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The Influence of Internal Audit, Capital Structure, Independent Board of Commissioners and Institutional Ownership on the Financial Performance of Banking Sector Companies

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Keyword : *Indonesia Stock Exchange, Financial Performance, Banking Companies*

Abstract:
The purpose of this study is to determine whether Internal Audit, Capital Structure, Board of Commissioners, and Institutional Ownershipsignificant effect on the financial performance of banking companies listed on the Indonesia stock exchange. This research uses quantitative methods. The sampling technique used purposive sampling and obtained as many as 9 companies. The population in this study at banks listed on the IDX. The method of analysis used in this study is the method of multiple linear regression analysis. The data processing process uses SPSS 22 software.The results of this study state that the internal audit variable has no effect and is significant on partial financial performance with a T value of -0.522 with a significance level of 0.607, the capital structure variable has no and significant effect on financial performance partially with a T value of -1.646 with a significance level of 0.114, the independent board of commissioners variable has a partial and significant effect on financial performance with a T arithmetic value of 2.677 with a significance level of 0.014, the institutional ownership variable has no effect and is significant on financial performance partially with a T arithmetic value of 0.889 with a significance level of 0.383.

Introduction

The main characteristic of weak corporate governance is the existence of selfish actions on the part of company managers to the exclusion of investors' interests. Managers as company managers know more about internal information and company prospects in the future than owners (shareholders). Therefore, as the manager of the company, the manager is obliged to give a signal about the condition of the company to the owner, but the information conveyed is sometimes not in accordance with the actual condition of the company. This condition is known as information asymmetry or information asymmetry. This can reduce the effectiveness of financial performance. Octoviany (2020:123) states that theoretically, good corporate governance practices can improve financial performance.

Fahmi in the study of Sipahelut et al explained that a good company's financial performance can be seen from the company's steps in carrying out financial implementation rules properly and correctly Sipahelut et al., (2017:4427). So, stakeholders consisting of creditors, suppliers, and also investors will see the extent to which the company can generate profits from the company's sales and investments. With increased profitability, the company means showing the company's success in generating profits. A high profitability value will bring success to the company which results in high stock prices and makes the company grow.

Good internal control is one of the main foundations for the implementation of good corporate governance. The company must delegate some of its duties and responsibilities to other parties. This is where the role of internal audit is needed, the existence of internal audit is intended to improve company performance (Ljubisavljević & Jovanovi, 2011).

Dewi & Dana (2017:773) revealed that capital is a source of funds in carrying out the stability of the company's financial performance. Fahmi (2018) states that the capital structure is a financial picture of a company in the form of owned capital sourced from long-term debt and own capital which is a source of financing for a company.

Besides Indonesia stock exchangeng influenced by internal audit and capital structure, another factor that can affect the company's financial performance is the independent board of commissioners. The independent board of commissioners plays an important role in ensuring that the company's strategy and performance are properly regulated by company managers and do not harm the interests of shareholders or stakeholders in general. The independent board of commissioners is part of corporate governance whose task is to ensure the implementation of corporate strategy, oversee the management of the company and ensure corporate accountability (Maulana, 2020).

Furthermore, institutional ownership is a factor that will increase more optimal monitoring of management performance, because share ownership represents a source of power that can be used to support or vice versa for management decisions. In addition to the implementation of the ownership structure in the company, companies need to consider other factors that can affect company performance, namely company size.

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Assessment of financial performance can be known by looking into several periods so that the probability ratio of a bank will be seen from time to time. Several Banks are listed on the Indonesia stock exchange which list total assets through quarterly I-IV reports. By knowing the total assets of the Bank, it will be known how the financial performance of the Bank will be.

