Company Performance

1. INTRODUCTION
Throughout this era of globalization, the corporate sector is rapidly expanding. Many companies began to emerge, which has its own set of advantages. This very rapid development of course cannot be avoided. The thing that can be done is to think of ways so that companies that have been established can still exist in their fields. In this period of very rapid development, companies are not only required to be able to survive but must be able to create innovations and other advantages so that they can beat similar companies. The era of globalization makes technological developments very fast which of course will have an impact on the world economy. In this era of globalization, every company, both newly established companies and companies that already exist in the business world, are forced to be ready and able to face tough business competition. The business competition, of course, is not only on a national scale, but must be capable on an international scale. There are many ways that can be done to be able to compete in the era of globalization. However, not all of these methods can provide effective and efficient results for the company. Therefore, it is very important for companies to be able to see and take advantage of the slightest opportunities that exist. Information that is very easy to obtain and learn by the public to determine a company is in good condition is financial statements. Financial statements are commonly used as a standard for the measures of the company and also its performance. Financial statements represent a company's current financial status over a period of time. To be able to determine the condition of a company, of course, not only by looking at the financial statements, but it is necessary to be able to understand and analyze the financial statements. It is consistently related to the performance of company when determining the company's condition. The operational activities of a firm are intimately connected to the company's performance. Therefore, performance of company is often used as a benchmark in

https://doi.org/10.24912/ijaeb.v1.i2.1-14
assessing a company and evaluating operational activities and the level of success of a company within a certain period. Company performance is also often associated with planning. Good financial performance is often associated as a form of signal for investors. In order to attract the investors to invest, a company must improve the company's performance. Company performance can be measured by several approaches. The performance of a firm reveals a lot, such as how profitable it is, how well it is managed, and so on. It also assists in both the short-term and long-term forecasting of the firm. Given its significance, it is critical to shed light on this subject. It is worthy to do research into the factors that influence firm performance in order to improve a company's success. Return on assets, which is one of the profitability ratios, is one of the most commonly used measuring instruments [1]. In order to maximize profit, the operational activities of company must be carried out. Management and shareholders will have disagreements. This frequently occurs as a result of the opposing parties' differing objectives [2]. Whatever form of conflict that occurs between management and shareholders, of course, it will not benefit both parties. Therefore, there is a need for a solution so that the conflict can be resolved. The solution is that the rights of shareholders should not be violated. To ensure that the rights of shareholders and management perform their duties properly, “Good Corporate Governance” (GCG) is necessary. A successful corporate governance system is one that can manage and clarify relationships between different parties.

A good corporate governance system is one that follows the Good Corporate Governance Principles (GCG). The purpose of good corporate governance is to keep track of management's performance and guarantee that they are held accountable. One of the cases that proves that the application of governance is an important matter is the case that occurred in the United States, namely the “Enron, PT Asuransi Jiwasraya, PT Waskita Karya (Persero) Tbk”.

**Related Work**

The main problems in this study are 1) Do independent commissioners have effect the performance of company, 2) Does CEO duality has affect the performance of company, 3) Does the size of the audit committee has affect the performance of company, 4) Does the number of financial experts on the audit committee has effect the performance of company, and 5) Does political connections affect the company's performance.

The performance of a corporation can be influenced by a variety of factors. According to earlier research, the number member of audit committees board, the number of audit committee independence, and audit committee economists have a significant and positive impact on corporate performance [3]. [4] did studies that supported the findings of this study. However, there are contradictions with [5] research.

**Our Contribution**

The findings of this study should be valuable to a variety of investors, businesses, and academics. The variables analyzed can be used by investors as investment signals in the infrastructure industry. The company can assess which aspects of governance need to be strengthened. Meanwhile, lots of studies in certain industries might help academics enrich their study in the subject of governance and corporate value. The research's unique feature is that it incorporates parts of the infrastructure industry's dense political connections, allowing for a better grasp of the function of connection of political in the influence of company value.
2. LITERATURE AND HYPOTHESIS DEVELOPMENT

Literature Review

Agency Theory

A company there are two parties who will continue to interact with each other [2]. These parties are the agent and the principal. This relationship is based on a contract between the owner and the management of the company. The basis of an individual's attitude is concerned with his own personal interests. As with agents and company owners, each party wants its goals to be achieved. Agents are more likely to put their personal interests over the interests of investors in order to improve the company's value, whereas capital owners are more interested in enhancing welfare [6]. In general, while making decisions in a corporation, managers will prioritize short-term profits in order to maximize their personal earnings in a short period of time. The company has the potential to make a long-term impact on the company's sustainability. What should happen is that management should be able to serve the interests of the company's owners while also prospering them. As a result, the company's owner does not fully trust the agent. In addition, information inequality is a natural thing to happen. This happens because the data that can be accessed by company owners is also limited so that it exacerbates the agency problem so that it becomes more complicated.

