

The impact of the Board of Directors on profitability (Case Study BUMN Commercial Banks 2013-2020)

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Abstrak: *This study aims to determine the effect of the Board of Directors on Profitability in BUMN Commercial Banks for the period 2013-2020. GCG disclosures are based on the Board of Directors. Profitability uses ROE as a proxy.*

The type of data used in this study is secondary data in the form of an annual report. This study uses a saturated sample technique to obtain 4 samples of companies. The data analysis technique uses panel data regression which is processed using EViews 10 software.

The results of this study indicate that the Disclosure of the Board of Directors simultaneously has a positive effect on profitability.

Kata kunci: *Profitability, Board of Directors, Return On Equity, Good Corporate Governance.*

PENDAHULUAN

A subsidiary company (Persero) according to Government Regulation No. 12 of 1998 is a State-owned enterprise agency (BUMN) in the form of a limited corporation whose capital is divided into shares whose entire or at least 51% of the shares are owned by the State of the Republic of Indonesia whose main purpose is to pursue profits. According to the Law of the Republic of Indonesia No. 40 of 2007 on Limited Corporations in the performance of its duties, Persero is run by the Persero organs, namely: 1) General Meeting of Shareholders (RUPS), 2) Directors, and 3) Commissioners. Whereas the public enterprise (Perum) according to the Government Regulation No. 13 of 1998 is a BUMN whose entire modality belongs to the state and is not divided over shares. Although the State Owned Enterprise Agency (BUMN) has two forms of corporate law, by 2017 only Persero had been listed on the Indonesian Stock Exchange.

With the implementation of PBI No. 13/1 / PBI / 2011 to assess the health level of banks starting in 2012, the level of bank health should be measured, for example, they must make their own assessment of the factors: Risk Profile, GCG, Earnings, and Capital. Since banks are recommended to make improvements according to the rules set by the BI, there should be some improvements especially for the general bank. As listed in the Bank of Indonesia Regulation no. 13 / 1/ PBI/2011 on the General Bank Health Assessment System, to know the magnitude of profitability growth in some of the following banks can be seen from the Return on Asset (ROA) and also Return On Equity (ROE) which represents a measurement for the profitability aspect of the Company or Rentability (Earnings)

The board of directors plays an important role in the implementation of corporate governance mechanisms, namely to determine the policies to be pursued by the company as well as the protection against investors in the short or long term. The number of members of the board of directors affects the financial performance because the board is responsible for the purpose of the company, i.e. by increasing the profits in the company effectively and effectively in achieving the specified goals on the part of the corporate interests and shareholders so that investors have consideration in long-term investment activities. The results obtained by Sekaredi (2011) revealed that the relationship between the board of directors and the financial performance of the company was rejected because the board had a significant negative impact on the company's financial performance, while a survey conducted by Kusumawati and Riyanto (2005) found that the size of the Board of Commissioners had a positive influence on the level of good corporate governance and had an impact on financial performance.

METODE PENELITIAN

According to the Financial Services Authority Regulation No. 33 /PJOK.03/2014 on the Directorate and Board of Commissioners of Emittents or Public Companies, article 1, the Board of Directors is the authorized body of the issuer or public company and is fully responsible for the management of the issuer or the public company for the listing of issuers or public companies, in accordance with the purpose and purpose and represents the issuers and public company, both inside and outside the courts following the provisions of the basic budget. Each member of the Directorate may carry out his or her duties and take decisions in accordance with his/her division of duty and authority.

However, the performance of the duties by each member remains a joint responsibility. The positions of each member of the Directorate, including the Chief Director, are equal. The size of the board of directors in this study is the number of board members in a company set in number of units.

$$\sum_{\square}^{\square} \text{Board of Directors}$$

A dependent variable is a variable that is affected or resulting from the existence of an independent variable. (Sugiyono, 2018, p. 39). Based on this understanding then in this research the dependent variable used is Return on Equity. Measurement of profitability in this study with the proxy Return On Equity (ROE). The profitability ratio is a ratio that describes the ability of the company in generating profit. (Hery, 2015:168). According to the Bank of Indonesia Edaran Number 13/ 24/ DPNP dated October 25, 2011 the formula used to measure ROE is

$$\text{ROE} = \frac{\text{Profit after Tax}}{\text{Main Capital}} \times 100$$

HASIL DAN PEMBAHASAN

The partial hypothesis that will be tested in this study is as follows: The impact of the Board of Directors on Profitability.

H0 : The Board of Directors partially has no influence on profitability

H1 : The board of directors partly has an influence upon profitability

Table 1
Simultan Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.16639	6.846641	-0.60853	0.5483
X1_Board Of Directors	0.867492	0.371413	2.335651	0.0278

Reference : Datasheet 2023

The Board of Directors (X1) has a probability value of 0.0278 which is smaller than the significance level $\alpha = 0.05$ then H1 is accepted. This shows that the Board of directors partially has a significant influence on the Profitability projected through ROE

KESIMPULAN

The Board of Directors of BUMN General Bank companies listed on the Indonesian Stock Exchange (BEI) during 2013-2020 have partially influenced the profitability of ROE, this is in line with the results conducted by Kusumawati and Riyanto (2005) stated that the board of directors has been shown to have a positive influence on the level of good corporate governance and have an impact on financial performance

UCAPAN TERIMA KASIH

All the parties who contributed to the research carried out are written in this section.

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