

# Implementation of the GMS and the Existence of the Board of Commissioners on Company Value

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**Abstract.** Implementation Meeting General Shareholders (GMS) in Corporate Governance have authority the highest that is not owned by the Board of Commissioners. Authority possessed \_ in the GMS, namely: lifting and stopping the commissioner and ask accountability on the management of the company. GMS is held as a form of accountability to the holder's stock. The Destination study is to see board performance commissioner is independent and not independent seen from the presentation report finance every year so that score embodied company \_ in price good stocks also go up and automatically will cause trust from investors. Research design this is a study quantitative using purposive sampling and theory contingency, population and sample are company mining companies listed on the Indonesia Stock Exchange 2018-2021. Collected data is the presentation report finance every year, the existence of the board of commissioners independent and independent, implementation Meeting General Shareholders (GMS) for four years, and price share from years 2018-2021. Research Results show that the existence of an independent board of commissioners and not independent significant to score company. This result shows that score company will be good if the board of commissioners supervises with good the company he manages. Contribution main from study adds confidence about the role of the board of commissioners whose duties is as supervisors have not quite enough big answers to create score good stock.

**Keywords:** GMS, Board of Commissioners, Report Finance Annual, Company Value.

## 1. Introduction

The supreme organ in the governor company is the implementation Meeting of General Holder shares (GMS). Members of the board of commissioners and board of directors appointed and dismissed by the GMS. Limited Liability Company Law Number 40 of 2007 states that in the GMS their be agreed green and set change the budget base company, approve purchase return and redirect share company, approve and ratify report annual including report finance Directors as well as Duty supervision commissioner [1] A good corporate governance mechanism applied with good will increase the quality of report finance. Report finance quality will give appropriate and useful information \_ for taking decision investment for holder stock. One of the five principles in governance \_ is transparency (openness), openness in conveying information must be complete,

correct and correct time to all holder interests. Governance \_ good company ( good corporate governance) , namely: structure holder interest outside and inside Together Setting goals \_ company and do supervision performanc [2] Quality governance compliance \_ company is reaction company for operate regulation where the goal is to protect Public large in invest [3] Meeting General Shareholders do not can To do an intervention to implementation duties, functions and authorities of the board of commissioners and directors. . But the GMS has authority for operating rights and obligations in accordance budget the basis and applicable regulations.[5]

“ Industry mining be one \_ field supportive effort \_ growth Indonesian economy with portion biggest second ie 13.06 percent. Mining grew 4.01 percent in the second quarter of 2022 taller than from quarter previously grew 3.82 percent [6]. So growing industry mining because investors see a good future \_ investment in mining. Industry mining also absorbs power work with good, “ sector mining will Become mainstay absorption power work year this and will Becomes mainstay absorption power work ”[7] . Industry mining become a pillar of the Indonesian economy and provide big hope for investors proven with more stock \_ good from 2018-2021 (In company mining (PT ADARO ENERGY Tbk ) there is a board of commissioners guidelines and commitments in doing tasks, so in implementation, his job every moment put forward implementation of GCG principles are appropriate with standards and ethics that apply in the company as well as obey budget basic and all regulation applicable laws in realizing a vision, mission and plans strategic To use reach intent and purpose company.

Good company performance is seen from price of stock . To achieve a good stock price, there \_ three factors that influence it that is profit, value book equity.and operating cash flow, operating cash flow that is the activity producer’s main income entity (principal revenue-producing activities) and other activities that are not is activity investment and activity funding [8]Amount cash flow originating from activity operation is indicator main for determine is the operation entity could produce sufficient cash flow to for pay off loan, maintain ability operation entity, pay dividends and do investation new without relying on source funding from outside . Information about element certain historical cash flows Along with other useful information for predicting future operating cash flows. Koetin (1997) argues that measurement score companies based on price share naturally have Weaknesse , first have element game done \_ speculator for getting profit in time short so that market price increases or down by sharp, second price share tend influenced pressure psychology or irrational actions investors in invest.

