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Examining The Relationship Between Good Corporate Governance and Company Size on Stock Prices

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Abstract: This study is the Effect of Good Corporate Governance Company Size on Stock Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2017-2019 period with the aim of knowing how the influence of good corporate governance ownership structure on company size on stock prices in both simultaneously and partially in companies' manufacturers listed on the Indonesia Stock Exchange for the period 2017-2019. The Research Results conclude that Good Corporate Governance as measured by the board of directors, the board of commissioners has a negative and significant effect on stock prices, but the audit committee has a positive and significant effect on stock prices in 52 issuers during 2017-2019. Firm size as measured by the natural logarithm of total assets has a positive effect on stock prices. The greater the total assets owned by the company in the 52 issuers during 2017 to 2019 it will increase the share price. Ownership structure as measured by managerial ownership has a positive but not significant effect on stock prices, whereas institutional ownership has a negative and significant effect on stock prices. An increase in institutional ownership will trigger a decline in stock prices.

Keywords: Good Corporate Governance, Ownership Structure, Company Size, Stock Price
JEL Classification Code: D53, F36, F38

1. INTRODUCTION

A capital market is a place for investors to invest their capital in continuing to grow. On the Indonesia Stock Exchange, listed companies are classified into nine sectors. One of the sectors that play an essential role in the Indonesian capital market is the manufacturing industry sector, which consists of three main sectors: the elemental & chemical industry, the various industrial sector, and the consumer goods industry sector (Ramsbottom et al., 2015; Spatacean, 2014; Trifonov, 2021). Indonesia's manufacturing industry's development can be seen by its significant contribution to the Gross Domestic Product (GDP). The Central Bureau of Statistics noted that in 2015 the assistance of the manufacturing industry to the Gross Domestic Product (GDP) was 20.99%; in 2016, it was 20.52%; in 2017, it was 20.16%; in 2018, it was 19.86%, and in 2019 it was 19.62%. Based on this phenomenon, the company's performance in the manufacturing industry is not in good condition, so it will affect stock prices, which are reflected through the Price Earning Ratio (PER), where; PER itself is a variable that describes market psychology, namely in the form of market expectations and market perceptions of a stock. We can see that a stock's price decreases when the company's profit increases, or vice versa.

Based on Figure 1. This demonstrates that manufacturing industry companies' average closing share price movement fluctuated between 2015 and 2019. The average closing share price for manufacturing industry companies in 2015 was IDR 4,534. The average closing share price decreased to IDR 4,246 in 2016. In 2017, the average closing share price increased to IDR 4,998.

However, in 2018 there was another decrease to IDR 4,809. In 2019 the average closing share price again increased to IDR 5,030.

Stock prices move randomly; this shows that stock price fluctuations depend on the information received. This information can be good news or bad news. The terrible report indicates that the information will have a negative impact on stock prices, namely a decrease in stock prices. On the other hand, good news suggests that this information will positively impact stock prices, namely an increase in stock prices (Mironiuc et al., 2015; Xiong et al., 2022).

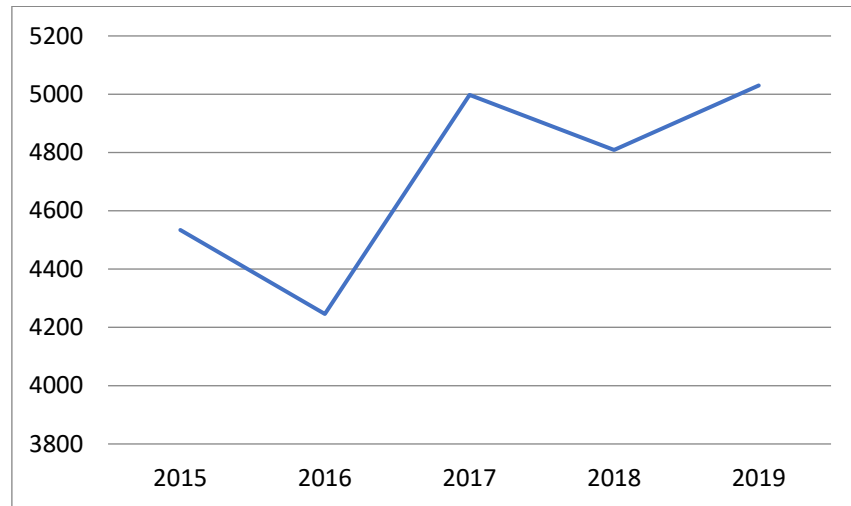


Figure 1: Movement of Average Closing Share Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange