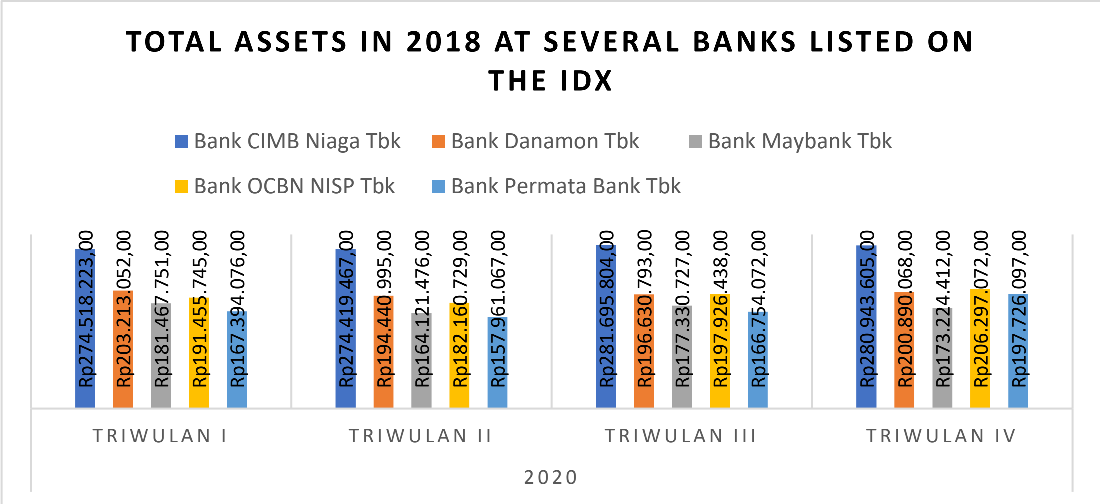

Figure 1. Total Assets in 2018 at Several Banks Listed on the IDX

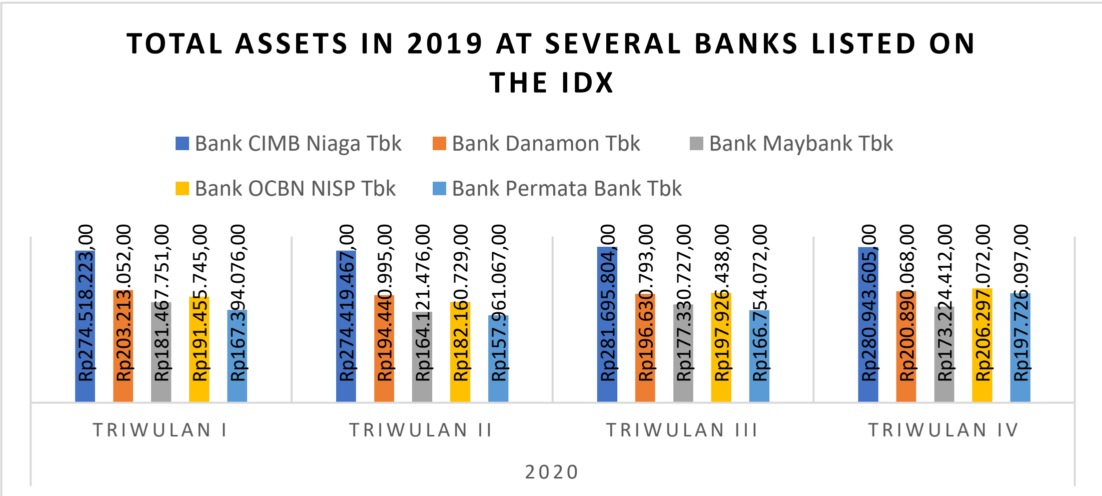

Figure 2. Total Assets in 2019 at Several Banks Listed on the IDX

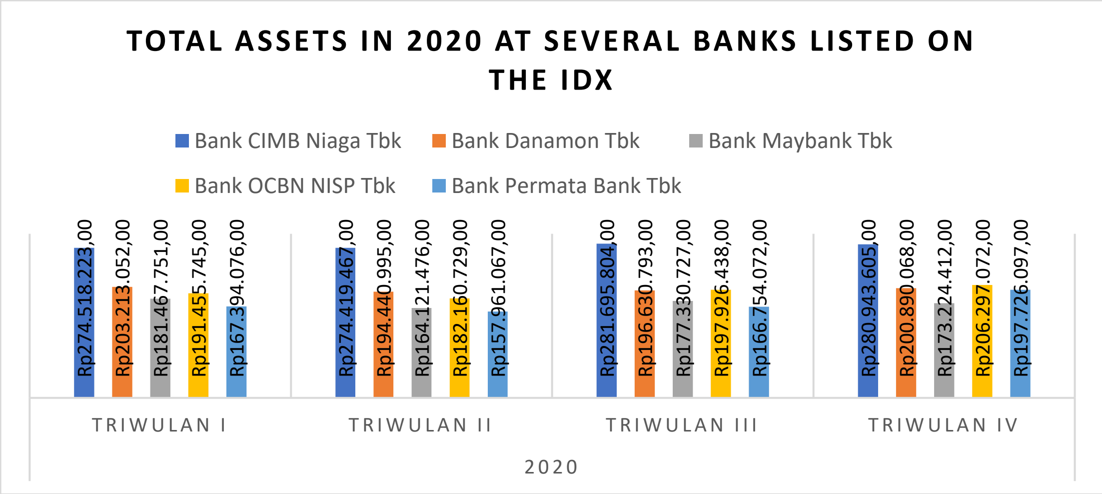

Figure 3. Total Assets in 2020 at Several Banks Listed on the IDX

Based on Table 1.1 and Table 1.2 regarding Total Assets, it can be seen that the financial performance reports of the five banks listed on the Indonesia stock exchange in the first quarter to the fourth quarter experienced fluctuations during 2019-2020. Total assets in the first quarter experienced an increase but during the second quarter it decreased, but in the 3-4 quarter it increased again during 2019-2020. This shows that the inconsistency of financial performance in several banking companies listed on the Indonesia stock exchange.