Signaling Theory

There must be asymmetric information between the agent and the principal in a corporation. This is due to the fact that the firm's owner has restricted access to information, whereas management has complete access because management is the person in charge of the organization. Due to the limitations of the principal in accessing data and information in a company, a tool is needed that can be conveyed to the principal that the company is in good condition. In the business world, signals are divided into two, namely good signals and bad signals. According to [7], signals are important in a company. Companies must be able to give a good signal to investors. A good signal will describe or reflect a good company performance. Good corporate performance is what investors like the most. Therefore, a good signal from a company will increase investor interest to invest in a company.

Firm Performance

The company’s performance is a true reflection of the company's condition at a certain point [9]. As a result, corporate performance is frequently employed as a benchmark to assess the level of success of management's operational actions in achieving the goals and vision of the company[10]. So, a tool that is able to analyze the company's performance is needed to be used as a reference in preparing future plans.

The benchmark for business success is measured by financial performance [10] In measuring the level of success of company performance, there are several measurement tools that can be used. Each measurement tool has its own distinct meaning. Return on assets (ROA) was used as an assessment technique in this study. A type of profitability ratio is return on assets. The value of return on assets (ROA) is a ratio of net income to total assets over a period of time [1]. Return on assets (ROA) is a comparison that may be used to stipulate if a company's use of assets to create profits was successful or not. Investors can also get a signal from a company's performance as measured by return on assets (ROA). A high return on asset
(ROA) figure signals to investors that the performance of company is solid and that the assets of company are being used effectively.

Board Independent

A structure of “good corporate governance” is represented in commissioners’ board. The board of commissioners is commonly based on the principal's representative. The commissioners’ board are responsible for monitoring “corporate governance”, reviewing management performance, and advising the board of directors [11]. The membership of commissioners’ board is regulated by OJK, “Number 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies”, which clearly says that there must be at least two “independent commissioners” or at minimum 30% of the all members of the commissioners’ board. An independent commissioners is supposed to assign independent oversight and to be capable of representing minority shareholders [12].

CEO Duality

CEO duality is a situation in which an individual holds two positions at the same time, namely CEO and COB [13]. The CEO, who is also a member of the board of directors, is in charge of the company's functional areas, while the COB is a member of the board of commissioners. The board of commissioners has tasks and functions to oversee the performance of the board of directors and to provide suggestions to the board of directors (OJK Regulation Number 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies). The existence of CEO duality will lead to concentration of power and inconsistency regarding controlling issues. In the context of Indonesia, the two positions may not be held by the same person, this is regulated in a limited liability company regulation which states that companies must use a two-tier system [13].

Audit Committee Size

The committee of audit is established by board of commissioners to support the board of commissioners in carrying out supervision “(Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency Number KEP-643/BL/2012 concerning the Establishment and Work Implementation Guidelines of the Audit Committee)”. The audit committee is generally charged for expressing thoughts on the directors' reports to the commissioners board. The committee of audit role is crucial in maintaining the integrity of a company's financial statement preparation. Because if the audit committee's board is small, the company's performance will suffer as a result of the committee of audit only focus on the critical financial issue.

Audit Committee Financial Expertise

The audit committee, as previously mentioned, plays a critical role in “good corporate governance”. The audit committee is in charge of reviewing management's financial statements. As a result, financial and accounting experts are in high demand to meet these requirements. The Financial Services Authority regulation “55/POJK.04/2015 concerning the Establishment and Guidelines for the Work Implementation of the Audit Committee” additionally says that at least one member of the committee of audit must have financial competence. The presence of financial professionals will improve the efficiency with which financial reports are prepared and the supervision function[14].
Political Connections

Political connection as a condition in that the highest ranks of the company and/or the majority shareholder are related to politics, both family relationships and have served as members of parliament, and others. Politically connected companies will experience special benefits [15]. Therefore, many companies are trying to have this connection [16]. The existence of political connections will greatly benefit the company, such as getting protection, having easier and faster access to capital loans, and reducing the risk of tax audits [17].

