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Good Corporate Governance, Profitability and Institutional Ownership on Corporate Financial Performance Moderated by Dividend Policy

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ABSTRACT: The decline in financial performance in a company is often caused due to a weak corporate governance system. Therefore, this research aimed to assess the Implementation of Good Corporate Governance, Profitability and Institutional Ownership on Corporate Financial Performance with Dividend Policy as a Moderating Variable. This research was conducted over a 4-year period, namely 2019-2022. The research population consists of State-Owned Public Enterprise companies that are listed on the IDX during the period of 2019-2022. A sample of State-Owned Enterprises companies listed on the IDX that satisfy all the criteria for this research is selected using purposive sampling. The data analysis method used uses a panel data regression model to test the effect of each variable on the company's financial performance. The research findings show that, while profitability does influence the financial performance of a company, the presence of an audit committee, an independent board of commissioners, or institutional ownership does not have a significant impact. In addition, when adjusted for dividend policy, the influence of the audit committee, profitability, and institutional ownership on the financial performance of the company is not significant. Conversely, the dividend policy adhered to by the independent board of commissioners impacts the financial performance of the company. The implication of this study for State-Owned Enterprises can utilize this research to be wiser in choosing corporate governance policies that are in accordance with the company so that there is no decline in the company's financial performance.

Keyword: Good Corporate Governance, Profitability, Institutional Ownership, Dividend Policy, financial performance

INTRODUCTION

In running its business, the company must have several goals. One of them is to make a profit. To achieve these goals, the company requires good performance and management, in order for the company to be able to produce revenues that rise annually and for the business's existence to likewise improve (Hanisah et al., 2019). One of the numerous indicators of a company's efficacy and capacity to reach its target market is its financial performance (Maridkha & Himmati, 2021).

One of the phenomena experienced by State-Owned Enterprises is the poor financial performance that has been going on for a long time and exacerbated by the Covid -19 pandemic. Currently, State-Owned Enterprises face challenges caused by two main factors. First, Entire industry performance adversely affected by COVID -19 pandemic including State-Owned Public Bodies, the second condition, indeed before the pandemic broke out at the end of 2019, the performance of these State-Owned Public Bodies was already bad. The Covid-19 pandemic has caused financial difficulties for a number of large state-owned companies, including PT Angkasa Pura I and PT Kereta Api Indonesia (Persero). This condition eroded the company's revenue and profit until it was forced to print a red report card for the first time (Monica Wareza, 2021).

To provide progress to the performance of a company, making the company long-lived and trustworthy, it is necessary to implement Good Corporate Governance (GCG). Good Corporate Governance is a concept that plays an important role in shaping the culture of transparency, responsibility, and awareness in companies (Al-ahdal et al., 2020). Company management based on GCG is an effort to make GCG a standard used by company management in behaving. Currently, the business world requires the implementation of GCG principles in order to maintain a healthy, transparent and efficient business climate and ensure its sustainability and resilience in the face of increasingly fierce competition.

According to (Aldila Septiana M, 2019) "Profitability is a ratio that aims to determine the company's ability to generate profits during a certain period". Good corporate governance is one strategy to boost the company's profitability so that it can be attained.

Institutional ownership according to (Ardiani et al., 2021), the percentage of the business's shares held by institutions at the end of the year, which indicates that institutional investors often invest a larger portion of their funds. This represents the level of institutional ownership in the company. This indicates that institutional investors invest more of their funds, so as to equip themselves with sufficient capital for it.

This research is a development of research (U. Yanti et al., 2023) by adding profitability variables. (L. D. Yanti & Hartono, 2019) defines profitability as the capacity of an organization to generate financial returns. Research from (U. Yanti et al., 2023) has limitations, namely not expanding the sample criteria. The similarity between this research and research conducted by (U. Yanti et al., 2023) is that the research subjects are both focused on companies BUMN which are listed on the IDX. However, there are differences between this research and that research, namely the research period and the addition of profitability variables.

In order to achieve transparency in company management for all users of financial statements and strengthen the research to be carried out, the authors use dividend policy variables as moderating variables. External parties such as shareholders, creditors, and other parties with an interest in the information disclosed by the company consider dividend policy as the focus of their attention (Lestari et al., 2024).

Since State-Owned Enterprises consume government funds that should be allocated to humanitarian services, this research focuses on this particular subject, Improvements in State-Owned Enterprises contributed to the reduction of the fiscal deficit, despite the fact that they emit more pollution than private industry. As well as the weakening of the corporate governance system (good corporate governance) in business entities and protection for investors so as to encourage company owners to increase their supervision.