According to Nugroho and Bayunitri (2021) in their research, the results showed that the implementation of internal audit at PT Pos Indonesia (Persero) was included in the fairly good category. Meanwhile, the financial performance shown by PT Pos Indonesia (Persero) for the 2014-2018 period tends to be not optimal. In addition, the results of the study also show that internal audit has an effect on the company's financial performance. The magnitude of the influence of internal audit in contributing to the company's financial performance is 77.7%. From existing research, it is suspected that internal audit has an influence on financial performance. In another study, according to Nurasifah (2019) in her research, it was found that the results of the analysis of the effect of capital structure (DER) on the company's financial performance (ROE) showed that the capital structure had an effect on the company's financial performance (ROE) on company property and real estate listed on the Stock Exchange. Indonesia in 2013-2017. This means that the higher the DER will affect the amount of profit achieved by the company. From the results of existing research, it is suspected that the capital structure has an influence on financial performance.

Rahma explained that et al., (2019) that the proportion of independent commissioners and the effectiveness of the audit committee have a positive effect on the company's financial performance. The results of this study found that independent commissioners and audit committees have an important role in corporate governance. The more effective the role of the independent commissioner and the audit committee, the more effective the company's performance will be. From the results of existing research, it is suspected that the independent board of commissioners has an influence on financial performance. Followed by

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other research, mentioned in Dewi, Dita Silfana and Susbiyani, Arik Syahfrudin, Achmad revealed that Good Corporate Governance and Institutional Ownership affect the Company's Financial Performance, while Total Asset Turn Over has no effect on the Company's Financial Performance. From the results of existing research, it is suspected that institutional ownership has an influence on financial performance.

Several previous studies have shown that the indicators in the independent variables have a significant influence on financial performance. According to Pariutam, Merawati and Tandio (2021), in their research on the Effect of Good Corporate Governance, Capital Structure, Credit Risk, and Company Growth on the Performance of Companies Listed on the Indonesia stock exchange in 2017-2019, the results show that the number of boards , and company growth has a positive effect on company performance. Capital structure and credit risk have a negative effect on company performance. Meanwhile, the composition of the independent board of commissioners and the audit committee has no effect on the company's performance. From the results of existing research, it is suspected that internal audit, capital structure, board of commissioners, and institutional ownership have an effect on financial performance.

The purpose of this study was to determine whether Internal Audit, Capital Structure, Independent Board of Commissioners, Institutional Ownership have a significant effect on financial performance in banking companies listed on the Indonesia stock exchange.

Research methods

This research uses quantitative methods. The population in this study was on the banks listed on the Stock Exchange and the determination of the sample was carried out by purposive sampling technique with a total sample of 9 companies. The criteria used in determining the sample are: 1) Bank annual reports that have gone through an audit process during 2018 to 2020. 2) Indonesian banking companies listed on the Indonesia stock exchange from 2018 to 2020. 3) Availability data on the dependent and independent variables, namely: Financial Performance (ROA), Internal Audit, Capital Structure, Independent Board of Commissioners, and Institutional Ownership for the period 2018 to 2020.

The type of data in this study is secondary data in the form of financial report data on the idx.co.id website. The data collection technique used in this study was by downloading financial report data on the idx.co.id website. This research uses SPSS 22 software to process data. The data analysis method uses multiple linear regression analysis.

Results and Discussion

Data analysis

The objects of this research are internal audit, capital structure, independent board of commissioners, and institutional ownership and financial performance of banking sector companies listed on the Indonesia stock exchange for the period 2018-2020. The data used in this study were taken from the annual report which was the sample in the study. The method used in determining the sample using purposive sampling and obtained as many as 9 companies in the banking sector as samples in the study. The sample selection criteria used are as follows:

Bank's annual report that has gone through the audit process during 2018 to 2020.

