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The Effect Of Corporate Board And Ownership Structure On Financial Performance

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Abstract: The study aims to investigate the effect of corporate board and ownership structure on company financial performance during the COVID-19 pandemic, focusing on industries highly affected in Indonesia and Singapore. Using quantitative methods, such as Multiple Linear Regression and considering firm size as a control variable, the study selected a sample through purposive sampling from the listed companies on IDX and SGX. It analysed secondary data from their annual reports between 2018 and 2020. The results show that the board size, board meetings, and managerial ownership positively and significantly affect the company's financial performance in the COVID-19 period. In Indonesia, board size and meetings positively affect a company's financial performance. In Singapore, institutional ownership and managerial ownership have a positive significance on corporate financial performance. Firm size significantly impacts company financial performance for countries in general and Indonesia, while Singapore has the opposite result.
Keywords: Corporate Board; Ownership Structure; Institutional Ownership; Managerial Ownership; Financial Performance.

Abstrak: Penelitian ini bertujuan untuk menguji pengaruh struktur dewan komisaris dan kepemilikan terhadap kinerja keuangan perusahaan selama periode pandemi Covid-19 dengan fokus pada industri yang sangat terpengaruh di Indonesia dan Singapura. Dengan menggunakan metode kuantitatif, seperti Regresi Linier Berganda dan mempertimbangkan ukuran perusahaan sebagai variabel kontrol, penelitian ini memilih sampel melalui purposive sampling dari perusahaan yang terdaftar di BEI dan SGX dan menganalisis data sekunder dari laporan tahunan mereka antara tahun 2018 dan 2020. Hasil penelitian menunjukkan bahwa secara umum ukuran dewan, rapat dewan, dan kepemilikan manajerial berpengaruh positif dan signifikan terhadap kinerja keuangan perusahaan pada periode Covid-19. Di Indonesia, ukuran dewan dan rapat dewan berpengaruh positif terhadap kinerja keuangan perusahaan. Sedangkan di Singapura, kepemilikan institusional dan kepemilikan manajerial berpengaruh positif signifikan terhadap kinerja keuangan perusahaan. Ukuran perusahaan berpengaruh signifikan terhadap kinerja keuangan perusahaan untuk negara-negara pada umumnya dan Indonesia, sedangkan Singapura memiliki hasil sebaliknya.
Kata Kunci: Dewan Perusahaan; Struktur Kepemilikan; Kepemilikan Institusional; Kepemilikan Manajerial; Kinerja Keuangan.

INTRODUCTION

The company's operation is characterised by profit-seeking, and its achievements are expressed in monetary terms. As stated by many researchers in classical theories, the corporation's primary goals are to maximise profits and wealth and seek to improve its performance in any possible way (Taouab & Issor, 2019). Financial performance is frequently used to assess a company's performance, so it always tries to enhance its financial performance (Kartika et al., 2021). Inappropriately, at the onset of and during the

global health crisis, 2020-2021, due to the COVID-19 pandemic, almost all firms faced a decline in their financial performance.

Being considered the largest country in ASEAN, Indonesia's GDP is the highest among the other ASEAN countries, which can be ascribed to its colossal population (Chong et al., 2021). Indonesia is one of the countries in ASEAN that has been heavily affected by Covid-19. Based on the World Health Organization (WHO), the total cumulative cases in Indonesia have reached 6 million cases (WHO, 2022). In the first quarter of 2020, Indonesia's GDP fell from 4.970 per cent to 2.970 per cent due to the disruption of commercial activities caused by COVID-19. Even though 2.970 per cent is still positive, the effect is still notable. During the second quarter, the GDP growth rate fell to -5.320 per cent, a more significant decline than in the first quarter (Chong et al., 2021).