Hypothesis Development

Board independence refers to a number member of the commissioners board who are not affiliated with the corporation and acts as a shareholder representative [14]. The large number of independent commissioners will cause the supervision to be carried out on management to be wider which results in management thinking more about the rights of shareholders and thinking about the company in the long term and can ensure good governance. Independent commissioners affect company performance and have a positive relationship to corporate performance [11].

H1: Board Independence has a significant and positive influence on Firm Performance

CEO duality is a situation in which someone serves as both a commissioner and a director. CEO duality can arise as a result of a familial relationship between the commissioners board and the directors [13], resulting in a conflict of interest that can negatively and significant impact company performance [13]. The duality of the CEO can lead to a reduced level of oversight to the board of directors and lead to a concentration of power, which can cause shareholder rights to be deprived of priority. The study found that CEO Duality had significant effect but negative direction on Firm Performance [13].

H2: CEO Duality has a significant and negative influence on Firm Performance

The committee of audit as a committee formed with the objective of assisting the board of commissioners which functions as a controlling for the administration, finance and operations of the company. The size of the audit committee is able to increase optimization in an effort to carry out internal control and optimize supervision in the process of preparing financial reports [19] which will improve company performance and creditability. Research conducted by [3] found that the size of the audit committee has a significant and positive effect on company performance.

H3: Audit Committee Size has a significant and positive influence on Firm Performance.

Financial and accounting experts are urgently needed in fulfilling the work obligations of the audit committee. The existence of financial experts will increase effectiveness in making financial reports and improve the supervisory function [12]. Financial experts on the audit committee are tasked with ensuring that the financial statements made by management are in accordance with financial reporting standards and are creditable so as to increase company trust which can ultimately improve the company's firm. Audit Committee Financial Expertise has a positive influence on firm performance [3].

H4: Audit Committee Financial Expertise has a significant and positive influence on Firm Performance.

Political connections within a company can be seen at the top of a company. There is a political connection if one person at the top, or the majority shareholder holds a political
position. Political connections can provide benefits to the company. The existence of political connections will get special privileges, such as easier access to investment resources, ease of running a company, obtaining certain facilities, and so on [15]. Companies will usually have a larger market share when the company is politically connected. This causes the company’s performance to be more optimal.

The political connections that exist within a company certainly have an impact on the company itself. Political connectivity of one of the commissioners should have advantages for the company to take advantage of business opportunities, ease of access to facilities and ease of obtaining investment resources in order to maximize company profits. Companies that have political connections also get the opportunity to get a bigger market share. The existence of political connections can also help companies to more easily adapt to the business environment. This is in line with research did by [15] which found that political connections have a significant and positive effect on company performance.

**H5**: Political Connections have a significant and positive influence on Firm Performance.

According to the description above, it can be seen through the research model as follows:

![Figure 1 Research Model](image)

3. METHODOLOGY

The Design of this studied used in this research is descriptive research which aims to obtain data that can describe and describe a topic. The population used is infrastructure public company which registered on the Indonesia Stock Exchange during 2016 to 2020. The total companies are 57 companies. Sample selection techniques with purposive sampling method with the criteria of companies that a) publish financial statements and have been audited annually for 2016-2020, 2) earned profits during the 2016-2020, and c) has the completeness of the data required in the study. The analysis method used in this studied is multiple linear analysis. This objective of analysis to determine the effect of independent variables on the dependent variable. Operationalization of the variables in this study is firm Performance (FP) as the independent variable and the dependent variables consists of Board Independence (BIND), CEO Duality (DUAL), Audit Committee Size (ACSIZE), Audit Committee Financial Expertise (ACFIN), and Political Connection (POL) Measurement of operational variables used in this study can be seen below:
Table 1 Operational Variables & Formula