The phenomenon of stock price fluctuations indicates that the performance of a company's management needs improvement so that the company's performance increases. However, it is often encountered that management has goals and personal interests that conflict with the company's main goals and even ignore the interests of shareholders. Management's interests will add costs to the company and affect the stock price, causing a decrease in profits. These differences in interests give rise to agency conflict (Charbel et al., 2013; Richardson et al., 2022). This conflict of interest between management and shareholders is the background to the need for good corporate governance, one of which is by paying attention to Good Corporate Governance (GCG).

Figure 1 shows that the average closing share price movement in manufacturing industry companies from 2015-2019 has fluctuated. The average closing share price for manufacturing industry companies in 2015 was IDR 4,534. The average closing share price decreased to IDR 4,246 in 2016. In 2017, the average closing share price increased to IDR 4,998. However, in 2018 there was another decrease to IDR 4,809. In 2019 the average closing share price again increased to IDR 5,030.

Stock prices move randomly; this shows that stock price fluctuations depend on the information received. This information can be good news or bad news. The bad news (bad news) indicates that the information will have a negative impact on stock prices, namely a decrease in stock prices. On the other hand, good news indicates that this information will positively impact stock prices, namely an increase in stock prices (Ramsbottom et al., 2015; Su et al., 2022; Sun, 2022).

The phenomenon of stock price fluctuations indicates that the performance of a company's management needs improvement so that the company's performance increases. However, it is often encountered that management has goals and personal interests that conflict with the company's main goals and even ignore the interests of shareholders. Management's interests will add costs to the company and affect the stock price, causing a decrease in profits. These differences in interests give rise to agency conflict (Kohlbeck & Luo, 2019; Lornudd et al., 2021; Richardson et al., 2022). It is this ICT of interest between management and shareholders that e background to the need for good corporate governance, one of which is by paying attention to Good Corporate Governance (GCG) (Borgholthaus et al., 2021; Habib & Jiang, 2015).

The Indonesian Institute for Corporate Governance defines good corporate governance (GCG) as a process and structure implemented in running a company with the primary goal of increasing shareholders' welfare in the long term while taking into account the interests of other stakeholders (Rodriguez-Fernandez, 2016). Good Corporate Mechanisms Governance is expected to increase supervision for the company, while the dimensions of Good Corporate Governance are the board of commissioners, board of directors, and audit committee. The board of commissioners is tasked with supervising company policies expected to improve company performance and increase market confidence. The more the number of commissioners, the more reliable the quality of financial reports because better supervision will show better company performance. This condition also impacts increasing market reaction to investor confidence to invest because stock prices will also increase (Mironiuc et al., 2015). The results of the research (Borgholthaus et al., 2021) show that the board of directors, independent commissioners, and institutional ownership positively influence the company's stock price. In contrast, research conducted by Henry (2010) shows that the mechanism of good corporate governance, as measured by the board of commissioners, has no effect or has a negative effect on market reactions measured by stock prices.

The audit committee has to assist the board of commissioners in ensuring that the company has presented its financial reports somewhat following generally accepted accounting principles, ensuring that the company has implemented internal control, risk management, and good corporate governance, and ensuring that the external and internal audit functions are running well. When the audit committee carries out this task well, earnings management can be reduced so that stock prices will increase and the market will respond positively (Syafaatul, 2014). The results of research conducted by (Sondokan et al., 2019) show that the mechanism of good corporate governance, as measured by the audit committee, has an influence or a positive effect on market reactions. In contrast, research conducted by (Nurdina & Suhardiyah, 2017) shows that the mechanism of good corporate governance, as measured by the audit committee, has no influence or negative effect on market reactions.

In addition to Good Corporate Governance, the ownership structure can affect share prices and attract investors to invest in the company. The dimensions of the ownership structure are institutional ownership and managerial ownership. Managerial ownership is a management party that actively makes company decisions (managers, directors, or commissioners) and is allowed to own company shares (shareholders). Company owners or shareholders will ask management to improve their performance or increase the company's value so that its goals will be achieved. However, management often has goals and interests that conflict with the company's main goals and ignores shareholders' interests. This difference in interests results in the emergence of agency conflict. Agency conflict results in opportunistic management, resulting in falsely reported profits, which will cause the company's value to decrease in the future (Kohlbeck & Luo, 2019).