A number of research related study this is The presence of the board of commissioners no take effect to score company [9] board of commissioners size have influence negative and not significant to the value of the company [10], proof this is different with what\_[3] that independent commissioner no has influence to performance finance.The existence of the board of commissioners no take effect to score the company [11]

## **2. Literature Review**

### **2.1 Agency Theory**

Jensen and Meckling (1976) stated connection agency inside \_ theory agency (agency theory) that company is gathering contract Among owners and management who manage and control source power that . Conflict interest Among owner and agent often occur because agent in operate

the task no in accordance with interest owner , where when agent act and do Step no support owner will cause high cost .. \_ Manager as agent have not quite enough moral responsibility to the owners for optimizing profit with method get appropriate compensation \_ with contract . Conflict frequent agency \_ occur in effort maximizing score company could minimized with through application governance \_ good company ( good corporate governance). Destination from governance improvement \_ company is for reduce existence conflict agency , so power competitive company and value company could increase . Besides that , also gives score plus for all party for those who are interested by Keep going continuously in period long . Existence good corporate governance is able Becomes a needs that can bridge Among investors and parties management company .

## 2.2 General Meeting of Shareholders

Based on Law No. 40 of 2007 that the GMS is a level highest in governance \_ which company in Article 75 says the GMS are :

- (1) GMS have authority which no given to Directors or Board commissioner , in limit which determined in Constitution this and/ or budget base
- (2) In forum GMS, holder share entitled get information that related with the Company from Directors and/ or Board commissioner , along relate with eye program meeting and no contrary with interest Company.
- (3) GMS in eye program etc no entitled take decision , except all holder share present and/ or represented in GMS and I agree addition eye program meeting
- (4) Decision on eye program meeting which added must Approved with voice round .

Chapter78 states that the GMS will be held no later than six month very after year book ends . And chapter 79 speaks The implementation of the GMS (a) is carried out by one person or more holder share together \_ \_ represents 1/10 ( one tenths ) or more with amount whole share with right sound , except budget base determine one more quantity \_ small or (b) the board of commissioners .

## 2.3 Board of Commissioners

The board of commissioners has the Duty as a supervisor and implementation policy strategic in company as well as give advice to the board of directors. According to FCGI, the board is core part of corporate governance that is given Duty for ensure implementation of strategies implemented by the company , as well as oblige implementation accountability . board of commissioners have not quite enough answer in supervise performance company where report in the form of performance received finance from director Becomes reference is performance walk good or no . Independent commissioners have function that is Becomes balancer in take decisions consisting of the board of commissioners from from outside compan . The Limited Liability Company Law No. 40 of 2007 says the board of commissioners responsible answer on supervision company. Regulation authority suit finance number 33/POJK.04/2014 article 20 says that :

- 1) Board of Commissioners at least consist of 2 ( two) members of the board of commissioners.
- 2) In Board of Commissioners matters consist of 2 (two) members of the board of commissioners, 1 ( one ) of them is Commissioner Independent .

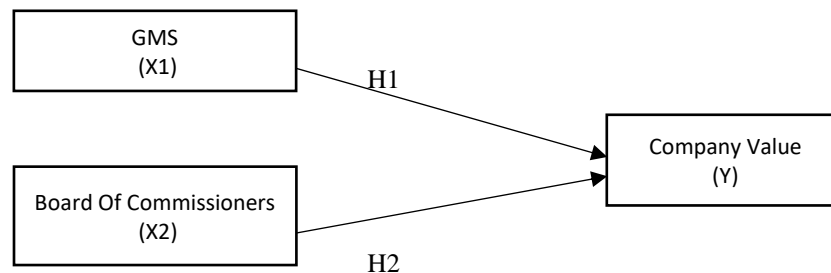
- 3) In Board of Commissioners matters consist more of 2 ( two ) members of the Board of Commissioners, total Commissioner Independent mandatory at least 30% ( three twenty percent ) of amount whole member Board of Commissioners .
- 4) 1 (one) of member of the Board of Commissioners lifted Becomes commissioner main or president commissioner .

## 2.4 Company Value

Company value usually describe ability something company for give to holder interest company for get returns below \_ management as well as regulation value - centered law . Company value more often linked through price shares in companies that can give perception to investors to company[12]. High company value could make more investors believe that no only on performance company moment this, but also on the prospect company in the future come . The theory that put forward by Modigliani and Miller explain that score company could determined by the earnings power of asset company.Value company (Market Value of The firm) consists of from score debt and value share compared to asset value [13]. Firm value according to [14], management use various policy for could maximizing score company through increase in prosperity owner and holder stock that can be viewsin price stock .