1. Banking companies in Indonesia listed on the Indonesia stock exchange from 2018 to 2020.
2. Availability of data on dependent and independent variables, namely: Financial Performance (ROA), Internal Audit, Capital Structure, Independent Board of Commissioners, and Institutional Ownership for the period 2018 to 2020.
3. The following are 9 companies that have been selected according to the criteria including:

Table 1. List of Companies

No.	Company name	Code
1	Bank Central Asia Tbk	BBCA
2	Bank Negara Indonesia (Persero) Tbk	BBNI
3	Bank Rakyat Indonesia (Persero) Tbk	BBRI
4	Bank Tabungan Negara (Persero) Tbk	BBTN
5	Bank Mandiri (Persero) Tbk	BMRI
6	Bank CIMB Niaga Tbk	BNGA
7	Bank Maybank Indonesia Tbk	BNII
8	Bank Mega Tbk	MEGA
9	Bank OCBC NISP Tbk	NISP

Descriptive statistics

Descriptive statistics are used to provide an overview of internal audit, capital structure, independent board of commissioners, and institutional ownership and financial performance. This descriptive statistic uses measurements including data in the form of annual reports on 9 banking sector companies listed on the IDX for the period 2018-2020.

The description of the variables in the descriptive statistics used in this variable includes the minimum value, maximum value, average value (Mean), and standard deviation of 4 independent variables and 1 dependent variable. Descriptive statistics describe the character of the sample used in this study. The following is a descriptive statistical table:

Table 2. Descriptive Statistics

Variable	Min	Max	Mean	Std. Deviation
Audit Internal	3,00	8,00	4,5556	1,57708
Struktur Modal	4,28	18,20	6,3944	2,80045
Dewan Komisaris Independen	0,50	0,63	0,5626	0,04520
Kepemilikan Institusional	0,00	0,97	0,3013	0,36249
Kinerja Keuangan	0,0010	0,3	0,0160	0,00998

Source: SPSS output processed 2022

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Based on table 4.2 above, the financial performance variable obtains a minimum value of 0.0010 and a maximum of 0.3 with a standard deviation of 0.00998, while the average (mean) shows a value of 0.0160. It can be interpreted that all the banking sector companies that are sampled in this study generate profits by utilizing their assets. The greater the ROA value, the greater the company's performance and the level of profit achieved by the bank so that the possibility of a bank in a problematic condition is getting smaller.

The internal audit variable has a minimum value of 3.00 and a maximum of 8.00 with a standard deviation of 1.57708, while the average (mean) shows a value of 4.5556. It can be interpreted that the average number of internal audit members in banking sector companies is 4. Based on the IDX Circular, SE-008/BEI/12-2001, the audit committee membership consists of at least 3 people, including the audit committee. It can be concluded that the banking sector companies have complied with the circular from the Indonesia stock exchange which stipulates a minimum number of committees of 3 people, as seen from the minimum value of 3.00.

The capital structure variable has a minimum value of 4.28 and a maximum of 18.20 with a standard deviation of 2.80045, while the average (mean) shows a value of 6.3944. It can be interpreted that banking sector companies in using their capital structure are still larger from sources of debt than their own capital.

The independent board of commissioners variable obtained a minimum value of 0.50 and a maximum of 0.63 with a standard deviation of 0.04520, while the average (Mean) showed a value of 0.5626. It can be interpreted that banking sector companies have sufficient commissioners to provide supervision to the directors in carrying out the company's performance. With a standard deviation that is smaller than the average value (Mean), it shows that the spread of the board of commissioners tends to be homogeneous, because it is smaller than the average.

The institutional ownership variable has a minimum value of 0.000 and a maximum value of 0.97 with a standard deviation of 0.36249, and the average value (Mean) shows a value of 0.3013. It can be interpreted that institutional ownership is relatively high. This means that institutional parties do not believe in the performance of the company so they are not willing to invest in banking sector companies.

Classic Assumption Test Results

The results of the classical assumption test consist of the results of the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test which are summarized in the table below:

Table 3. Classical Assumption Test Results

		X1	X2	X3	X4
Normality test	Kolmogrov-smirnov		0,200		
Multicollinearity test	VIF	1,962	1,273	1,209	2,143
Autocorrelation test	Durbin Witson		1,376		

Heteriscedasiticity test	Significant	0,497	0,949	0,812	0,090

Source: SPSS output processed 2022

a. Normality Test

The normality test is the first step of the prerequisite test that must be carried out in every multivariate analysis, especially the goal is inference. The normality test aims to test whether in the regression model the dependent variable and the independent variable have a normal distribution or not. A good regression model is to have a normal data distribution or close to normal (Ghozali, 2016). To test for normality, one can analyze the value of the One Sample Kolmogorov Smirnov Test. The basis for decision making is if the probability value > 0.05, then the regression model meets the assumption of normality, then the regression model meets the assumption of normality and vice versa. In addition, the normality test used the P-P plot. P-P plot is a scatter plot that is used to compare the empirical distribution with the fitted distribution in relation to the dimension value of a variable.