Kohlbeck & Luo (2019) suggests that there is a positive relationship between managerial ownership and firm value. The results of the research supporting Jensen and Meckling were conducted by Ullah et al. (2020), who found that managerial ownership positively affects firm value as reflected in stock prices. Different from his research (Minoja & Romano, 2021) state that managerial ownership has a negative and insignificant effect on stock prices. Institutional ownership has an essential meaning in monitoring management because the existence of institutional ownership can encourage an increase in more optimal supervision. This monitoring can guarantee prosperity for institutional ownership shareholders who, as supervisory agents, are to be pressured through sizable investments in the capital market. This is in line with research (Agostino & Ruberto, 2021) which states that institutional ownership positively affects company value, which is reflected through stock prices. In contrast, research conducted by (Duygun et al., 2018; Govindan et al., 2021) shows that ownership structure as measured by institutional ownership has no influence or negative effect on stock prices.

Company size is the size of the company in terms of total assets because the total assets of the entire company are more stable in movement and better reflect the wealth of company resources in managing the company (Duréndez & Madrid-Guijarro, 2018). The size of a company can affect its stock price of a company. The greater the total assets owned by the company, it shows that the larger the size of the company in maximizing company performance and the company's stock price

is higher, whereas if the company size is smaller, the company's stock price will also be lower (Rochmah Ika & Mohd Ghazali, 2012). The results of research conducted by Rochmah Ika & Mohd Ghazali (2012) show that company size as measured by total company assets has an influence or a positive effect on market prices. In contrast, research conducted by (Mokhtar et al., 2016) shows that company size, as measured by the company's total assets, has no influence or negative effect on market prices. Based on that, this research is: (1). Good Corporate Governance influences share prices in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period; (2). How Does the Ownership Structure Affect Stock Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period; (3). How Does Company Size Affect Stock Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period; (4). Good Corporate Governance Influence, Ownership Structure, and Company Size on Share Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.

2. Literature Review and Hypothesis Development

2.1. Stock Price

Stocks are one of the most popular capital market instruments for investors because they provide an attractive rate of return. Shares can signify a person's or unilateral equity participation (business entity) in a company or limited liability company. By including this capital, the party has claims on the company's income and assets and has the right to attend the general meeting of shareholders (GMS). The share price is the closing price of the stock market during the observation period for each stock sampled, and investors always observe its movements. One of the basic concepts in financial management is that the goal to be achieved in financial management is to maximize the company's value. This goal can be achieved for companies that have gone public by maximizing the market value of the share price in question. Thus, decision-making is always based on the consideration of maximizing the wealth of shareholders. Kandil & Chowdhury, (2014); Morris et al. (2020) states that share prices are formed through the mechanism of demand and supply of the capital market. If a stock experiences excess demand, the stock price tends to rise; conversely, if there is excess supply, the stock price tends to fall. According to Siregar & Batubara (2017), the stock price is the price of a share that occurs on the stock market at a particular time, determined by market participants and determined by the demand and supply of the shares concerned in the capital market. Furthermore, according to Morris et al. (2020), share prices determine the shareholders' wealth. Maximization of shareholder wealth translates into maximizing the company's share price. The price of a stock at any given time will depend on the cash flows that the 'average' investor expects to receive in the future if the investor buys the stock." Stock prices are influenced by two main factors: fundamental analysis and technical analysis. Fundamental analysis helps know the company's condition both quantitatively and qualitatively. This research uses fundamental quantitative analysis, which is reflected through the Price Earning Ratio (PER).