A survey conducted by the Badan Pusat Statistik (BPS) in 2020 during COVID-19 showed that 82.850 per cent of companies in Indonesia reported a decline in revenue impacted by the COVID-19 pandemic. The most affected business sectors are hotels, restaurants, transportation, logistics, and other services (Badan Pusat Statistik, 2020). The decline is the effect of pandemic-related policies like community lockdowns (Khatib & Nour, 2021), which reduced population movement and were detrimental to consumer spending, causing the economy to stagnate (Shen et al., 2020). **Table 1** represents the decline in corporate revenue. The company's declining financial performance implies that it still needs to meet its goals (Devi et al., 2020).

Table 1. Company's Revenue 2019-2021

Company	Revenues 2019 (In Million rupiahs)	Revenues 2020 (In Million rupiahs)	Revenues 2021 (In Million rupiahs)
PT. Jakarta International Hotels and Development	1.447.915	906.265	902.939
PT. Dafam Property Indonesia	157.034	89.080	84.637
PT. Jakarta Setiabudi International	1.295.700	590.000	552.8000
PT. Sarimelati Kencana	3.986.700	3.458.410	3.418.810
PT. Unilever Indonesia	7,393,000	7,164,000	5,758,000
PT. AirAsia Indonesia	6.708.801	1.610.973	626.002
PT. Mitra International Resources	318.024	143.838	63.399

Source: Data processed from the Company's Financial Report (2022)

The result of COVID-19 claims the revenue decline recorded by these firms in **Table 1**. PT. AirAsia Indonesia stated in its annual report that the significant revenue reduction resulted from the Covid-19 pandemic. This caused the business to record revenues of IDR 1.610 trillion in 2020, a decrease of 75.990 per cent compared to 2019's of IDR 6.710 trillion.

As the wealthiest and most developed nation in ASEAN, Singapore is renowned for its early success in containing the disease in the first quarter of 2020, given that Singapore is one of the ASEAN nations with fewer cumulative cases than other ASEAN nations (Chong et al., 2021). Based on a report by Singapore's Ministry of Trade and Industry, COVID-19 has significantly impacted Singapore's economy despite the country's success in overcoming the COVID-19 case. The GDP of Singapore fell by 0.700 per cent in the first quarter of 2020 and by 13.300 per cent in the second quarter of 2020. The decline in

GDP during the quarter was primarily attributable to contractions in sectors that depend on international travel, such as airlines, accommodation, and other tourism-related industries. Additionally, consumer-facing industries such as retail and food service services have been severely impacted by the decline in domestic consumption amid increasingly stringent safe distance restrictions. During the third quarter, the total sales of the hospitality and food service industry decreased by 24 per cent, and the sales of the storage and transportation industry decreased by 8.100 per cent, primarily due to the poor performance of the air transport and land transport segments (Ministry of Trade and Industry of Singapore, 2020). Based on the data that has been presented, the sectors most affected by COVID-19 in both Indonesia and Singapore are transportation, accommodation, and food service.

COVID-19 is closely related to the financial crisis (Harymawan & Rahayu, 2022). Although the problems caused by COVID-19 were not caused by corporate mismanagement or deficiencies in control systems, they will affect corporate governance mechanisms similarly to earlier crises (Zattoni & Pugliese, 2021). Several works of literature linked the previous crisis (e.g., the Asian Crisis in 1998 and the Global Financial Crisis in 2008) with the failure of corporate governance such as (Johnson et al., 2000 Conyon et al., 2011; Pirson and Turnbull, 2011; Kumar and Singh, 2013). During the Asian crisis of 1997 to 1998, countries with poor corporate governance experienced a more significant decrease in asset prices. (Conyon et al., 2011) found that corporate boards failed to prevent or minimise systemic harm during the 2008 global financial crisis. Hence, they should be seen as a potential reform target to prevent future financial crises. The boards should have fulfilled their responsibility to manage risk effectively during the financial crisis. In the aftermath of financial crises, effective governance measures are essential as a direct consequence of this fact. Since COVID-19 has sparked a new crisis, businesses must implement the most stringent governance procedures to secure their continued existence (Jebran & Chen, 2021).