The test results to prove the normal distribution can be seen in table 3 above, the probability value of the one Kolmogrov-Smirnov test is 0.200, the value is above the probability of 0.05. This can be interpreted that the regression model is normally distributed.

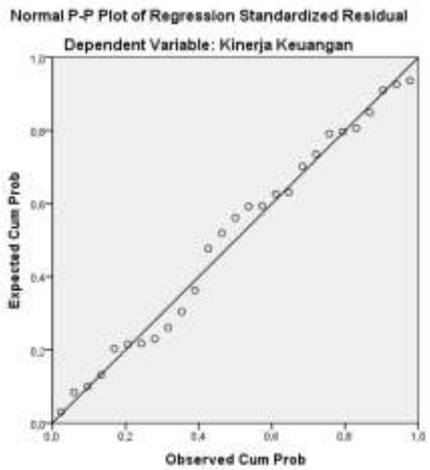

Figure 4. Graph of Normal Probability Plot

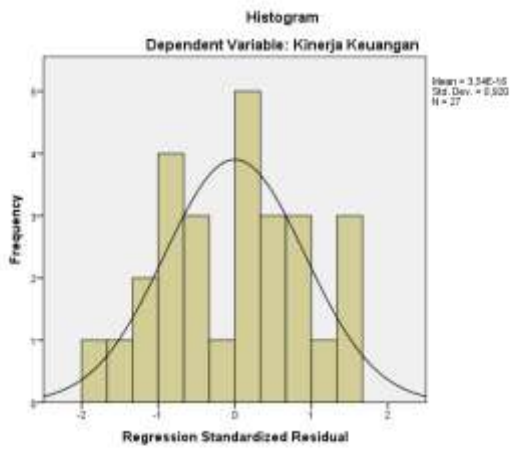

Figure 5. Histogram Probability Plot

The results of the normal probability plot test prove that the plot spreads around the diagonal line and follows the direction of the diagonal line or histogram graph. Then it can be concluded that the data is normally distributed.

b. Multicollinearity Test

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. A good regression model should not have a correlation between the independent variables. Efforts to detect the presence or absence of multicollinearity in a regression model can be done by looking at the value of the Variance Inflation Factor (VIF). VIF shows which independent variables are explained by other independent variables. VIF value is less than 10, then multicollinearity occurs (Ghozali, 2016).

The test results in table 3 on the internal audit variable with a VIF value of 1.962, the capital structure variable with a VIF value of 1.273, the independent board of commissioners variable with a VIF value of 1.209, and institutional ownership variable with a VIF value of 2.143. In the test results, all VIF values are less than 10. So it can be concluded that the regression model does not occur multicollinearity.

c. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the residuals in the t period and the residuals in the t-1 period (the previous period). If there is a correlation, then there is an autocorrelation problem. Autocorrelation occurs because consecutive observations over time are related to each other (Ghozali, 2016). To see the presence of autocorrelation used Durbin Watson Test (DW). From the table of DW values, the critical values for du and dL will be obtained.

1. Jika $d < dL$ atau $(4 – dL) < d$, then there is autocorrelation in the regression model
2. Jika $dL \leq d \leq dU$ atau $(4 – dU) \leq d \leq (4 – dL)$, then the test is not convincing
3. Jika $2 < d < (4 – dU)$ atau $dU < d < 2$, then there is no autocorrelation in the regression model.

The test results in table 3 obtain a Durbin Watson value of 1.376. In this study, the dL value was 1.083 and the dU value was 1.752. The results obtained in this study were $1.083 \leq 1.376 \leq 1.752$ or $dL \leq d \leq dU$. So it can be concluded that the regression model is not convincing

d. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals or observations to other observations. If the residual variance from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is homoscedasticity (Ghozali, 2016).

Heteroscedasticity test which was carried out in this study was the glacier test and scatterplot. The glejser test is by regressing the absolute residual value with the independent variable. The presence or absence of heteroscedasticity can be determined by looking at the significance level of alpha (α) 5%. If the significance value is greater than alpha (α), then there is no heteroscedasticity. While the scatterplot test is a type of graph that is used to describe data using Cartesian coordinates. When the results of the graph of data points are above and below or around 0, the points do not collect, and the spread of the points is patterned, it means that there is no heteroscedasticity.

The test results in table 4.3 on the internal audit variable obtained a significance value of 0.497, the capital structure variable obtained a significance value of 0.949, the independent board of commissioners variable obtained a significance value of 0.812, and the institutional ownership variable obtained a significance value of 0.090. All research variables obtained a significance value of more than alpha (α) 5%. So it can be concluded that the regression model does not occur heteroscedasticity.