2.2. Agency Theory

Agency theory was proposed by Michael C. Jensen and William H. Meckling (1976). Agency theory discusses the relationship between the owner (principal) and the manager (agent). This agency theory explains the contractual relationship between the manager (agent) and the owner (principal). The company's owner gives decision-making authority to managers following the employment contract. Ullah et al. (2020) divides agency theory into 3 (three) assumptions, namely: assumptions about human nature, assumptions about the organization, and assumptions about information. Assumptions about human nature explain that Humans have the nature to be selfish (self-interest), have limited rationality (bounded rationality), and do not like risk (risk aversion) (Linardi, 2020). Organizational assumptions explain conflicts between members of the organization, efficiency as a productivity criterion, and the existence of Asymmetric Information (AI) between company owners and management. Assumptions about information are a concept that

explains that information is a commodity. Jensen and Meckling (1976) explain two problems that arise due to information asymmetry, namely: Moral Hazard, namely problems that arise if the agent does not carry out the things that have been mutually agreed upon in the work contract. Secondly, Adverse Selection, namely a situation where the principal cannot know whether a decision taken by the agent is based on the information he has obtained or occurs as negligence of duty. According to Charbel et al. (2013), in the concept of Agency Theory, management as an agent should be on behalf of the best interests of the shareholders. However, it is also possible that management is only concerned with its interests to maximize utility. Management that carries out operating activities that are not profitable for the company in the long term can harm the interests of the company.

2.3. Good Corporate Governance

Only now, experts still need help defining good corporate governance that can accommodate various interests. The non-accommodative definition for all parties interested in Good Corporate Governance has yet to be formed due to the cross-sectoral coverage of Good Corporate Governance. Good Corporate Governance can be approached from various disciplines, including macroeconomics, organizational theory, information theory, accounting, finance, management, psychology, sociology, and politics (Borgholthaus et al., 2021). Good Corporate Governance (GCG) is more indicated for the company's control and regulatory systems. The main objective of Good Corporate Governance is to create a system of checks and balances to prevent the misuse of company resources and continue to encourage growth. Company. The definition of good corporate governance (GCG), following BUMN State Decree No.117/2002, is a process and structure used by BUMN organizations to increase business success and corporate accountability in order to realize shareholder value in the long term and still pay attention to the interests of other stakeholders, based on statutory regulations and ethical values. According to (Borgholthaus et al., 2021), The main principles of GCG needed to support the achievement of company goals are:

1. Transparency can be interpreted as information disclosure, both in the decision-making process and in disclosing material and relevant information about the company.
2. Accountability is the clarity of functions, structures, systems, and responsibilities of the company's organs so that the management of the company is carried out effectively.
3. Responsibility (Responsibility), corporate responsibility is conformity (compliance) in the company's management to the principles of a healthy corporation and applicable laws and regulations.
4. Independence, or self-sufficiency, is a condition where the company is managed professionally without any conflict of interest or that is not following applicable laws and regulations and sound corporate principles.
5. Fairness, namely fair and equal treatment in fulfilling stakeholder rights that arise based on agreements and applicable laws and regulations.

From the statement above, companies must provide opportunities for stakeholders to provide input and express opinions for the company's interests. Companies must provide equal and fair treatment to stakeholders following the benefits provided to the company. Companies must also provide opportunities to accept employees, have a career, and carry out their duties professionally without discriminating against ethnicity, religion, or race.

2.4. Ownership Structure

The ownership structure or insider ownership is the composition, portion, comparison, or percentage between capital, and equity, including shares owned by people inside the company (Insider Shareholders) and investors (outside shareholders) (Phillips et al., 2019). The ownership structure is a form of commitment from shareholders to delegate control to a certain level to managers. The company owner will show professional agents who have previously been selected through the selection and who will then carry out their duties to manage the company. In the end, this is required to maximize the company's value. The ownership structure can be calculated based

on the number of shareholder shares divided by the total number of existing shares. The composition of shareholders consists of insider ownership and outsider ownership. Outsiders can be domestic institutions, foreign institutions, governments, or domestic and foreign individuals; insiders are often referred to as managerial ownership or managerial ownership. According to (Govindan et al., 2021), the ownership structure is the structure of share ownership, namely the ratio between the number of shares owned by insiders and the number of shares owned by investors. In other words, the shareholding structure is the proportion of institutional and management ownership in the company's shareholding. In carrying out its activities, a company is represented by directors (agents) appointed by the shareholders (principals).