## 3. Research Model

Following is a research model for development hypothesis research :



**Fig 1.** Research Model

### 3.1 Influence of GMS on Company Value

Profitability is a magnet that attracts investors to invest. The big profit dividends will increasingly be accepted by investors big. For knowing the number of profit companies, investors can accept information performance financial statements at the implementation of the GMS presented in the report finance yearly. There are two methods to supervise performance management caused conflict agency [15] The First vote affects the procedure manage company and the second holder

share To do solution related problems \_ with information not satisfying with method lobby manager.

H1: The influence of the GMS on score company

### 3.2 Influence of the Board of Commissioners Against Company Value

In accordance with regulation Financial Services Authority number 33/POJK.04/2014 Chapter I article 1 says the board of commissioners or emitting organ company in charge To do supervision by general and/ or special in accordance with the budget base as well as give advice to directors. board of commissioners is a board in charge for To do supervision activity something company . Existence independent board of commissioners becomes very important because in practice often found transactions that contain element different interest in company public. Commissioner independents have not quite enough answers that is push implemented governance principles for good companies. According to theory agency Jensen & Meckling 1976, board of commissioners independent considered as mechanism the highest responsible internal control answer for monitor policy management peak . Research conducted [16] concluded that the board of commissioners independent take effect positive to score company . Whereas according to [17] and [18] the board of commissioners independent no gives influence significantly to score company.

H2: Board of Commissioners take effect significant to score company

### 3.3 Method Study

Study this is a study quantitative with To do studies empirical in companies listed on the Indonesia Stock Exchange (IDX) in particular company sector mining During the years 2018-2021. Study quantitative could be interpreted as a method of research that grounded positivism used for researching a population or sample certain aim to test the hypothesis that has been determined [19]

### 3.4 Population and Sample Study

Population and Sample ResearchPopulation in a study is company sector mining companies listed on the Indonesia Stock Exchange in 2018-2021. Taking samples conducted with use of purposive sampling with destination get suitable sample with the specified criteria, namely : (1) sector company mining companies listed on the Indonesia Stock Exchange period years 2018-2021.(2) Sector companies mining provide report annual complete already \_ audited period 2017-2018 years. (3) The company has complete data information related to with the variables studied.

**Table 1.** Research Amount Company Sample

Tension	Amount
Mining companies listed on the IDX 2018-2021	63
Companies that don't provide report annual	(4)
Sample Study	(59)

Source : Report Mining Company Annual 2018-2021

### 3.5 Operational Variable

Variables in research this is score company as variable dependent . While the GMS and the board of commissioners are independent and not independent as a variable independent . The definition operational variable could see in the table under this :

**Table 2.** Definition Operational Variable

No	Variable Study	Definition Operational	Indicator
1	Meeting General Shareholders (GMS)	GMS is an organ of a Public Company that has: authority that is not given to directors or the board of commissioners as meant in the constitution about company limited and/ or budget base Public Company ( Regulation authority service finance Republic of Indonesia Number 15/POJK.04/2020)	The Proxy used _ for measuring the GMS is implementation carried out every year based on the GMS report published on the company website for every sample research.
2	Board of Commissioners	board of commissioners or emitting organ company in charge To do supervision by general and/ or special in accordance with a budget base as well as give advice to directors ( Regulation ) Financial Services Authority number 33/POJK.04/2014)	Variable this be measured with share number of independent commissioners from the outside company shared commissioners DK = Total Member of DK from outside $\frac{\text{Amount All of}}{\text{DKI}}$

### 3.6 Data Collection Techniques

Data collection techniques in research this conducted with method documentation and study library. Method documentation was conducted with gather secondary data sources like report annual reports (annual report) on companies that become sample study through the IDX website, namely [www.idx.co.id](http://www.idx.co.id) and the official website company. Study literature on research this conducted with collect and processing data from literature like books, articles, journals as well as print media related to with theme research.