The COVID-19 pandemic has jeopardised business and raised serious concerns about corporate governance practices. To ensure its survival, the organisation must implement excellent governance practices. Firms should adopt and develop effective corporate governance practices that may help them mitigate the crisis (Jebran & Chen, 2021). During the Covid-19 crisis, policy-making through corporate governance showed that the board's oversight role reduced the risk of uncertainty (Khatib et al., 2021). The role of corporate governance is to guarantee that businesses operate in line with established strategic and operational goals, which are intended to increase the value of the business's assets and satisfy its shareholders (Grofcikova, 2020).

Furthermore, good corporate governance strengthens the company's ability to deal with future financial crises and maintain financial stability. It also improves decision-making procedures, lowers stakeholder conflicts of interest, and restricts shareholder influence on management (Grofcikova, 2020). This study identifies two corporate governance mechanisms by financial performance: corporate board and ownership structure.

The pandemic caused by COVID-19 is shaking society and economies worldwide, and boards play an essential part in this situation. The monitoring and guidance of a board, based on its members' expertise, experience, and unique attributes, have always contributed to the success and survival of companies. Companies utilising their boards' problem-solving abilities will likely withstand crises (Astrachan et al., 2020). As the

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current pandemic continues to affect all parts of a company's operations, the board of directors must focus not only on the typical monitoring function of managers but also on their policy-setting and active supervisory roles (Croci et al., 2020; Khatib et al., 2020; Khatib et al., 2021). Furthermore, as part of its responsibilities, the board must have regular meetings to review and assess performance. The board meeting can also discuss the company's strategic and operational goals (Kartika et al., 2021). This study uses board size and board meetings to measure corporate board.

The ownership structure is the primary component that defines shareholder wealth and successful business performance. When a business has an effective ownership structure, no one authority can control the organisation. At the same time, decisions are being made because all shareholders can vote on significant issues essential to the firm's operation. Thus, conflicts between owners and agents are new issues that need connecting words to avoid sudden moves in the topic might be avoided, resulting in enhanced business performance (Al Farooque et al., 2020). The ownership structure can be divided into public, private, institutional, and managerial ownership (Irawati et al., 2019). This study examines the effect of ownership structure on a company's financial performance using institutional and management ownership.

The managers who own the company will be highly motivated to optimise firm performance (Alabdullah, 2018). Institutions can control the majority of shares because they have higher resources than other shareholders. For them to have a more remarkable ability to exert greater control than other shareholders. Institutional ownership comes with several obligations, one of which is the need to supervise the actions taken by corporate management in running the company and enhancing its performance.

Several researchers have investigated the effect of corporate boards and ownership structures on firm performance. The research showed different results. (Ullah et al., 2019) researched cement companies in Pakistan and found that corporate governance that analyses board size and institutional ownership positively affects financial performance. (Uyar et al., 2021) research on healthcare sector companies shows that board size significantly negatively affects financial performance. Based on the result, small boards are more effective and efficient at monitoring and supervising managers than large boards.

In contrast, (Paniagua et al., 2018) found that board members and ownership structure do not affect financial performance. Other research done by (Hidayah et al., 2021) showed that institutional ownership does not affect financial performance, and managerial ownership significantly negatively affects financial performance. The results of previous studies contradict each other. Those studies were also done in different countries and focused on different industries.

The inconclusive results of previous research regarding the impact of corporate boards and ownership structures on firm performance motivate this research to re-examine the influence of corporate boards and ownership structures on firm performance during the COVID-19 pandemic that hit the whole world. Indonesia represents a country that is severely affected by Covid-19, and Singapore represents a country that is less affected by Covid-19. This study is the first to examine the impact of corporate boards and ownership structures on firm performance of severely impacted companies during a pandemic in 2 countries with different impacts of the pandemic. Therefore, it is the novelty of this research. The results of this study are expected to contribute to the development of positive accounting theory literature regarding the influence of corporate governance on corporate

financial performance in environmental and financial crisis settings that have global effects.