From the background, the researchers are interested in raising and discussing these issues with the title "Implementation of Good Corporate Governance, Profitability and Institutional Ownership on Corporate Financial Performance with Dividend Policy as a Moderating Variable in State-Owned Companies Listed on the IDX for the 2019-2022 Period".

Agency theory

Agency theory is still a key theory in corporate governance issues. (Said et al., 2022) said, agency theory is a correlation from two individuals, specifically the principal and the agent; the principal is the one who gives the management instructions, The principal has given the management complete authority to handle funds. Principal parties typically give management incentives, both monetary and non-monetary (Smulowitz et al., 2019). Therefore, by applying good corporate governance principles, the hoped-for outcome is manipulative impulse of agents or managers will be reduced and the reported performance will be in accordance with reality. Corporate governance can serve as a medium to limit managers and reduce the possibility of agency problems, thereby improving company performance (Ramadhani & Agustin, 2021).

Good Corporate Governance

Achieve long-term corporate value, maximise responsibility and commercial performance, and take stakeholders' interests into consideration in compliance with legal and ethical business practices, a process and mechanism known as "good corporate governance" is necessary. Good corporate governance, grounded in agency theory, is intended to serve as a mechanism that instills investors with confidence regarding the potential return on their invested capital (Jatiningrum et al., 2021). Effective corporate governance is intricately linked to the means by which investors can have faith that managers will act in their best interests and provide them with benefits (Mustapha et al., 2020).

Independent Board of Commissioners

Members of the board of commissioners are known as independent commissioners which consists of one person or several people who have no relationship with the company's operations and are able to be independent in supervising management, one of which is related to performance in the financial statements' preparation reporting (Setyani & Suhaili, 2023).

Audit Committee

The audit committee is an entity established by the board of commissioners with the purpose of exercising oversight over management (Ishaka et al., 2023). The count of members in the The audit committee must to have a minimum of three members, who are assigned to be the chairman, namely an impartial company commissioner (Apriliana & Fidiana, 2021).

Profitability

Profitability is a financial indicator that evaluates the ability of the business to generate profits (Pambudi & Meini, 2023). It can be considered as a metric to evaluate the management's proficiency in overseeing the organization's activities (Mayasari et al., 2018) (Lailiyah et al., 2024). An important metric for investors to evaluate the future potential of the company is to ensure the level of expansion of the company's profitability. According to (Pratiwi et al., 2023) Profitability is a metric that can show return on investment, thus affecting the value of the company through increasing internal resources.

Institutional Ownership

The share of company shares owned by investors from other institutions that serve as management monitors is the definition of institutional ownership (Budiadnyani, 2020). Institutional ownership possesses the capacity to diminish the incentives of self-interested managers by means of incentivized levels of oversight. So that institutional ownership is expected to suppress the tendency of management to manipulate financial statements. (Wardhani & Samrotun, 2020). Institutional ownership is an important aspect that can bring responsibility and integrate financial reports (Meng et al., 2022).

Dividend Policy

The dividend policy is a financial policy carried out by the company to be able to determine the profit generated which is given to shareholders or will be retained as retained earnings (Pangestu, 2022). Companies that pay dividends will certainly make investors feel encouraged to invest their capital. According to (Sintyana & Artini, 2019) shareholders will be more interested in the dividends distributed by the company because for some investors prefer dividends when compared to capital gains because dividends are more fixed of course.

The Effect of Good Corporate Governance Proxied by the Independent Board of Commissioners on the Company's Financial Performance

The independent board of commissioners is a supervisory agent that is not closely related to the company's shareholders who oversee and protect minority shareholders and play an important role in the decision-making process (Intia & Azizah, 2021). With an independent board of commissioners, it can prevent management actions that are not transparent. The larger the size of the independent board of commissioners in the company, the better the company's performance. This is supported by research conducted (Riantiarta A et al., 2020) which states that the independent board of commissioners has a positive effect. The greater the proportion of independent commissioners, the better the supervision so that the company's performance will improve. In line with research (Intia & Azizah, 2021). Based on the above arguments, the first hypothesis can be built, namely:

H1: The Independent Board of Commissioners' Proxied Good Corporate Governance Impacts the Financial Performance of the Company

The Effect of Good Corporate Governance Proxied by the Audit Committee on Company Financial Performance

