

Impact of diversified strategy, CEO's compensation, the size of the Board of Commissioners, Frequency of the Board of Commissioners Meeting of Company Perform

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ABSTRACT

This Study is Aimed to Examine The Influence of Diversification Strategy, Chief Executive Officer's compensation, Size of the Board of Commissioners, Meeting Frequency of Board of Commissioners on Company Performance. The Proxies of Company Performance is Return of Asset (ROA), The Diversification Strategy is Measured by Hirschman Herfindah Index (HHI). Size of Board of the Commissioners is Measured by the Number of Board of Commissioners, And Meeting Frequency is Measured by The Number of Meetings of the Board of Commissioners. The sample is 115 Companies Listed on LQ-45 Index IN Indonesia Stock Exchange During 2016-2019. THIS STUDY USES MULTIPLE MARGINAL LESPAR REGRESSION AND Using SPSS US Testing Tools. The Result of this Research Indicate that Diversification Strategy and Size of the Board of Commissioners Did Not Affect Company Perform While The Chief Executive Officer's Company and Meeting Frequency of Board of Commissioner are significant positive effect to company performance. The Impact of Diversification Strategy does not Influence The Company Performance

1. INTRODUCTION

Company performance is a result can be a success factor of management activities in making decisions. The right decisions, productive, and profitable will produce good company performance. Improved company performance begins from the establishment of effective and efficient strategy management to face every problem or obstacles which comes from inside or outside the company. In order to maximize prosperity, company owner asks the manager to take a good and precise strategic decision as an effort to increase the value of the company (Kurniasari and Purwanto, 2011). A good strategy and right will provide an opportunity for the company to be more productive so there is a possibility in an increase in company performance. One of the commonly used strategies is diversification strategy. Diversification strategy is done by a company expands business segments or expands. The more diverse segment of a business, can increase the complexity of a company (Azolla, et al, 2016). In addition, the complexity of this business also requires certain skills of work that must be owned by the managerial rank.

This research uses the theory of agency or the theory of the agency. This theory explains about relationship between Principal or owner of the company and agent or where the agent (Jensen and Meckling, 1976). The owner of the company depleted authority to

the ranks of managers including the compensation. Compensation can be a Communication and Evaluation Work (feedback), tEtapi according to Chen (2013) if the manager / directors are asidet compensation is too big and not appropriate with the task and responsibilities, worry about it will be influence Company performance. The managerial rank one of them is the Board of Commissioners. Adenurut The theory of agency, the effectiveness of the Board of Commissioners depends on the number of members of the Board of Commissioners. However Decision-making will be more difficult if the number of members of the Board of Commissioners is too much (Sukandar, 2014). This can happen because of an opinion and the idea which is more varied so Decision-making process it is likely to be difficult. SA single way that the board of commissioners can do in order to implement good governance is by conducting routine meetings which the meeting is the first beginning of a decision. With the frequent intensity of the Board of Commissioners in Idel the meeting then the supervision is done expected to will be getting better and decision making can be done well and the right (Princess and muquet, 2017). The main objective in this study is to examine the effect of the impact of diversification strategies, compensation of the Board of Directors, the size of the Board of Commissioners, and the frequency of the Board of Commissioners on the Company's performance.

2. METHOD

PT his conference is Use secondary data taken from Company's annual report. The sample in this study is a listed company on the Indonesia Stock Exchange and entered into the LQ-45 period 2016-2019. This research uses analisis multiple linear regression and Data collection Using the Documentation Method By collecting and learning the records or documents and literature associated with the issues to be discussed.

Independent variables in this study are diversified strategies measured using *Hirschman Herfindah Index (HHI)*, Compensation of the Board of Directors is measured using the Company's compensation number in the year t, the size of the Board of Commissioners is measured using the amount member The Board of Commissioners, and the frequency of the meeting of the Board of Commissioners was measured using the number of meetings which held the Board of Commissioners in one year. While the dependent variable in this research is the performance of pCompany measured using *Return of Asset (ROA)*.