From the research background, this study aims to investigate the effect of corporate board and ownership structure on company financial performance. This study uses companies highly impacted by COVID-19 listed on the Indonesian Stock Exchange (IDX) and Singapore Stock Exchange (SGX) from 2019 to 2021.

THEORETICAL REVIEW

Agency Theory. The objective of agency theory is to explain corporate behaviours by emphasising the relationship between the management (the agent) and the shareholder (the principal) (Zogning, 2017). (Jensen and Meckling, 1976) defined an agency relationship as "a contract under which one or more persons (the principal) hire another person (the agent) to perform some service on their behalf and delegate certain decision-making authority to the agent". The agency relationship becomes problematic if the agent's and the principal's priorities are divergent (Zogning, 2017). Due to the divergence of interests, the agent may only sometimes perform in the best interest of the shareholders' interests, resulting in agency conflict (Raimo et al., 2021).

According to agency theory, businesses can improve their financial performance by reducing agency costs. Due to the divergent interests of managers and owners, the agency cost can be viewed as a value loss for shareholders (Jensen & Meckling, 1976). In addition, agency costs are reflected on the stock market and affect the value of the company's shares. Therefore, if agency cost is appropriately handled, it can enhance share value and the company's overall financial success. The procedures of an effective corporate governance system should encourage managers to act in a manner that is in the principal's best interest. To bring down the agency cost, the mechanism for corporate governance should investigate the causes of these conflicts; as a result, it is essential to understand the "agency theory." (Kyere & Ausloos, 2021).

Financial Performance. The process of assessing the financial results of a company's policies and activities in terms of money is the company's financial performance. It is used to evaluate the overall financial health of a firm over a certain period and to compare comparable companies within and between industries or sectors. A company's performance also reflects the primary outcomes attained by people or groups in an organisation according to their responsibility and authority in legally reaching specific targets (Bekhet et al., 2020). In addition, a business's financial performance plays a vital part in determining whether the firm is financially weak or strong and in anticipating the company's short-term and long-term growth through financial performance indicators (Bekhet et al., 2020). The company's performance is perceived as a source of long-term economic growth. The company's performance is one of the main variables investors consider when determining whether or not to invest. Other stakeholders, including managers, creditors, employees, and the state, are also interested in corporate performance. (Vieira et al., 2019). Thus, the company always tries to improve their company's financial performance (Kartika et al., 2021).

Corporate Board. In corporate governance, the board of directors protects shareholder interests and manages discipline (Vieira et al., 2019). The board of directors can monitor managers to act in the owners' best interest (Kyere & Ausloos, 2021). Their responsibility is to guarantee that organisations operate by their stated strategic and

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operational objectives, designed to increase the value of the company's assets and satisfy its owners. Good monitoring strengthens decision-making processes and lowers stakeholder conflicts of interest, minimising shareholder control over company management (Schymik, 2018).

Additionally, it increases the company's financial stability and resilience to future financial problems (Grofcikova, 2020). It is widely accepted that the composition of the corporate board has a critical role in determining firm performance (Assenga et al., 2018). This study examined corporate boards based on board size and board meeting frequency.

Board Size and Financial Performance. Board size refers to the number of directors seated on a company's board. A board's oversight and direction, based on its members' knowledge, experience, and individual qualities, have always contributed to the success and survival of businesses (Astrachan et al., 2020). A larger board is perceived to be better because of its diverse expertise (Khatib et al., 2021). Therefore, the greater the number of members on the board of directors, the more precise the division of responsibilities for each member, and the greater the benefit to the company (Khatib et al., 2021) discovered that board size has a significant positive effect on business performance, indicating that a larger board plays a crucial role in increasing firm performance.

H1: Board Size positively influences company financial performance.