2.5. Company Size

Company size is a size, scale, or variable that describes the company's size based on several conditions, such as total assets, log size, market value, shares, total sales, total income, total capital, and others. The grouping of companies on the basis of operating scale is generally divided into three categories: large firms, medium-sized firms, and small firms (Susanty et al., 2022). Company size is a scale that can be calculated by the total assets and sales level, which can indicate the company's condition where a larger company will have an advantage in the source of funds obtained to finance its investment in obtaining profits. Company size can be used to represent the company's financial characteristics. Extensive, well-established companies will find it easier to obtain capital in the capital market than small companies. Because that ease of access means larger companies have greater flexibility. Variation of abnormal returns from stocks related to company size is influenced by company beta. This is due to changes in the risk of stocks and bonds during the return movement, according to (Mokhtar et al., 2016) Small companies that have low capitalization are more exposed to risk. These companies prefer to obtain funds from creditors rather than investors. Funds obtained from creditors are seen as easier for small-scale companies because the requirements needed to obtain loan funds are relatively easy compared to conducting an Initial Public Offering (IPO) on the Stock Exchange. Meanwhile, large companies tend to be the opposite, namely, choosing to obtain funds sourced from investors.

3. Research Method and Materials

3.1. Research Approach

The paradigm of this research is descriptive quantitative research. Alleyne & Howard (2005) states that the descriptive format aims to describe and summarize various conditions, situations, or variables that arise in society and are the object of research. Septiani & Wuryani (2020) states that descriptive research aims to explain the characteristics of a phenomenon, and descriptive research will answer what, who, when, and why. Moreover, help researchers to explain the characteristics of the subjects studied and examine various aspects of certain phenomena. So that in this study, researchers will describe the influence of Good Corporate Governance, Ownership Structure, and Company Size on Market reactions in Manufacturing Companies listed on the Indonesia Stock Exchange in the Period 2015-2019.

3.2. Population and Research Sample

The population is data that concerns researchers within a specified scope and time. The population of this study is Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 period, where 180 manufacturing companies that went public were listed on the Indonesia Stock Exchange. As for the research sample collection used is using the Slovin formula with proportional sample determination was calculated based on the company in each sub-sector, so to determine the number of samples in each sub-sector, calculated by the formula: $(\text{population: total population}) \times \text{the number of samples}$, so that the total sample of the research is 64 companies spread across various manufacturing sectors for the 2015-2019 period. The type of data used in this study

is secondary data, with the data collection technique used as documentation. The data source for this research was obtained from the ICMD website and the company's annual report.

3.3. Data analysis

The method used in analyzing the research data is multiple regression analysis. Multiple linear analysis helps look for the effect of two or more predictor variables on the criterion variable. Multiple regression analysis will be carried out if the number of independent variables is at least 2 (Ghozali, 2018). Following the explanation above, these independent variables include good corporate governance, share ownership structure, and company size. In contrast, the dependent variable, namely stock prices, is reflected through the Price Earning Ratio. Khamis & AbRashid (2018) states that the regression equation for the three predictors is:

$$MarketReact_{it} = \gamma_0 + \gamma_1 GCG_{it} + \gamma_2 StockStructure_{it} + \gamma_3 FirmSize_{it} + \varepsilon_{it}$$

Furthermore, other tests are also used such as the Classical Assumption test, used to test whether the regression shows a significant and representative relationship, with the four classical assumption tests namely the normality test, muticollinearity test, autocorrelation test, and heteroscedasticity test. Then the T-test (partial testing), F test (simultaneous testing) and Determination Test. With statistical hypothesis and hypothesis testing, where the accuracy of the sample regression function in estimating the actual value can be measured from its goodness of fit. Statistically, at least this can be measured by the t-statistic value, the f statistic value, the correlation coefficient value and the determinant coefficient value (R²). Statistical calculations are called statistically significant, if the statistical value test is in the critical area (area where Ho is rejected). Conversely, it is called insignificant if the statistical value test is in the area where Ho is accepted. The hypotheses from partial and simultaneous testing are as follows:

- H01 : $\beta = 0$: It is suspected that there is no influence from Good Corporate Governance on stock prices as reflected in PER
- H01: $\beta \neq 0$: It is suspected that there is no influence from Good Corporate Governance on stock prices as reflected in PER
- H02 : $\beta = 0$: It is suspected that there is no influence from the Share Ownership Structure on the Share Price as reflected in the PER
- H02: $\beta \neq 0$: It is suspected that there is an influence from the Share Ownership Structure on Share Prices as reflected in the PER
- H03 : $\beta = 0$: It is suspected that there is no effect of company size on stock prices as reflected in PER
- H03: $\beta \neq 0$: It is suspected that there is an influence of company size on stock prices as reflected in PER
- H04 : $\beta = 0$: It is suspected that there is no influence from Good Corporate Governance, Share Ownership Structure, and Company Size on Share Prices as reflected in PER
- H04 : $\beta \neq 0$: It is suspected that there is influence from Good Corporate Governance, Share Ownership Structure, and Company Size on Share Prices as reflected in PER.