The audit committee is responsible for assisting the implementation of the board of commissioners' duties to carry out internal control over audits, risk management, financial reporting processes and the implementation of corporate governance in the company (Riantiarta A et al., 2020). The relationship between the audit committee and the company's financial performance can be seen from the audit committee's supervisory function. The audit committee has an independent obligation to ensure that the financial statements that have been prepared by the manager and the board of commissioners are fair and accountable. The more audit members will provide protection to shareholders, so the supervisory function of the accounting and financial processes will be maximized (Titania & Taqwa, 2023). Based on the above arguments, the second hypothesis can be built, namely:

H2: The Audit Committee's Proxied Good Corporate Governance Impacts the Financial Performance of the Company

The Effect of Profitability on Corporate Financial Performance

Profitability is a ratio used as a measurement of overall management effectiveness. Measurement is shown from the level of profit / profit generated from sales or investment (Hunafah et al., 2022) Based on research conducted by (Setyawan, 2019), it was found that profitability has a promising influence on the performance of a company's financial sector. This study shows that businesses with higher profitability are usually doing well. A high level of profitability indicates the operational effectiveness and capacity of the business to make money from each unit of activity carried out. Based on the above arguments, the third hypothesis can be built, namely:

H3: Profitability Impacts the Financial Performance of the Company

The Effect of Institutional Ownership on Corporate Financial Performance

The existence of ownership by institutional investors by other institutions will encourage an increase in more optimal supervision of management performance because share ownership represents a source of power that can be used to support or vice versa against the existence of management and financial performance can improve if the institution is able to act as an effective monitoring tool, because the higher the institutional ownership, the more external party supervision of the company will increase (Sitanggang Abdonsius, 2021). Based on the above arguments, the fourth hypothesis can be built, namely:

H4: Institutional Ownership impacts the financial performance of the company

The Effect of Good Corporate Governance Proxied by the Independent Board of Commissioners on Corporate Financial Performance Moderated by Dividend Policy

The board of commissioners is a corporate organ whose task is to carry out general and special supervision in accordance with the articles of association. Research conducted by (Cahyadi et al., 2018) found that the independent board of commissioners has a negative effect on dividend policy because the composition of too many independent commissioners will cause the coordination carried out to run less effectively, causing problems that reduce shareholder welfare in this case dividend policy. Meanwhile, (Malavia Mardani et al., 2018) found that the independent board of commissioners has a positive effect on dividend policy because an increase in the independent board of commissioners will encourage investees to pay greater dividends, this is based on the increase in the independent board of commissioners will improve investee good governance practices with good investee governance, the dividend policy will increase. Based on the above arguments, the fifth hypothesis can be built, namely:

H5: Good Corporate Governance Proxied by the Independent Board of Commissioners Affects Corporate Financial Performance Moderated by Dividend Policy

The Effect of Good Corporate Governance Proxied by the Audit Committee on Corporate Financial Performance Moderated by Dividend Policy

The audit committee is a committee formed by the board of commissioners with the aim of assisting the board of commissioners in supervising. The duties of the audit committee have an impact on the preparation of financial statements, because the proportional number of audit committees will tighten the supervision of the company. With strict supervision, the company's performance will run well and efficiently. This will affect company profits and dividend policy (Setiyowati & Sari, 2017). Based on the above arguments, the sixth hypothesis can be built, namely:

H6: Good Corporate Governance Proxied by the Audit Committee Affects the Company's Financial Performance Moderated by Dividend Policy

The Effect of Profitability on the Company's Financial Performance Moderated by Dividend Policy

The purpose of investors investing their capital in the form of shares in public companies is to get dividends because the higher the profitability, the greater the dividends that will be distributed to shareholders so as to increase the value of the cash flow obtained by the company, so the company's opportunity to pay dividends is also higher (Yuni, 2022). This is also proven in research (Alamsyah, 2017) that profitability has a positive and significant effect on dividend policy. Based on the above arguments, the seventh hypothesis can be built, namely:

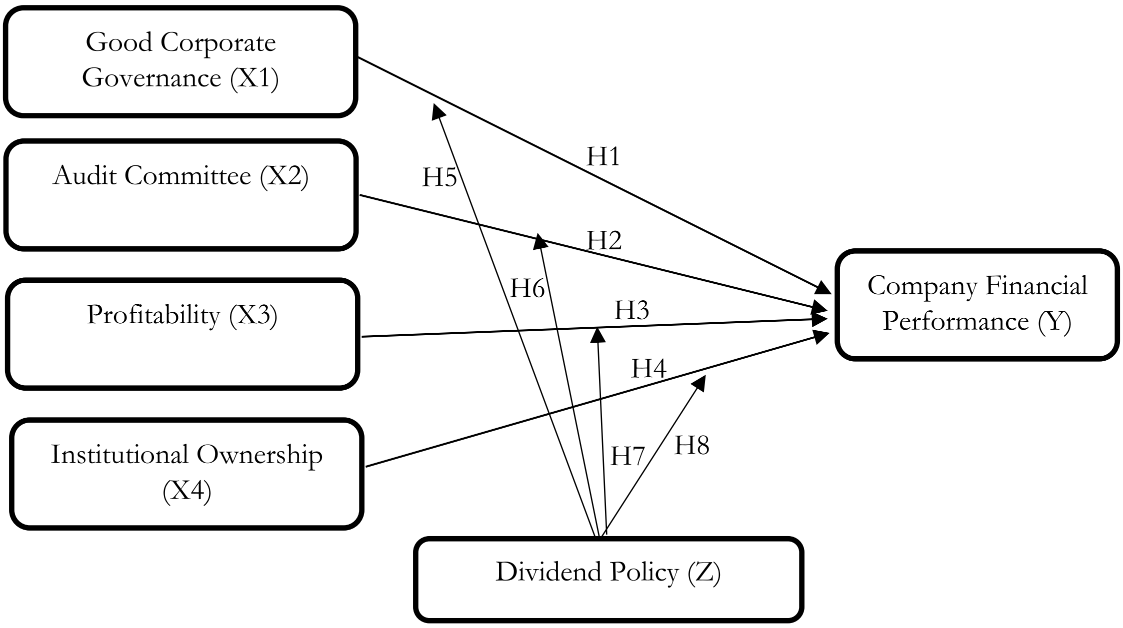
H7: Profitability Affects Corporate Financial Performance Moderated by Dividend Policy

The Effect of Institutional Ownership on Corporate Financial Performance Moderated by Dividend Policy

One of the dividend agency models is that if the company pays a smaller dividend, it will cause management to invest resources into unprofitable projects, but with higher institutional ownership it will encourage management to invest in profitable projects, thus, the company will be able to pay a larger dividend (Rahmah & Nurhalis, 2019). This statement is in line with research conducted by (Narindro & Basri, 2019) which found a positive and significant relationship between institutional ownership and dividend policy. Based on the above arguments, the eighth hypothesis can be built, namely:

H8: Institutional Ownership Affects the Financial Performance of Companies Moderated by Dividend Policy

Table 1. Thinking Framework



METHOD

In this research, a quantitative research design was adopted. Sekaran (2017:76) said, Quantitative research is "scientific methods whose data are in the form of numbers or numbers that can be processed and analyzed using mathematical calculations or statistics". Research with a the quantitative method places a strong emphasis on numerical data analysis and then analyzed using appropriate statistical methods. This research uses associative quantitative research method, by which the correlation from two or more the variable is ascertained.

For the duration 2019-2022, the sample for this research consists of State-Owned Public Agency organisations indexed on the IDX. The study's population comprises 24 State-Owned Public Agency entities that are listed on the IDX during the period of 2019-2022. The sample for this research was selected using purposive sampling, which involved the following criteria: 1) State-owned companies that were listed on the IDX between 2019 to 2022; 2) State-owned companies that released yearly and financial reports throughout the same period; 3) State-owned companies that comprised an independent commissioners' board, audit committee and board of directors in 2019 to 2022; and 4) State-owned companies that failed to generate profits consecutively from 2019 to 2022.

This research uses secondary data, is information-related data that has been collected from previous sources (Sekaran, 2017:130). With documentation techniques as yearly financial statements reports of State-Owned Public Bodies institutions indexed on the IDX for the last 4 years (2019-2022) received, from the alternative Indonesian stock website www.idx.co.id as well as several other esteemed websites of related companies.

Using Eviews 12, a the method of the use of multiple linear regression was used in this research. Implementing this method, it is possible in order to ascertain the correlation between the dependent variable, which is the subject of the study, and other variables that have an impact on it or serve as predictors of it.

Definition and Measurement of Operational Variables

Table 2: Explain the procedure for measuring and operationalizing the research variables.