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>References</th>
<th>Formula</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Firm Performance (FP)</td>
<td>Risnanditya &amp; Laksito (2018)</td>
<td>Rasio</td>
<td>Rasio</td>
</tr>
<tr>
<td>2</td>
<td>Board Independence (BIND)</td>
<td>Irma (2019)</td>
<td>( \text{BIND} = \frac{\text{Independent Commissioners Board}}{\text{Commissioners Board}} )</td>
<td>Rasio</td>
</tr>
<tr>
<td>3</td>
<td>CEO Duality (DUAL)</td>
<td>Soeyawan &amp; Devia (2017)</td>
<td>Dummy variable, 1 if there is CEO duality, 0 if there is no CEO duality.</td>
<td>Nominal</td>
</tr>
<tr>
<td>4</td>
<td>Audit Committee Size (ACSIZE)</td>
<td>Irma (2019)</td>
<td>ACSIZE = ( \sum \text{Audit Committees} )</td>
<td>Ordinal</td>
</tr>
<tr>
<td>5</td>
<td>Financial Expertise (ACFIN)</td>
<td>Risnanditya &amp; Laksito (2018)</td>
<td>ACFIN = ( \sum \text{Audit Committee Financial Expert} )</td>
<td>Ordinal</td>
</tr>
<tr>
<td>6</td>
<td>Political Connections (POL)</td>
<td>Prasutiono &amp; Arimunardi (2019)</td>
<td>Dummy variable, 1 if there is a political connection, 0 if there is no political connection</td>
<td>Nominal</td>
</tr>
</tbody>
</table>

Source: Compiled by Author

4. TEST RESULT, CONCLUSION, AND LIMITATION

Test Result

The first test is to test the classical assumption of the origin of the sample. This test includes normality test, autocorrelation test, heteroscedasticity test, and multicollinearity test. The purpose of the normality test is to see if the residual variables are regularly distributed. The One Sample Kolmogorov-Smirnov Test (KS) nonparametric statistical test was employed to conduct this test. If the Asymp value. Sig. (2-tailed) > 0.05, the residual variable is said to be normal. The Asymp value. Sig. (2-tailed) in this study was 0.200, based on the test findings. As a result, it can be inferred that this study is widely disseminated. The heteroscedasticity test comes next. The goal of this research was to determine how much variance there was in the residuals in a study or observation. The Glejser test is used to check for heteroscedasticity, with the assumption that if the significance value of the test results for each variable is 0.05, the regression model is free of heteroscedasticity issues. The significance values for the variables FP, BIND, DUAL, ACSIZE, ACFIN, and POL are 0.197; 0.097; 0.549; 0.241; 0.071. As a result, the regression model can be determined to be devoid of heteroscedasticity issues.

Multicollinearity testing is the third test, and it is used to see if there is a substantial connection among the independent variables in this study. If the tolerance value is > 0.10 or equivalent to the Variance Inflation Factor (VIF) 10.00, the regression model does not have problem from multicollinearity test. The tolerance values for variables FP, BIND, DUAL, ACSIZE, ACFIN, and POL are 0.885; 0.889; 0.904; 0.899; 0.903, accordingly, while the VIF value is 1.129; 1.125; 1.106; 1.112; 1.108. As a result, it can be argued that this study is devoid of multicollinearity issues.

The autocorrelation test that is the last test of classic assumption, which tries to determine whether there is a correlate among confounding mistakes in period one and the previous period. This test is carried out by performing the Durbin-Watson (DW) test with the requirement that the DW result is between -2 and +2, indicating that there are no autocorrelation issues. The DW value obtained from the test results is 0.782, indicating that there are no autocorrelation issues in this study.

https://doi.org/10.24912/ijaeb.v1.i2.1-14
The regression among the independent variables and the dependent variable should be the next test. The regression test yielded the following results:

### Table 2 t-test Result

<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>(Constant)</td>
<td>-0.040</td>
<td>0.033</td>
<td>-1.223</td>
<td>0.225</td>
</tr>
<tr>
<td>BIND</td>
<td>0.007</td>
<td>0.051</td>
<td>0.016</td>
<td>0.144</td>
</tr>
<tr>
<td>DUAL</td>
<td>0.015</td>
<td>0.013</td>
<td>0.129</td>
<td>1.169</td>
</tr>
<tr>
<td>ACSIZE</td>
<td>0.023</td>
<td>0.008</td>
<td>0.326</td>
<td>2.966</td>
</tr>
<tr>
<td>ACFIN</td>
<td>0.006</td>
<td>0.006</td>
<td>0.105</td>
<td>0.952</td>
</tr>
<tr>
<td>POL</td>
<td>0.014</td>
<td>0.010</td>
<td>0.158</td>
<td>1.441</td>
</tr>
</tbody>
</table>

Source: Output of SPSS

Based on the test results is shown in table 2, the regression equation used is as follows:

\[
FP = -0.040 + 0.007\text{BIND} + 0.0025\text{DUAL} + 0.0023\text{ACSIZE} + 0.006\text{ACFIN} + 0.0014\text{POL}
\]

From the test results above, board independence has a positively affect but not significant. This is because the value of the board independence constant is 0.007. This means that if other variables are 0 and board independence increases by one unit, then firm performance increases by 0.007.