Board Meetings and Financial Performance. Academic literature has considered the frequency of board meetings as a proxy for active boards to measure directors' involvement and commitment to oversee top management (Minand Chizema, 2018; García-Ramos & Díaz, 2021). Board meetings collect and present information from various sources (investors, managers, and other independent directors), enabling independent directors to make more informed decisions (Al Farooque, O et al., 2020). The frequency of board meetings is crucial for directors to gather information, make decisions, and oversee management. It is also a measure of the efficacy of the board in carrying out its responsibilities of monitoring and allocating resources, so it positively affects the organisation's performance. In general, codes of good governance urge that boards meet frequently enough to successfully carry out their responsibilities (García-Ramos & Díaz, 2021).

H2: Board Meetings positively affect company financial performance.

Ownership Structure and Financial Performance. The ownership structure is the type of institution or organisation that holds most of a company's shares (Tambalean et al., 2018). The ownership structure is the primary determinant of shareholder wealth and effective business performance. When a corporation has an effective ownership structure, no single authority can dominate the company when choices are made based on their ownership because all shareholders can vote on significant issues that are essential to the firm's operation. Thus, conflicts between owners and their agents could be avoided, enhancing business performance (Al Farooque et al., 2020). The ownership structure can be divided into public, private, institutional, and managerial ownership (Irawati et al., 2019). This study uses institutional and managerial ownership in terms of ownership structure.

Institutional Ownership and Financial Performance. Institutional ownership is indicated by the high percentage of company shares owned by the institution. In this instance, the institutions include insurance companies, banks, investment firms, and private businesses. Institutional ownership is typically characterised by high ownership, resulting in a more effective management monitoring system (Tambalean et al., 2018). Institutional investors play a significant role, representing a particular set of shareholders that control a substantial number of shares (Raimo et al., 2020). Institutional ownership can help enhance management effectiveness by increasing supervision (Schmidt & Fahlenbrach, 2017; Hapsari et al., 2019).

H3: Institutional Ownership positively significant on company financial performance.

Managerial Ownership and Financial Performance. Managerial ownership is the percentage of outstanding common shares owned by the managers (Alabdullah, 2018) argued that managerial ownership could enhance financial performance because managers with a significant portion of managerial ownership will strongly desire to maximise firm performance, just as other shareholders do. As they will immediately benefit from the right decisions and participate in the consequences of making the wrong ones, managerial ownership will encourage managers to make more prudent decisions (Tambalean et al., 2018).

H4: Managerial Ownership positively significant on company financial performance.

METHODS

This research is conducted to determine the impact of corporate boards and ownership structures on company financial performance during the pandemic. **Samples.** The sample of this research is the hotel and restaurant, logistics and transportation sector companies in Indonesia and Singapore from 2019 to 2021. Indonesia was chosen because it is one of the countries that has the most cumulative cases affected by COVID-19 among ASEAN countries. Meanwhile, Singapore is a country that has fewer cumulative cases than other ASEAN countries. Data accessibility is also one of the considerations for choosing Singapore as the research object. The data is from publicly traded companies' websites accessible through the Indonesian and Singaporean stock exchanges. The documentation method from the annual report is the data collection technique. Several statistical tests, including descriptive statistics tests, classical assumption tests, and multiple linear regression hypothesis testing, are used to analyse the data in this study.

This study's sample consists of companies in sectors highly impacted by COVID-19 listed on the IDX and SGX that meet several criteria. The sectors are hotels and restaurants, transportation, and logistics. The following requirements are used to select the research sample: Hotels and Restaurants, Transportation, and Logistics companies listed on IDX and SGX from 2019 to 2021. Then, they need to publish an annual report from 2019 to 2021. Lastly, completely present all the data on the variable studied.

As shown in **Table 2**, these criteria determine the number of companies to be investigated based on the research year and the specific information required from the annual report. Based on **Table 2**, 29 Indonesian companies and 46 Singapore companies

met the criteria as a sample from 2019 to 2021. Since there are 75 companies and three years of research, the total number of observations studied is 225.