No	Variables	Indicator
1	Good Corporate Governance (X1)	$DKI = \frac{Number\ of\ independent\ commissioners}{Number\ of\ members\ of\ the\ board\ of\ commissioners} x\ 100$
2	Audit Committee (X2)	Audit Committee = Number of audit committee members
3	Profitability (X3)	$ROE = \frac{Net\ profit\ after\ tax}{Shareholders'\ equity}$
4	Institutional Ownership (X4)	$KI = \frac{Shares\ held}{Number\ of\ shares\ outstanding}$
5	Company Financial Performance (Y)	$ROA = \frac{Net\ profit\ after\ tax}{Total\ assets}$
6	Dividend Policy (Z)	$DPR = \frac{Dividend\ per\ share}{Earnings\ per\ share}$

RESULT AND DISCUSSION

Based on purposive sampling, 60 observations were obtained from 24 State-Owned Public Enterprise companies during the observation period 2019-2022.

No	Criteria	Amount
1	State-owned enterprises listed from 2019 to 2022 on the IDX	24
2	State-owned businesses that made their financial and annual reports available at the same time	(0)
3	State-owned businesses with an independent audit committee, board of directors, and commissioners from 2019 to 2022	(0)
4	State-owned businesses that did not turn a profit in a row between 2019 to 2022	(9)
Number of company samples		15
Number of samples during the study year (2019-2022) (15*4)		60

The financial performance variable (Y) supplied by ROA has a range of 0.000168 (low) to 0.281738 (high), a median of 0.018026, a mean value of 0.036442 (or 03.6442%), and a standard deviation of 0.054571. GCG (X1): This variable is represented by the GCG score (DKI), which ranges in value from 0.285714 (high) to 0.700000 (high). The standard deviation is 0.119945, and the median value is 0.444444. (45.9147 %) or 0.459147, is the mean value. Audit Committee (X2): measured using (KI), this variable ranges from 2.000000 (high) to 10.00000 (high). 4.000000 is the median value, while 1.925960 is the standard deviation. The average is 4.450000 or equivalent to 4.45000%. Profitability (X3): provided (ROE): this variable has a range of 0.000720 (low) to 0.441949 (high), with a mean of 0.091262 (or 09.1262%) and a median of 0.072487. Its standard deviation is 0.086958. Institutional Ownership (X4): provided (KI) this variable has a range of 0.000000 (low) to 0.008557 (low), with a median of 0.000067; its mean value is 0.000396 (or 00.0396%), and its standard deviation is 0.001481. Moderating variable: Dividend Policy (Z) has a median of 0.329180 and a range of 0.000000 (low) to 285719.7 (high). The mean is 4762.428 (or 4762.428%), and the standard deviation is 36886.20.

Table 3. The descriptive statistic

	Y	X1	X2	X3	X4	X5
Mean	0.036442	0.459147	4.450000	0.091262	0.000396	4762.428
Median	0.018026	0.444444	4.000000	0.072487	0.000067	0.329180
Maximum	0.281738	0.700000	10.00000	0.441949	0.008557	285719.7
Minimum	0.000168	0.285714	2.000000	0.000720	0.000000	0.000000
Std. Dev.	0.054571	0.119945	1.925960	0.086958	0.001481	36886.20
Skewness	2.615679	0.380830	1.210819	1.605475	4.597389	7.550957

Kurtosis	10.25213	2.074836	3.381980	6.378884	23.33233	58.01695
Jarque-Bera	199.9012	3.590137	15.02560	54.31764	1244.869	8137.331
Probability	0.000000	0.166116	0.000546	0.000000	0.000000	0.000000
Sum	2.186512	27.54881	267.0000	5.475739	0.023744	285745.7
Sum Sq. Dev.	0.175702	0.848827	218.8500	0.446139	0.000129	8.03E+10
Observations	60	60	60	60	60	60

Model Of Panel Data Regresion

Chow Test

Chow's test is utilised to ascertain whether a prevalent or fixed effect exists effects to apply in the study statistical model, this test's underlying hypothesis is as follows:

Table 4. Results of the Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	9.980088	(14,40)	0.0000
Cross-section Chi-square	90.151651	14	0.0000

The optimal model is the Fixed Effect Model (FEM), as the Chow Test findings above indicate that the probability value of the cross section F is 0.000 ≤ 0.05, then H0 is rejected.

Hausman Test

The Hausman measurement method is utilized to ascertain the appropriate methodology to be chosen and employed in research, specifically between the FEM and the REM.