4. Results and Discussion

4.1. Descriptive Statistical Analysis

Based on the estimation results performed using the Fixed Effect Model, the empirical model obtained is as follows:

Table 1: Stock Price Model Estimation Results

Dependent Variable: LOG(MARKETREACT)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.717116	3.620881	-1.026578	0.3071

Dependent Variable: LOG(MARKETREACT)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Directors	-0.158602	0.022593	-7.019924	0.0000***
Commisioners	-0.060568	0.019964	-3.033858	0.0031***
Auditors	0.128927	0.123020	1.048013	0.0472**
Log (Asset)	0.428461	0.125105	3.424817	0.0009***
Managerial owner	0.639232	0.707417	0.903614	0.3684
Institutional owner	-1.591455	0.418838	-3.799690	0.0003***
R-squared	0.957952	Mean dependent var		18.94512
Adjusted R-squared	0.946761	S.D. dependent var		24.10581
S.E. of regression	0.378823	Sum squared resid		14.06370
F-statistic	837.8056	Durbin-Watson stat		2.353122
Prob(F-statistic)	0.000000			

Source: Processing Results, 2021. Note: ***) significant at 1% **) significant at 5% level.

In accordance with the empirical results above, the model of this study becomes:

$$\text{Ln Marketreact} = -3.71 - 0.15 \text{ln} \text{directors} - 0.06 \text{ln} \text{incommisioners} + 0.12 \text{ln} \text{auditors} + 0.42 \text{ln} \text{asset} + 0.63 \text{ managerialowner} - 1.51 \text{ institutionalowner} + e$$

- The value of the constant estimator is -3.71, which means that without involving the independent variables above, the average stock price will move down by -3.26 percent.
- Good corporate governance as measured by the company's board of directors has a negative effect on share price, an increase in the board of directors will decrease the share price by 0.15 percent assuming other variables are held constant.
- Good corporate governance as measured by the company's board of commissioners has a negative effect on stock prices, an increase in the board of commissioners will reduce the stock price by 0.06 percent assuming other variables are held constant.
- Good corporate governance as measured by the company's audit committee has a positive effect on stock prices, an increase in the audit committee will increase the stock price by 0.33 percent assuming other variables are considered constant.
- Company size as measured by total company assets has a positive effect on stock prices, an increase in company assets will increase stock prices by 0.12 percent assuming other variables are held constant.
- The managerial ownership ratio has a positive effect on stock prices, an increase in the managerial ownership ratio will increase the stock price by 0.63 percent assuming other variables are held constant.
- Institutional ownership ratio has a negative effect on stock prices, an increase in institutional ownership ratio will reduce stock prices by 1.59 percent assuming other variables are held constant.

4.2. T-test (partial regression test)

The t-test is used to see the effect of the independent variables on the dependent variable partially. For this purpose, testing the regression coefficients individually (Testing Individual Regression Coefficient) using the t-test. If the t-calculated absolute value obtained is greater than the t-estimated value at a certain level of significance and degrees of freedom (NT-Nk), then Ho is rejected. Determination of test criteria is based on a comparison between the p-value obtained with an alpha of 5%. If the p-value is greater than alpha 5% then it is significant, and if the p-value is less than alpha 5% then it is significant. Explicitly the results of testing the significance of the effect of each variable on stock prices are as follows:

Table 2: T-Test

Variabel	Probability (p-value)	Info
Directors	0.0000	Significant
Commissioners	0.0031	Significant
Auditors	0.0472	Significant
Asset	0.0009	Significant
Managerial Owner	0.3684	Significant
Institutional Owner	0.0003	Significant

Source: Processed Data, 2021

1. *Testing the Influence of the Board of Directors on stock prices*

From the results of the analysis that has been done, it is known that the p-value for the board of directors' variable is < 0.01 . If the p-value is compared to the 5% significance level, the p-value obtained is still less than 5% so that H_0 is rejected. Thus, it can be concluded that the board of directors has a significant effect on stock prices during 2017-2019.