Table 2. Sampling Criteria

No.	Criteria	Indonesia	Singapore
1.	Hotel and restaurant, transportation, and logistics companies listed on the Stock Exchange 2019 to 2021	53	58
3.	Companies do not publish annual reports for the year 2019 to 2021	(11)	(1)
4.	Companies do not present complete variable data	(13)	(11)
The total sample that met the requirements		29	46
Total Observations (Total sample x 3 years)		87	138

Sources: Proceed Data 2023

Variable Operationalisation. The dependent variable in this study is company financial performance (FP_{it}), measured by Return on Asset (ROA). ROA is commonly used as a proxy to measure Financial Performance (Uyar et al., 2021). In this study, the independent variables include board size (BS_{it}), board meetings (BM_{it}), institutional ownership (IO_{it}), managerial ownership (Mo_{it}), and firm size (FS_{it}) as a control variable. The measurement of variables used is presented in **Table 3**.

Table 3. Variable Operationalisation

No.	Variable	Operational Definition	Measurement	Scale	Reference
			Dependent Variable		
1.	Financial Performance (FP_{it})	A process of measuring the results of a firm's policies and operations in monetary terms.	$ROA = \frac{Net\ Profit}{Total\ Asset}$	Ratio	(Uyar et al., 2021)
			Independent Variables		
2.	Board Size (BS_{it})	The total number of board of directors	The total number of board of directors	Ratio	(Al Farooque et al., 2020)
3.	Board Meeting (BM_{it})	The number of board meetings in a fiscal year	The total number of meetings held within the year	Ratio	(Al Farooque et al., 2020)
4.	Institutional Ownership (IO_{it})	Shares held by institutional investors	$IO = \frac{Total\ Shares\ hold\ by\ institution}{Total\ Shares} \times 100\ per\ cent$	Ratio	(Hidayah et al., 2021)
5.	Managerial Ownership (Mo_{it})	The percentage of shares held by management	$MO = \frac{Total\ Shares\ hold\ by\ management}{Total\ Shares} \times 100\ per\ cent$	Ratio	(Hidayah et al., 2021)
			Control Variable		

6.	Firm Size (FS_{it})	Size of Company	$Firm\ Size = Ln(Total\ Asset)$	Ratio	(Uyar et al., 2021)

Hypothesis Testing Design. This study used panel data regression analysis as the analytic **technique operated by EViews 10.0.** The panel data test analysis used are Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To select which model is appropriate, we test the goodness of fit of each model. There are three steps of the testing stage to test the panel data model: Chow Test, Hausman Test, and Lagrange Multiplier Test. Chow test compares CEM and FEM. The Hausman test compares FEM and REM. The Lagrange Multiplier test compares CEM and REM. The panel data regression is as follows:

$$FP_{it} = \alpha_0 + \beta_1 BS_{it} + \beta_2 BM_{it} + \beta_3 IO_{it} + \beta_4 MO_{it} + \beta_5 FS_{it} + \varepsilon_i \quad (1)$$

Where: FP_{it} is Financial Performance; BS_{it} is Board Size; BM_{it} is Board Meetings; IO_{it} is Institutional Ownership; MO_{it} is Managerial Ownership; FS_{it} is Firm Size.

RESULTS

The Results of Descriptive Statistics. The result of descriptive statistics for all variables is presented in **Table 4.**

Table 4. Descriptive Statistics Result

All Samples (Indonesia and Singapore)					
Variable	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Financial Performance (ROA)	225	-82.780	33.400	-1.790	13.080
Board Size	225	2.000	13.000	6.000	2.290
Board Meeting	225	2.000	56.000	8.000	7.970
Institutional Ownership	225	7.890	98.150	59.610	25.560
Managerial Ownership	225	0.010	84.410	16.190	20.270
Firm Size (Total Assets in Billion IDR)	225	7.300	225.320	12.260	32.810
Indonesia					
Variable	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Financial Performance (ROA)	87	-58.030	25.610	-2.360	10.820
Board Size	87	2.000	8.000	4.000	1.580
Board Meeting	87	4.000	56.000	15.000	9.160
Institutional Ownership	87	10.050	98.150	60.420	25.080
Managerial Ownership	87	0.010	60.180	12.140	16.970
Firm Size (Total Assets in Billion IDR)	87	67.670	152.950	6.110	20.550
Singapore					
Variable	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Financial Performance (ROA)	138	-82.780	33.400	-1.43	14.350
Board Size	138	3.000	13.000	8.000	1.910