The CEO duality coefficient value is 0.015, according to the test results. This indicates that CEO duality has a positive impact but not significantly on company success. The company performance value increases by 0.015 if other variables have a coefficient value of zero and the value of the CEO duality coefficient increases by one unit.

The size of the committee of audit has a coefficient of 0.023. This suggests that the number of member of the committee of audit has a positive impact on the firm's performance. So, if all other variables have zero coefficients and the committee of audit size variable goes up by one unit, the company performance value will increase by 0.023 units.

Meanwhile, the financial expertise of the committee of audit has a coefficient of 0.006. As a result, the financial expertise of the audit committee can be recognized as having a significant correlation with corporate performance. Firm performance goes up by 0.006 units if other variables have a coefficient value of zero and the audit committee financial expertise variable increases by one unit.

The last variable is political connections. The test results show that political connections have a positive relationship with company performance, with the value of the political connections coefficient being 0.014. This indicates that if all other variables have zero coefficients and the political ties variable grows by one unit, the firm performance value will increase by 0.014 units.

The test of multiple determination coefficient is used to assess the ability of the independent variables, such as board independence (BIND), CEO duality (DUAL), size of committee of audit (ACSIZE), financial expertise in committee of audit (ACFIN), and political connections (POL), to explain Firm Performance (FP). The significance level for this test is 5%. Below are the results of the determination test
Table 3 Determination Test Result

| Model | R   | R Square | Adjusted R Square | Std. Error of the | 1,401 | .0160 | 0,10634093313 |

Source: Output of SPSS

The value of Adjusted $R^2$ is 0.106, as can be seen in the table above. It may be concluded that the independent variable can explain 10.6 percent of the dependent variable, while the remaining 89.4 percent can be explained by factors not investigated in this study.

Discussion

The t-test result indicates that board independence has a positive but not significantly impact on business performance. As a result, H1 was rejected in this study. The findings of this investigation agree with those of [8] and [21]. However, the study of [8] and [21] do not agree with the findings of [11] and [23], which claim that board independence has a significant and positive effect on business performance. A company's agency conflict is undeniable. As a result, the board's independence must play a role in reviewing management performance in order for agency costs to be reduced and management performance to be improved. However, the study's findings showed that the board's independence in the company's infrastructure was insufficient to improve the company's performance. This may happen because the corporation views the existence of an independent board of commissioners to be just a formality in complying with applicable requirements, the board's independence may be ineffective in improving the company's performance. As a result, the independent board of commissioners' responsibility of overseeing management performance and acting independently cannot be carried out properly.

CEO Duality has a positive but not significant, although it isn't considerable. Therefore, H2 was rejected. The findings of this study supported by [25], who found that CEO duality had a positive but not-significant effect on business performance. However, the findings of this research in line with research of [25], but contrary with the findings of [18], which showed that CEO duality had a significant and negative affect on firm performance. The commissioners board and the directors are agents whose primary goal is to make a profit for bonuses, but the company's owner's primary goal is to improve welfare. The operational activities of a corporation are inextricably linked to its performance. CEO duality, defined as a family bonding between the commissioner board and the directors, does not affect the company's performance according to the findings of this study. It's possible that the lack of a substantial association between CEO duality and firm performance is due to the agent's professional experience, which means that the existence or absence of CEO duality has no bearing on the company's performance. Furthermore, CEO duality had little effect on business performance, probably because CEO duality occurs in just around 16 percent of the 83 organizations studied.

The audit committee size has a positive and significant impact. Therefore, H3 in this study is accepted Similar research findings were also reported by [3] and [22]. However, this research contradicts with [26], which indicated that the size of the audit committee has a positive but significant impact on corporate performance. The larger the audit committee size at a
company, the more oversight it will have on the company's management's performance, especially in terms of assisting to improve internal control. As result, agency cost will be reduced as a result of knowledge asymmetry between agents and shareholders, due to tighter and broader supervision. Good performance is a positive signal for investors, a more optimal performance will raise the interest of investors to invest their capital. The larger the audit committee, the more extensive and tighter supervision will be provided, resulting in more credible financial statements. As a result, the company's performance improves in the future.