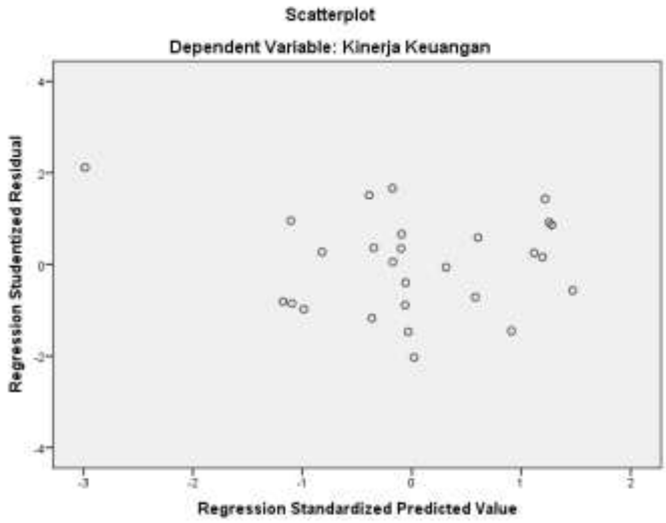

Figure 6. Scatterplot Test Graph

The results of the scatterplot test results in the image spread above and below the number 0, the points do not collect and the point spread is not patterned, it can be interpreted that the research does not occur heteroscedasticity.

Multiple Linear Regression Analysis

Multiple Linear Regression in this study was used to determine the effect of the independent variable on the dependent variable partially or simultaneously. Multiple linear regression analysis can be seen which can be seen in the following table:

Table 4. Multiple Linear Regression Analysis

Variable	Unstandardized Coefficients B	Standard Error	T	Sig.
Constant	-0,033	0,024		0,185
Internal Audit	-0,001	0,001	-0,115	0,607
Capital Structure	-0,001	0,001	-1,646	0,114
Independent Board of Commissioners	0,103	0,038	2,677	0,14
Institutional Ownership	0,006	0,006	0,889	0,383

Source: SPSS output processed 2022

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The regression equation developed in this study is as follows:
ROA = -0,033 + -0,001AI + -0,001SM + 0,103DKI + 0,006KI + e

1. The magnitude of the constant value is -0.033 which means that if the value of the independent variables of internal audit, capital structure, independent board of commissioners, and institutional ownership is equal to zero, then the change in financial performance is -0.033.
2. The value of the internal audit regression coefficient is -0.001 and shows the direction of the negative regression coefficient (opposite direction) between internal audit and financial performance. So if the internal audit has increased by one unit, the financial performance will decrease by 0.001 units with the assumption that other variables are considered constant.
3. The value of the capital structure regression coefficient is -0.001 and shows the direction of the negative regression coefficient (opposite direction) between capital structure and financial performance. So if the capital structure increases one unit, the financial performance will decrease by 0.001 unit with the assumption that other variables are held constant.
4. The value of the regression coefficient for the independent board of commissioners is 0.103 and shows the direction of the positive regression coefficient (unidirectional) between the independent board of commissioners and financial performance. So if the independent board of commissioners has an increase of one unit, the financial performance will increase by 0.103 units with the assumption that other variables are held constant.
5. The value of the regression coefficient for institutional ownership is 0.006 and shows the direction of the positive regression coefficient (unidirectional) between institutional ownership and financial performance. So if institutional ownership has increased by one unit, then financial performance will increase by 0.006 units with the assumption that other variables are held constant.

Research result

a. F Test

The F-Statistic test is used to determine whether the independent variables together have a significant effect on the dependent variable. The results of the regression analysis based on the F test in table 2 below::

Table 5. F. Test Results

Model	Sum of Squares	df	Mean Square	F	Significant
Regression	0,001	4	0,000293	4,544	0,008
Residual	0,001	22	0,000065		
Total	0,003	26			
a. Dependent :KJ					
b. Predictors: AI, SM, DKI, KI					

Source: SPSS output processed 2022

The simultaneous test shown in table 5 obtained an F value of 4.554 with a significance of 0.008. In these results, the calculated F value is greater than the F table value, which is 3.630 with a significance less than 0.05, so H0 is rejected. Ha is accepted. It can be concluded that the variables of internal audit, capital structure, independent board of commissioners, and institutional ownership have a significant effect on financial performance simultaneously.

b. T Test

The t-statistical test was conducted to see whether there was an effect of each independent variable on the dependent variable and with the assumption that the other variables were fixed. The results of the regression analysis based on the T test are in table 3 below::

Table 6. T Test Results

Variable	T	Sig.	Description
Internal Audit	-0,115	0,607	No Influence
Capital Structure	-1,646	0,114	No Influence
Independent Board of Commissioners	2,677	0,14	Influential
Institutional Ownership	0,889	0,383	No Influence