Board Meeting	138	2.000	9.000	4.000	1.270
Institutional Ownership	138	7.890	93.380	59.09	25.940
Managerial Ownership	138	0.020	84.410	18.750	21.780
Firm Size (Total Assets in Billion IDR)	138	7.300	225.320	16.060	38.060

Table 4 shows The total number of observations for Indonesia is 87, whereas the number for Singapore is 138. ROA, or return on asset, is a metric used to evaluate the dependent variable, which is the firm's financial performance. The minimum number of ROA in Indonesia is -58.030. Meanwhile, the minimum number of ROA in Singapore is -82.780. This ROA number was obtained while the company was affected by COVID-19. The highest number of ROA in Indonesia is 25.610.

Meanwhile, the highest number of ROA in Singapore is 33.400. The mean value of ROA in Indonesia is -2.360, while in Singapore, it is -1.430. In conclusion, both Indonesia's and Singapore's companies' financial performance was impacted by COVID-19, indicated by a negative ROA. Singapore has a lower minimum number of ROA than Indonesia but a higher maximum number than Indonesia. On average, Indonesian companies have a lower ROA than Singapore companies.

This study's independent variables are board size, board meetings, institutional and managerial ownership, and managerial ownership. Board size is the entire number of company directors. Board size has a minimum value of 2 in Indonesia and 3 in Singapore. It means Indonesia has a smaller board size compared to Singapore. Meanwhile, the maximum value of board size in Indonesia is eight and in Singapore is 13. On average, the board size in Indonesia is 4, and Singapore's is 8. Singapore has a bigger board size than Indonesia.

The board meetings define the number of annual meetings the board of directors conducts. Singapore has the smaller value of board meetings as of 2, followed by Indonesia as of 4. The maximum value of a board meeting in Indonesia is 56, and in Singapore, it is 9. The mean value of board meetings in Indonesia is 15, and in Singapore, it is 4. It implies that Indonesian companies held more annual board meetings than Singapore companies.

The percentage of a company's total shares that institutions own is referred to as institutional ownership. The minimum value of institutional ownership is 10.050 per cent in Indonesia and 7.890 per cent in Singapore. Meanwhile, the maximum value of Institutional ownership in Indonesia is 98.150 per cent, and in Singapore, it is 93.380 per cent. The average number of institutional ownerships in Indonesia is 60.420 per cent, and in Singapore, it is 59.090 per cent. In conclusion, Indonesian companies have more considerable institutional ownership than Singapore companies.

The percentage of shares held by the management is described by managerial ownership. The minimum number of Managerial ownerships in Indonesia is 0.010 per cent. Meanwhile, Singapore's minimum number of managerial ownerships is 0.020 per cent. The highest number of managerial ownerships in Indonesia is 60.180 per cent. Meanwhile, the highest number of managerial ownerships in Singapore is 84.410 per cent. The mean value of managerial ownership in Indonesia is 12.140 per cent, while in Singapore is 18.750 per cent. It means that Singapore companies have more managerial ownership than Indonesian companies.

Lastly, the control variable is the firm's or company's size. The company's total assets represent the firm's size. Companies that present information regarding total assets in currencies other than IDR have been converted to IDR for comparison. The total assets have a minimum value of IDR 67.670 billion in Indonesia and IDR 7.300 billion in

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Singapore. This means that the Singapore company is the smallest compared to the Indonesian company.

Meanwhile, the maximum value of total assets in Indonesia is IDR 152.950 billion; in Singapore, it is IDR 225.320 billion. The average total assets in Indonesia are 6.110 billion, and in Singapore, they are 16.060 billion. On average, Singapore has a bigger firm size than Indonesia.