Test hypothesis using T test and test F. T test and test f done by looking at the results of regression results by using significance level 0.05 ($\alpha = 5\%$), besides this research test the amount of The model capability in explaining the dependent variables by using coefficient of determination R^2 . As for the following research models:

3. RESULTS

The Based on the resulting linear regression of multiple linear regrests acquired the following regeneration:

$$\text{Performance} = 0.218 + 0.033\text{Strategy} + 0,077\text{Compensation} + 0.048 \text{ size} - 0.061\text{The frequency of} + \epsilon$$

Table 1. Test results T

Variable	Bed	T	SIG
Constant	0,218	2,020	0,046
Trfm_strategi	0,033	0,952	0,343
Trfm_kompensasi	0,077	5,247	0,000
Trfm_ukuran	0,048	1,027	0,306

Trfm_frekuensi	-0,061	-2,610	0,010
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Source: SPSS output data, 2020

Test results T-express that Diversification strategy produces The significance value of 0.343 where significance is greater than 0.05 which shows that H1 is rejected or diversification strategy does not affect the performance of the company, Compensation of the Board of Directors produces significance value 0.000 where significance is smaller than 0.05 which shows that H2 is accepted or compensation of the Board of Directors affects the company's performance, The size of the Board of Commissioners has a significance value of 0.306 where significance is greater than 0.05 which shows that H3 is rejected or Board of Commissioners has no effect on corporate and frequencies performance meeting the board of commissioners produce The significance value of 0.010 where significance is smaller than 0.05 which shows that H4 is accepted or frequency of the Board of Commissioners meets the performance of the company's performance.

4. DISCUSSION

1. Influence of diversified strategy on corporate performance.

Berdasarkan hasil dari uji t menunjukkan bahwa H1 ditolak atau diversifikasi strategi tidak memiliki pengaruh terhadap kinerja perusahaan. Dampak dari diversifikasi strategi itu sendiri adalah peningkatan unit bisnis, pertumbuhan produk baru, ekspansi bisnis yang luas, peningkatan biaya operasional, peningkatan tugas manajemen untuk produksi hingga ke produk penjualan. Hal ini dapat diartikan bahwa perusahaan yang menerapkan diversifikasi strategi baik dalam bentuk produk baru atau inovasi produk dan ekspansi tidak mempengaruhi kinerja perusahaan. Hal ini dapat terjadi pada perusahaan karena perusahaan tidak tepat dalam menghadapi beberapa faktor, seperti manajemen biaya modal, sumber daya manusia, perencanaan strategi dan perubahan pasar yang cepat. Jika perusahaan dapat menghadapi faktor-faktor tersebut dengan baik, maka terdapat kemungkinan diversifikasi strategi dalam menyediakan keuntungan bagi perusahaan.

Hasil penelitian ini sejalan dengan penelitian Chen & Sri (2019) yang menyatakan bahwa diversifikasi memiliki pengaruh terhadap kinerja perusahaan. Dapat disimpulkan bahwa penambahan segmen produk atau ekspansi unit bisnis tidak menguntungkan bagi kinerja perusahaan. Namun, jika pemilihan segmen dilakukan sesuai dengan sumber daya dan dukungan manajemen yang dimiliki perusahaan, maka diversifikasi strategi dapat memberikan peluang keuntungan bagi kinerja perusahaan.

2. Influence of the compensation of the Board of Directors on the Company's performance.

Berdasarkan hasil uji t menunjukkan bahwa H2 diterima atau kompensasi Dewan Direksi mempengaruhi kinerja perusahaan. Dapat diartikan bahwa jika Dewan Direksi menerima kompensasi yang terlalu besar dan tidak sesuai dengan tugas dan tanggung jawab Dewan Direksi, maka akan mempengaruhi kinerja perusahaan. Hal ini dapat terjadi jika jumlah kompensasi yang tidak tepat dapat membuat Dewan Direksi hanya terpenuhi atau kompensasi.

Hasil penelitian ini sejalan dengan penelitian Azolla et al (2016) yang menyatakan bahwa kompensasi Dewan Direksi memiliki pengaruh positif terhadap kinerja perusahaan. Hal ini menunjukkan bahwa kompensasi yang diberikan kepada Dewan Direksi yang lebih tinggi dapat meningkatkan kinerja perusahaan. Oleh karena itu, kompensasi yang tepat bagi Dewan Direksi memungkinkan Dewan Direksi memiliki motivasi kerja dan komitmen organisasi yang baik. Tentu saja ini dapat meningkatkan kinerja Dewan Direksi yang profesional dan ranking manajemen perusahaan.