Source: SPSS output processed 2022

The results of the T test in table 6 which are described in this study are as follows:

1. Internal audit obtained a T value of -0.522 with a significance level of 0.607. In these results, the calculated T value is smaller than the T table, namely 2.262 with a significance greater than 0.05, so H0 is accepted, Ha is rejected. It can be concluded that the internal audit variable has no partial and significant effect on financial performance.
2. The capital structure obtains a T arithmetic value of -1.646 with a significance level of 0.114. In these results, the calculated T value is smaller than the T table, namely 2.262 with a significance greater than 0.05, so H0 is accepted, Ha is rejected. It can be concluded that the capital structure variable has no partial and significant effect on financial performance.
3. The independent board of commissioners obtained a T value of 2.677 with a significance level of 0.014. In these results, the calculated T value is greater than the T table, which is 2.262 with a significance less than 0.05, so H0 is rejected. Ha is accepted. It can be concluded that the independent commissioner variable has a partial and significant effect on financial performance.
4. Institutional ownership has a T arithmetic value of 0.889 with a significance level of 0.383. In these results, the calculated T value is smaller than the T table, namely 2.262 with a significance greater than 0.005, so H0 is accepted, Ha is rejected. It can be concluded that the institutional ownership variable has no partial and significant effect on financial performance.

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c. The Coefficient Of Determination (R^2)

The coefficient of determination is measuring the magnitude of the proportion or percentage explained by the dependent variable by all the independent variables. The value of (R^2) is between 0 < (R^2) < 1. The larger (R^2), the better the quality of the model, because the more it can explain the relationship between the dependent variable and the independent (Gujarati & Dawn, 2012).

The results of the regression analysis based on the coefficient of determination (R^2) in table 4 below:

Table 7. Results of the coefficient of determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,673	0,452	0,353	0,00803

Source: SPSS output processed 2022

The coefficient of determination (R^2) in table 7, the R square value is 0.452 and the adjusted R square value is 0.353. The result of the coefficient of determination is 35.3% with the remaining 64.7% which is explained by other variables outside the study.

Discussion

a. The Effect of Internal Audit on Financial Performance in Banking Companies Listed on the Indonesia Stock Exchange

In this study, internal audit obtained a T value of -0.522 with a significance level of 0.607. In these results, the calculated T value is smaller than the T table, namely 2.262 with a significance greater than 0.05, so H0 is accepted, Ha is rejected. This is also because, the internal audit regression coefficient value is -0.001 and shows the direction of the negative regression coefficient (opposite direction) between internal audit and financial performance. So, if internal audit has an increase of one unit, the financial performance will decrease by 0.001 unit with the assumption that other variables are held constant. It can be concluded that the internal audit variable has no partial and significant effect on financial performance.

If you look at the results of this study, the internal audit of banking companies listed on the IDX has a low audit quality. In fact, one of the important components of high quality corporate governance is having a good internal audit. Internal audit is able to prevent bad earnings management practices on the company's financial performance. Also, a good internal audit is a place for management training (management training ground) and as an assurance function. Therefore, a quality internal audit is a determinant of a company's financial reporting that is good in its financial performance (Afriyenti & Fitria, 2018). In addition, this research is also in line with the research conducted (Aqil, 2021) which states that internal audit does not have a significant effect on financial performance. In contrast to the results of previous journals conducted by Nugroho and Bayunitri (2021) where the results of their research show that H1 is accepted, which means there is a significant influence on the influence of internal audit and on financial performance.

b. The Effect of Capital Structure on Financial Performance in Banking Companies Listed on the Indonesia Stock Exchange

In this study, the capital structure obtained a T arithmetic value of -1.646 with a significance level of 0.114. In these results, the calculated T value is smaller than the T table, namely 2.262 with a significance greater than 0.05, so H0 is accepted, Ha is rejected. This is also due to the large value of the capital structure regression coefficient of -0.001 and indicates the direction of the negative regression coefficient (opposite direction) between capital structure and financial performance. So if the capital structure increases one unit, the financial performance will decrease by 0.001 unit with the assumption that other variables are held constant. It can be concluded that the capital structure variable has no partial and significant effect on financial performance.