The Financial Expertise in the Committee of Audit has a positive and insignificant influence. As a result, H4 was rejected in this investigation. The findings of this study contradict those of studies conducted by [14], [22], and [24]. The financial expertise of the committee of audit must be able to improve and maximize the financial statement supervision that can be performed. The financial competence of the committee of audit, which should be able to increase the quality of financial statements prepared and the time required for reporting financial statements to be more efficient, reducing information asymmetry. However, a financial specialist is not enough to maximize financial performance because a company's performance is inextricably connected to the operational operations that occur within it. As a result, the financial expert may be unable to function effectively and efficiently while also comprehending the company's operational activities. As a result, it can be said that in infrastructure companies, there are still many financial experts on the audit committee who do not necessarily have the expertise to analyze the company's operational activities, implying that the existence of a financial audit committee has not improved company performance.

Political connections have a positive and not significant effect on business performance. As a result, H5 was rejected in this study. The findings of this investigation are consistent with research by [23] but contradicts with research by [15]. In general, companies with strong political connections will perform better. Because, there are many advantages to having political connections, such as the ease of obtaining sources of loan financing, and so on. However, in this study it was found that political relations have no effect on the success of the company. This may be because of the 83 samples, only 16.6% have political connections. Moreover, when considered in the context, the politically connected board of commissioners has a legal or police background, implying that politically connected parties do not necessarily have competence in the field of company operations. As a result, political interactions have little bearing on company performance.

The aim of this study is to advise investors, firms, and readers on the importance of effective “corporate governance” in improving company performance in high-profile companies. The implementation of a good governance system will ensure the rights of shareholders. The presence of a good governance structure might serve as a signal to investors, encourage their interest in investing their money. The role of corporate governance also plays a role in efforts to reduce agency costs that arise due to the information asymmetry that occurs. To keep the company going concern, corporate governance is one of the important things that needs to be implemented. The implication of this research is that increasing the size of the committee of audit will encourage management to carry out operational operations, thus improving the company's performance, which has an impact on investors' interest in investing their capital. Based on the description above, it can be seen through the summary of test results below:
### Table 4 Hypothesis Testing Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Prob</th>
<th>Hypothesis Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Independence</td>
<td>0.007</td>
<td>0.886</td>
<td>Not Accepted</td>
</tr>
<tr>
<td>CEO Duality</td>
<td>0.015</td>
<td>0.246</td>
<td>Not Accepted</td>
</tr>
<tr>
<td>Audit Committee Size</td>
<td>0.023</td>
<td>0.004</td>
<td>Accepted</td>
</tr>
<tr>
<td>Audit Committee Financial Expertise</td>
<td>0.006</td>
<td>0.344</td>
<td>Not Accepted</td>
</tr>
<tr>
<td>Political Connection</td>
<td>0.014</td>
<td>0.154</td>
<td>Not Accepted</td>
</tr>
</tbody>
</table>

### Conclusion

The board independence, CEO duality, audit committee financial expertise, and political relations were determined there have no significant and positive effect on firm performance according to the tests performed. The size of the audit committee has a significant impact on firm performance. As the number of audit committees increases, so does the effectiveness of the supervision that can be carried out. The company's operational activities will be more optimal as a result of more effective monitoring, which will increase the company's performance.

### Limitation

The research carried out still has many shortcomings and limitations. These limitations are: (1) the company that is the object of research is only limited to companies listed on the Indonesia Stock Exchange (IDX), (2) the research conducted is only limited to the period 2016 to 2020, (3) this research is also limited to using only governance variables, manage the company. Based on the conclusions and limitations described above, it is hoped that further research can be developed further. Based on the limitations, the suggestions that can be given are as follows: (1) for infrastructure companies as high-profile companies that pay more attention to corporate governance, (2) for investors who want to invest in infrastructure companies, they should pay attention to and first analyze the company's performance and corporate governance. This is because, infrastructure companies are high profile companies, namely companies with a high level of sensitivity to the environment, and political risks, so a more in-depth analysis is needed, (3) for academics who want to do similar research, it is expected to increase the number of samples research to cover even more companies. In addition, it is also expected to increase the period and research variables. It is hoped that this research can provide benefits to various parties who need the results of this research.

### ACKNOWLEDGMENT

This work was supported by the Undergraduate of Accounting Program, Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia.

https://doi.org/10.24912/ijaeb.v1.i2.1-14
REFERENCES