3. Effect of Board of Commissioners on Corporate Performance.

Berdasarkan hasil uji t menunjukkan bahwa H3 ditolak atau kompensasi Dewan Direksi tidak mempengaruhi kinerja perusahaan. Dapat diartikan bahwa ukuran atau jumlah orang yang menduduki posisi sebagai Dewan Komisaris di perusahaan tidak memberikan pengaruh signifikan terhadap kinerja perusahaan. Jumlah orang yang menduduki posisi ini tidak serta merta memberikan keuntungan bagi kinerja perusahaan. Hasil penelitian ini sejalan dengan penelitian N Sukandar dan Rahardja (2014) yang menunjukkan bahwa ukuran Dewan Komisaris tidak memiliki pengaruh signifikan terhadap kinerja perusahaan. Hal ini dapat terjadi karena pengawasan yang efektif dan perlindungan kepada pemegang saham tidak serta merta dilakukan oleh jumlah anggota Dewan Komisaris dengan jumlah yang banyak. Selain itu, semakin banyak anggota Dewan Komisaris akan meningkatkan kesulitan dalam pengambilan keputusan. Jumlah yang banyak tidak menjamin potensi untuk keunggulan dalam pengambilan keputusan.

4. The influence of the meeting of the Board of Commissioners meetings of the company's performance.

Berdasarkan hasil uji T menunjukkan bahwa H4 diterima atau frekuensi pertemuan Dewan Komisaris mempengaruhi kinerja perusahaan. Hal ini dapat diartikan bahwa jika Dewan Komisaris meningkatkan intensitas pertemuan, maka dapat menguntungkan kinerja perusahaan. Dalam penelitian ini kinerja perusahaan diukur melalui ROA. Hal ini sejalan dengan penelitian An Princess and Muve (2017) yang menyatakan bahwa terdapat pengaruh signifikan antara frekuensi pertemuan Dewan Komisaris Meeting terhadap ROA perusahaan. Hal ini menunjukkan bahwa semakin sering Dewan Komisaris mengadakan pertemuan atau rapat, maka Dewan Komisaris akan lebih mudah dalam mendapatkan informasi dan akses informasi yang merata di antara anggota Dewan Komisaris, selain itu pertemuan Dewan Komisaris juga dapat membahas strategi dan arah pengembangan perusahaan. Dapat disimpulkan bahwa ketika Dewan Komisaris sering mengadakan pertemuan atau rapat, maka supervisor akan membantu Dewan Komisaris dalam pengambilan keputusan yang lebih baik dan tepat.

5. CONCLUSION and SUGGESTIONS

Hasil penelitian ini menunjukkan bahwa strategi diversifikasi dan ukuran Dewan Komisaris tidak berpengaruh terhadap kinerja perusahaan, sementara kompensasi Dewan Direksi dan frekuensi pertemuan Dewan Komisaris mempengaruhi kinerja perusahaan. Selain itu, dampak dari strategi diversifikasi meliputi pertumbuhan segmen bisnis dan peningkatan biaya operasional, hal ini tidak memiliki pengaruh signifikan terhadap kinerja perusahaan. Hasil penelitian ini dapat digunakan sebagai masukan dan pertimbangan material bagi jajaran manajemen dalam menentukan strategi yang tepat untuk meningkatkan kinerja perusahaan dan menentukan kompensasi, komposisi dan frekuensi yang tepat dalam manajemen perusahaan, sehingga menghindari tindakan oportunistik yang dilakukan oleh Dewan Direksi dalam upaya meningkatkan kompensasi dan tanggung jawab yang sesuai dengan tugas dan tanggung jawab yang dimiliki. Untuk penelitian selanjutnya, diharapkan untuk memperluas cakupan penelitian dan mengisi kekosongan dalam penelitian ini dengan menggunakan sampel yang lebih luas di Bursa Efek Indonesia atau sampel lain dan mengganti variabel-variabel yang belum diteliti dalam penelitian ini.

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