2. *Testing the Influence of the Board of Commissioners on share prices*

From the results of the analysis that has been done, it is known that the p-value for the board of commissioner's variable is 0.0031. If the p-value is compared to all significance levels, the p-value obtained is still greater than all α significance levels so that it can be concluded that the board of commissioners has had a significant effect on stock prices during 2017-2019.

3. *Testing the influence of the audit committee on stock prices*

From the results of the analysis that has been done, it is known that the p-value for the audit committee variable is 0.0391. If the p-value is compared to the significance level 5%, the p-value obtained is still less than the significance of α 5% so that it can be concluded that the audit committee has a significant effect on stock prices during 2017-2019.

4. *Testing the Effect of Assets on stock prices*

From the results of the analysis that has been done, it is known that the p-value for the company size variable as measured by total assets is 0.0472. If the p-value is compared to the 5% significance level, the p-value obtained is still less than the α significance of 5%, so it can be concluded that the number of assets has a significant effect on stock prices during 2017-2019.

5. *Testing the Effect of Managerial Ownership on stock prices*

From the results of the analysis that has been done, it is known that the p-value for the managerial ownership variable is 0.3684. If the p-value is compared to the 5% significance level, the p-value obtained is still greater than the α significance of 5% so that it can be concluded that managerial ownership has a significant effect on stock prices during 2017-2019.

6. *Testing the Effect of Institutional Ownership on stock prices*

From the results of the analysis that has been done, it is known that the p-value for the institutional ownership variable is 0.0003. If the p-value is compared to the 5% significance level, the p-value obtained is still less than the α significance of 5% so that it can be concluded that institutional ownership has a significant effect on stock prices during 2017-2019.

4.3. F-Test (Simultaneous Testing)

Furthermore, in testing the suitability of the model, the F-test statistic was used to conclude whether the exogenous variables in the model together could describe a linear relationship with the endogenous variables. The F-test statistic value is 163.8704. The F-estimated values at the significance level of 1%, 5% and 10% at degrees of freedom $df_1=k-1=5$ and $df_2=52-6-1=45$ are as follows:

Table 3: Simultaneous Test F

df1	df2	α	F-estimated	F-Calculated	Prob F-stat	Info
5	45	1%	3.45	837.8056	0.000000	Significant
		5%	2.42			Significant
		10%	1.98			Significant

When compared, the calculated F-value obtained is still greater than the F-estimated value at all levels of significance so that H_0 is rejected. Thus, it can be concluded that the variables of the board of directors, board of commissioners, audit committee, total assets, managerial ownership, and institutional ownership together have a significant effect on stock prices at 52 issuers during 2017-2019.

4.4. Coefficient of Determination (Adjusted- R^2)

The coefficient of determination reflects the magnitude of the influence of changes in the independent variables in carrying out changes to the independent variables together, with the aim of measuring the correctness and goodness of the relationship between variables in the model used. The value of $Adj.R^2$ ranges from $0 < Adj.R^2 < 1$. If the value of $Adj.R^2$ is getting closer to one, then the proposed model is said to be good because the higher the variation in the dependent variable that can be explained by the independent variable. Based on the results of the previous analysis, it is known that the coefficient of determination for the observed regression model is 0.946761. This value means that 94.67 percent of changes in the observed stock price variable during 2017-2019 are influenced by the board of directors, board of commissioners, audit committee, total assets, managerial ownership, and institutional ownership while the remaining 5.33% is influenced by other variables outside the model.

5. Conclusion

Based on the results of the analysis and discussion related to market reactions that occurred in Eastern Indonesia, it can be concluded that: (1). Good Corporate Governance as measured by the board of directors, the board of commissioners has a negative and significant effect on stock prices, but the audit committee has a positive and significant effect on market reactions in 52 issuers during 2017-2019; (2). Company size as measured by the natural logarithm of total assets has a positive effect on stock prices. The greater the total assets owned by companies with 52 issuers from 2017 to 2019, the higher the stock price; (3). Ownership structure as measured by managerial ownership has a positive but not significant effect on stock prices, whereas institutional ownership has a negative and significant effect on stock prices. An increase in institutional ownership will trigger a decline in share prices.

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