In addition, in this study, the capital structure variable obtained a minimum value of 4.28 and a maximum of 18.20 with a standard deviation of 2.80045, while the average (mean) value was 6.3944. It can be interpreted, that the banking sector companies in using their capital structure are still greater from sources of debt than their own capital. Talking about the definition, capital structure is defined as the ratio of debt and equity ratio to the company's total capital. Optimizing the value of the company which is the company's goal can be achieved through the implementation of the financial management function, so that every financial decision taken will affect other financial decisions and have an impact on company value. The greater the use of debt in the capital structure, the company will increase the payment of installments and interest which are the company's obligations and will increase the risk of the company's cash flow inability to meet these obligations (Irawan & Kusuma, 2019). Then, this research is also in line with research (Anthonie et al., 2018) which states that the capital structure has a negative and insignificant effect on financial performance. In contrast to the results of the journal conducted by Zakiyah and Salim (2018), which states that capital structure has a positive and significant effect on financial performance.

c. The Influence of the Independent Board of Commissioners on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange

In this study, the independent board of commissioners obtained a T value of 2.677 with a significance level of 0.014. In these results, the calculated T value is greater than the T table, which is 2.262 with a significance less than 0.05, so H0 is rejected. Ha is accepted. In addition, the regression coefficient value of the independent board of commissioners is 0.103 and indicates the direction of the positive regression coefficient (unidirectional) between the independent board of commissioners and financial performance. So if the independent board of commissioners has an increase of one unit, the financial performance will increase by 0.103 units with the assumption that other variables are held constant. It can be concluded that the independent board of commissioners variable has a partial and significant effect on financial performance.

The banking company used as the research subject shows that the independent board of commissioners variable has a minimum value of 0.50 and a maximum of 0.63 with a standard deviation of 0.04520, while the average (mean) shows a value of 0.5626. It can be interpreted

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that banking sector companies have sufficient commissioners to provide supervision to the directors in carrying out the company's performance. With a standard deviation that is smaller than the average value (Mean), it shows that the spread of the board of commissioners tends to be homogeneous, because it is smaller than the average.

An independent commissioner is defined as a person who is not affiliated in any way with the controlling shareholder. The independent board of commissioners also has no affiliation with the board of directors or board of commissioners and does not serve as a director in a company related to the owner company according to regulations issued by the Indonesia Stock Exchange or abbreviated as INDONESIA STOCK EXCHANGE (Saputri, 2018). In addition, this research is also in line with research (Intia & Azizah, 2021) which states that the independent board of commissioners has a positive effect on financial performance.

d. The Effect of Institutional Ownership on Financial Performance in Banking Companies Listed on the Indonesia Stock Exchange

In this study, institutional ownership obtained a T arithmetic value of 0.889 with a significance level of 0.383. In these results, the calculated T value is smaller than the T table, namely 2.262 with a significance greater than 0.005, so H0 is accepted, Ha is rejected. In addition, the value of the regression coefficient for institutional ownership is 0.006 and indicates the direction of the regression coefficient is positive (unidirectional) between institutional ownership and financial performance. So if institutional ownership has increased by one unit, the financial performance will increase by 0.006 units with the assumption that other variables are held constant. It can be concluded that the variable of institutional ownership has no partial and significant effect on financial performance.

In addition, the institutional ownership variable also obtained a minimum value of 0.000 and a maximum value of 0.97 with a standard deviation of 0.36249, and the average value (Mean) showed a value of 0.3013. It can be interpreted that institutional ownership is relatively high. This means that institutional parties do not believe in the performance of the company so they are not willing to invest in banking sector companies. Meanwhile, when talking about definitions, institutional ownership is ownership of shares owned by a company by non-bank financial institutions or institutions that manage funds for other people. The higher the level of institutional ownership, the stronger external parties in increasing control over the company, so that the agency costs that occur within the company are decreasing and the value of the company is also increasing (Widyaningsih, 2018). In addition, this research is also in line with research conducted by (Khoirunnisa & Karina, 2021) which states that institutional ownership has no effect on the company's financial performance. In contrast to the results of journals conducted by research (D. S. Dewi et al., 2019) shows that independent institutional ownership has an effect on financial performance.

Conclusion

This study aims to determine the effect of internal audit, capital structure, independent board of commissioners, and institutional ownership on the financial performance of banking sector companies listed on the IDX for the 2018-2020 period. The sample in this study were 9 companies in the banking sector. Based on the data that has been collected and the tests that have been carried out on the problem using the multiple linear regression analysis method, the following conclusions can be drawn: 1) Internal audit has no significant and significant effect on financial performance. These results indicate low audit quality. 2) Capital structure has no and significant effect on financial performance. These results indicate that the company's capital structure is greater from debt sources than its own capital. 3) Independent Commissioners have a significant and influential effect on financial performance. These results indicate that the independent commissioners in the company are sufficient to provide supervision to the directors in carrying out the company's performance. 3) Institutional ownership has no and significant effect on financial performance. This result shows that institutional ownership is relatively high, it can be interpreted that institutional parties do not believe in the performance of the company so they are not willing to invest in the company.

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