Table 5. The Hausman Test's result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	60.938415	5	0.0000

Assuming the cross-section probability value of 0.0000 ≤ 0.05. indicates that H0 is rejected according to the findings of the Hausman test, the FEM is the most acceptable model to adopt.
Classical Assumption Test

Test of Multicollinearity

Table 6. Test of Multicollinearity Result

	DKI	KA	ROE	KI
DKI	1.000000	0.361598	0.032350	-0.086962
KA	0.361598	1.000000	0.478296	-0.135336
ROE	0.032350	0.478296	1.000000	-0.129411
KI	-0.086962	-0.135336	-0.129411	1.000000

Because the correlation analysis results are <1, hence there is no multicollinearity in the any of the independent variables.

Test of Heteroscedasticity

Table 7. Test of Heteroscedasticity: Result

Root MSE	0.004546	R-squared	0.514587
Mean dependent var	0.006585	Adjusted R-squared	0.301479
S.D. dependent var	0.006580	S.E. of regression	0.005499
Akaike info criterion	-7.315869	Sum squared resid	0.001240
Schwarz criterion	-6.652660	Log likelihood	238.4761
Hannan-Quinn criter	-7.056452	F-statistic	2.414678
Durbin-Watson stat	3.424341	Prob(F-statistic)	0.009813

In light of the above table, the R-squared probability value is 0.514587> 0.05, so H0 is denied, indicating that the heteroscedasticity issue does not exist.

Hypothesis Test

Test T (Partial)

Table 8. T Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003186	0.017266	-0.184535	0.8545
DKI	0.034621	0.026530	1.304952	0.1992
KA	-0.003850	0.002536	-1.518453	0.1366
ROE	0.441955	0.033436	13.21776	0.0000
KI	1.341992	1.829780	0.733417	0.4675

1. The effect of DKI variable (X1) on ROA (Y)

   In light of the test, it is evident that the probability level is 0.1992 where the value is greater than 0.05. With these results, in light of this, it can be said that the DKI variable (X1) has no bearing on ROA (Y), and the study's hypothesis H1 is rejected.

2. The effect of variable KA (X2) on ROA (Y)

   In light of the test, it is evident that the probability level is 0.1366 where the value is greater than 0.05. With these results, in light of this, it can be said that the KA (X2) variable has no bearing on ROA (Y) and the study's hypothesis H1 is rejected.

3. Effect of ROE variable (X3) on ROA (Y)

   In light of the test, it is evident that the probability level is 0.0000 where the value is smaller than 0.05. With these results, in light of this, it can be said that the ROE variable (X3) has an impact on ROA (Y) and Hypothesis H3 in this research can be accepted.

4. Effect of variable KI (X4) on ROA (Y)

   Based on the test results, it is evident that the probability level is 0.4675 where the value is greater than 0.05. With these results, it can be concluded that the KI variable (X4) has no effect on ROA (Y) and Hypothesis H4 in this research is rejected.

Test Determination Coefficient R2

Table 9. R2 Test result for Coefficient of Determination

Root MSE	0.009270	R-squared	0.970653
Mean dependent var	0.036442	Adjusted R-squared	0.957769
S.D. dependent var	0.054571	S.E. of regression	0.011214
Akaike info criterion	-5.890677	Sum squared resid	0.005156
Schwarz criterion	-5.227468	Log likelihood	195.7203
Hannan-Quinn criter	-5.631259	F-statistic	75.33845
Durbin-Watson stat	2.020589	Prob(F-statistic)	0.000000

In light of the test findings, Evidently, Concurrently, the probability value displays a value of 0.000000, which is <0.05. Hence, the variables DKI (X1), KA (X2), ROE (X3) and KI (X4) concurrently influence ROA (Y).

MODERATION REGRESSION ANALYSIS

Table 10. Results of the Moderation Regression Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000421	0.019657	-0.021416	0.9830
DKI	0.020491	0.023891	0.857702	0.3967
KA	-0.004959	0.003911	-1.267848	0.2130
ROE	0.502001	0.035403	14.17980	0.0000
KI	-0.401439	4.274669	-0.093911	0.9257
DPR	-0.028205	0.011891	-2.371981	0.0232
DKI*DPR	0.065698	0.029338	2.239346	0.0314
KA*DPR	0.002568	0.002443	1.051458	0.3001
ROE*DPR	-0.039020	0.020919	-1.865310	0.0703
KI*DPR	-0.263262	2.073042	-0.126993	0.8997
	Effects Specification			
Cross-section fixed (dummy variables)				
Root MSE	0.007648	R-squared		0.980025
Mean dependent var	0.036442	Adjusted R-squared		0.967263
S.D. dependent var	0.054571	S.E. of regression		0.009874
Akaike info criterion	-6.108694	Sum squared resid		0.003510
Schwarz criterion	-5.270957	Log likelihood		207.2608
Hannan-Quinn criter	-5.781009	F-statistic		76.79255
Durbin-Watson stat	1.901871	Prob(F-statistic)		0.000000