### 3.7 Method Analysis

Method data analysis used in research is use analysis regression multiple (multi-regression). Analysis this used to know and get description influence Meeting General Shareholders (GMS) and the Board of score company on company sector mining on the Indonesia Stock Exchange in 2018-2021..In analyzing data with multiple linear regression some test as : (1) Analysis Statistics

Descriptive, (2) Assumption Test Classical ( normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test , (3) Hypothesis test and coefficient test determination. Model the equation used for the test hypothesis in study as following :

$$Y = \alpha + \beta_1 \text{GMS} + \beta_2 \text{DK} + e \text{ description}$$

Y= Firm value

$\alpha$  = Constant

GMS = Coefficient regression

DK= Board of Commissioners Independent

#### 4. Results and Discussion

Analysis result statistics descriptive in study this is as following :

**Table 3.** Statistical Results Descriptive

	N	Minimum	Maximum	mean	Std. Deviation
GMS (X1)	59	35	85	83.5714	1.42857
Board of Commissioners (X2)	59	77	79	78.27	0.13455
Firm Value (Y)	59	81	88	81.8448	0.16278

From test statistics descriptive could is known that the score average from the score company (NP) is of 81.8448 and the standard deviation of 1.42857 Standard deviations with score more small compared score average show that low deviation data variable score company During period observation . GMS has the mean value is 83.5714 and the standard deviation is 1.42857. Average value board of commissioners as big as 78.27 standard the deviation of 0.13455. Standard more deviation \_ small from the average value shows that low deviation variable data DK during period observation . Standard deviation whose value more taller compared the average value shows that height GMS variable data deviation during period observation. Thing this means data character is heterogeneous and reflects data deviation which is very tall.

**Table 4.** Analysis Multiple Linear Regression T Test

Model	Coefficients <sup>a</sup>		t	Sig
	Unstandardized Coefficients	Standar Coefficients		
	B	Std Error		
(Constant)	-35,496	30,785	-1.153	.254
GMS	1.090	.027	.978	.000
DK	.286	.211	.033	.179
DKI	.064	.343	.004	.853

From table 6 can is known equality regression is as following:

$$Y = -35,496 + 1,090 \text{GMS} + 0.286 \text{DK} + e$$

Constant as big as -35,496 states that if the variable independence is considered constant, so average score company as big as -35,496. Coefficient regression GMS as big as 1.090 states that every board upgrade commissioner as big as 1 will raise the score company as big as 0.286. Coefficient regression DK of 0.064 states that every enhancement board commissioner independent as big as 1 will increase the score company of 0.064.

**Table 5.** Summary Test Hypothesis

No	Hypothesis	B	Sig	Results
1	GMS influential to score company	1.090	0.000	Received
2	Board of Commissioners take effect to score company	0.286	0.179	Received

#### 4.1 Effect Of Gms On Company Value

Test results hypothesis show variable GMS influential positive and significant to score company so that could conclude H1 is accepted. This thing shows that if the implementation of the GMS always an appropriate time which is one year very so will increase the score company. Results prove that the GMS has a role important in guarding investor confidence and maintaining the performance company's permanent good, directed, and not violate rule proven with conduct the GMS in accordance with provision Law No. 40 of 2007 was enacted one year once.

#### 4.2 The Effect Of The Board Of Commissioners On Company Value

Test results hypothesis Results testing hypothesis showing variable board commissioner take to effect positive significant to score company, results this support research conducted so that could conclude H2 accepted. This result shows if the fortune teller god commissioner on duty as supervisor is believed by investors to be able to, do his job with good and can increase performance finance so that investors believe dividends that will shared one year very could lastly.

### 5. Conclusion

Meeting General of Shareholders (GMS) and the presence of the Board of Commissioners impact significantly to score company. This thing proves that the GMS and the Board of Commissioners have a big role to company life sustainability. The duties of the board of commissioners of course just To do supervise and provide instruction to the Board of Directors about the way the company mediates conflict agency. Limitations on research this that the sample on company sector mining amount relatively a little and for the period of study this use susceptible to the time that enough short t is only four years so the amount company of researched amount little and limited so the results study not enough accurate. Limitations final of the study this that there is an element of subjectivity researcher in gift weight and score on evaluation company that is use size



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