1. Dividend Payout Ratio (DPR) as a moderator between The probability value of 0.0314 is less than 0.05, as determined by the independent Board of Commissioners (DKI) on Financial Performance (ROA), for the interaction correlation from DKI and DPR. The conclusion that can be drawn is that the correlation from the Independent The Commissioners' Board (DKI) and financial performance can be moderated by the ratio of dividend payouts

2. Ratio of Dividend Payout (DPR) as a moderator between The Audit Committee (KA) on Financial Performance (ROA) indicates that The interaction between KA and DPR has a probability value of 0.3001, which is > 0.05. The conclusion that the ratio of dividend payout does not moderate the correlation from Financial Performance and the Audit Committee is as follows.

3. Dividend Payout Ratio (DPR) as a moderator between Return On Equity (ROE) on Financial Performance (ROA) shows the interaction correlation from ROE * DPR 0.0703 is a likelihood that is higher than 0.05. It's possible to conclude that the ratio of dividend payout does not moderate the correlation from Return On Equity on Financial Performance.

4. Dividend Payout Ratio (DPR) as a moderator between The interaction The connection that Institutional Ownership (KI) and Financial Performance (ROA) indicates that the probability value for KI * DPR is 0.8997, which is > 0.05. Based on the findings, it can be inferred that the connection between institutional ownership and financial performance is not moderated by the ratio of dividend payouts

The Impact on Corporate Financial Performance of Good Corporate Governance Proxied by the Independent Board of Commissioners

The calculated T value for the Independent Board of Commissioners (DKI) is 1.304952, and its significance level is 0.1992, where 0.1992 is greater than 0.05. This implies that the Independent Board of Commissioners (X1) does not exert a significant influence on the Financial Performance (Y) of the Company, thus H1 is rejected in this research. These results are supported by research conducted by (Monica & Dewi, 2019) the insignificant effect of the independent board of commissioners can be caused by the small percentage of the existence of an independent board of commissioners in increasing the company's Return On Asset.

The Impact on Corporate Financial Performance of Good Corporate Governance Proxied by the Audit Committee

The calculated T value for the Audit Committee (KA) is -1.518453, and its significance level is 0.1366 (where 0.1366 is greater than 0.05). This implies that the Audit Committee (X2) does not exert a significant influence on the Financial Performance (Y) of the Company, thus H2 is rejected in this research. This is in line with research (Titania & Taqwa, 2023) that increasing the audit committee does not necessarily improve the company's financial performance. This shows that the large or small number of audit committees does not affect the company's financial performance.

The Impacts of Profitability on Corporate Financial Performance

The calculated T value for profitability (ROE) is 13.21776 with a significance level of 0.0000, where 0.0000 is less than 0.05. This indicates that Profitability (X3) influences Corporate Financial Performance (Y) to some degree; therefore, H3 can be accepted in this research. This is in line with research (Zahwa & Soedaryono, 2023) which also states that profitability affects the company's financial performance, in accordance with these results.

The Impacts of Institutional Ownership on Corporate Financial Performance

The calculated T value for Institutional Ownership (KI) is 0.733417, and its significance level is 0.4675, where 0.4675 < 0.05. This implies that Institutional Ownership (X4) does not have a significant impact on Corporate Financial Performance (Y), leading to the rejection of H4 in this research. Institutional ownership can be in the form of government institutions, private institutions, domestic or foreign, in line with research (Mattiara et al., 2020) which states that institutional ownership has a positive and insignificant effect on financial performance.

The Impact of Good Corporate Governance Proxied by the Independent Board of Commissioners on Corporate Financial Performance Moderated by Dividend Policy

The Dividend Payout Ratio (DPR) moderates the correlation from the independent Board of Commissioners (DKI) and Financial Performance (ROA). The calculated T value for this relationship is 2.239346, and the probability value for DPR is 0.0314, where 0.0314 is less than 0.05. This implies that the DPR moderates the correlation from the independent Board of Commissioners (X1) and Financial Performance (Y), thus supporting the acceptance of H5 in this research. Based on the findings, it can be inferred that the correlation from the Independent Board of Commissioners and Financial Performance may be moderated by the DPR. This research can be said to be in line with research conducted by (Anam & Hendra, 2020) which states that the relationship between the independent board of commissioners and the company's financial performance moderated by dividend policy has no significant effect.

The Impact of Good Corporate Governance Proxied by the Audit Committee on Corporate Financial Performance Moderated by Dividend Policy

The DPR moderates the relationship of interaction between the Audit Committee (KA) and Financial Performance (ROA). The calculated T value for this relationship is 1.051458 and the probability value is 0.3001, where 0.3001 is greater than 0.05. This indicates that the Dividend Payout Ratio (DPR) has no effect on Financial Performance (Y) when used as a moderator between the Audit Committee (X2) and the DPR; therefore, H6 is rejected in this research. The conclusion that can be drawn is that the correlation from the Audit Committee and Financial Performance is not moderated by the Dividend Payout Ratio. This research is in line with the results of research conducted by (Fitriani, 2020), concluding that there is no significant relationship between the audit committee and the company's financial performance moderated by dividend policy. This is because the size of the audit committee has no direct impact on the amount of dividends paid to shareholders.

The Impact of Profitability on Corporate Financial Performance Moderated by Dividend Policy

The DPR moderates the correlation from Return On Equity (ROE) and Financial Performance (ROA). The calculated T value for this relationship is -1.865310, and the corresponding probability value is 0.0703. It is important to note that 0.0703 is greater than the significance level of 0.05. This indicates that the DPR does not moderate the correlation from Return On Equity (X3) and Financial Performance (Y), which leads to the rejection of H7 in this research. Based on the findings, it can be inferred that the Dividend Payout Ratio does not help moderate the association between Return On Equity and Financial Performance. This research can be said to be in line with research conducted by (Budiasih et al., 2023) (Lestari et al., 2024), dividend policy cannot affect the impact of profitability on the financial performance of a company. If the dividend policy becomes moderation, it is expected to moderate profitability on the company's financial performance. This means that the company will maximize the performance of a company in order to get a rate of return in the form of cash dividends in accordance with the expectations of investors.

The Impact of Institutional Ownership on Corporate Financial Performance Moderated by Dividend Policy

The DPR moderates the correlation from Institutional Ownership (KI) and Financial Performance (ROA). The calculated T value for this relationship is -0.126993, and the probability value is 0.8997, where 0.8997 is greater than 0.05. This implies that the DPR does not moderate the correlation from Institutional Ownership (X4) and Financial Performance (Y), thus H8 is rejected in this research. Based on the findings, it can be inferred that the correlation from institutional ownership and financial performance is not moderated by the dividend payout ratio. The results of this study are said to be in line with research conducted by (Lestari et al., 2024) (Wijaya & Purnawati, 2019). Shows that the relationship between institutional ownership and corporate financial performance moderated by dividend policy cannot be strengthened by greater investment decisions.

CONCLUSION

This research empirically investigates the correlation from good corporate governance, with dividend policy acting as a moderating factor in the correlation from profitability and institutional ownership on corporate financial performance state-owned businesses that are listed on the IDX for the 2019-2022 period. Independent Board of Commissioners, Audit Committee, Institutional Ownership do not exert a significant influence on the Financial Performance. Profitability influences Corporate Financial Performance. DPR moderates the correlation from the independent Board of Commissioners and Financial Performance. Audit Committee and Financial

Performance is not moderated by the Dividend Payout Ratio. Dividend Payout Ratio does not help moderate the association between Return on Equity and Financial Performance. DPR does not moderate the correlation from Institutional Ownership and Financial Performance.

Based on the findings of this study, profitability and the independent board of commissioners moderated by dividend policy have a considerable influence on the company's financial performance. Therefore, the implication for State-Owned Enterprises is advised to be wiser in choosing good corporate governance policies that suit the company, and must also pay attention to the company's ability to generate profits. In conclusion, this study shows how important good corporate governance is for the running of a company so that there is no decline in financial performance and fraud in financial statements.

Future researchers are expected to use samples from all SOEs and an extended observation period to enable the generalization of the study findings the level of company profitability. In addition, future It is also expected that researchers would measure variables using additional proxies and further researchers are also advised to add other factors to be used as independent variables which are expected to explain and also predict and study the financial performance variables of the company.

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