Table 5. Goodness of Fit Test

Chow Test				
	Effects Test	Statistic	d.f.	Prob.
	Cross-section F	2.100	-74145.000	**0.000**
	Cross-section Chi-square	163.680	74.000	0.000
Hausman Test				
	Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
	Cross-section random	5.010	5	**0.420**
LM Test				
	Null (no rand. effect)	Cross-section	Period	Both
	Alternative	One-sided	One-sided	
	Breusch-Pagan	14.080	3.550	17.630
		0.000	-0.060	0.000

Noted: Based on the Chow Test, the Prob Cross-section value is 0.000 less than 0.050, so the FEM model was selected. Based on the Hausman Test, the Prob Cross-section value is 0.420 more than 0.050, so the REM model was selected. Based on the LM Test, the Breusch-Pagan Cross-section Prob value is 0.000 less than 0.050, so the REM model was selected.

Table 5 shows exhibits the results of the Goodness of Fit Test. The selection method to carry out the panel data used EViews 10.0 software. There are three steps in the testing stage to carry out the panel data: Chow Test, Hausman Test, and Lagrange Multiplier Test. Firstly, we did the Chow test. The value of Cross-section F is 0.400, which is more than 0.050, so it reveals that the REM is better than proceeding to the Hausman test. Secondly, the Hausman test is run. Based on the test, the probability value of cross-section random is 0.000 less than 0.0500, then the model chosen is the FEM. Then, proceed to the Lagrange Multiplier test. Based on the results, the probability value of Breusch-Pagan is 0.000, which is less than 0.050. Then, the chosen model is the REM. Hence, we accomplished the regression with the Random Effect Model (REM).

T-test Results. Table 6 presents the significant results of each independent variable on the dependent variables. In the countries in general, the board size, board meetings, and managerial ownership are positively significant on corporate financial performance with the significance value of 0.003, 0.005, and 0.004 sequentially. Therefore, the first (H_1), the second (H_2), and the fourth (H_4) hypothesis are accepted. Also, the company's size as a control variable positively impacted the company's financial performance with a significance value of 0.005.

In Indonesia, the findings indicated that board size and board meetings positively impact financial performance with significance values of 0.001 and 0.004. Therefore, the first (H_1) and the second (H_2) hypotheses are accepted. The company's size as a control

variable positively impacted the company's financial performance with a significance value of 0.004.

Lastly, in Singapore, the result showed that board size, institutional ownership, and managerial ownership positively affect corporate financial performance with significance values of 0.004, 0.003, and 0.004. Therefore, the first (H_1), the third (H_3), and the fourth (H_4) hypothesis is accepted. Firm size as a control variable did not significantly influence the company's financial performance.

Table 6. The Results of Panel Data Regression

Model	Beta	Std. Error	T-stat.	Sig.
All Samples (Singapore and Indonesia)				
(Constant)	3.420	9.459	0.744	0.805
BS_{it}	1.564	0.552	0.891	0.003
BM_{it}	0.850	0.276	0.990	0.005
IO_{it}	-0.792	0.349	-1.866	0.390
MO_{it}	0.729	0.092	0.874	0.004
FS_{it}	1.586	3.028	0.638	0.005
Indonesia				
(Constant)	3.101	67.258	0.875	0.401
BS_{it}	1.990	3.355	0.996	0.001
BM_{it}	1.330	3.072	0.860	0.004
IO_{it}	.405	2.164	0.433	0.125
MO_{it}	0.590	0.491	1.001	0.345
FS_{it}	8.708	22.064	1.210	0.004
Singapore				
(Constant)	3.054	6.204	2.592	0.178
BS_{it}	1.200	0.624	1.442	0.004
BM_{it}	0.632	1.088	0.304	0.888
IO_{it}	0.544	0.389	0.310	0.003
MO_{it}	0.781	0.503	0.578	0.004
FS_{it}	0.372	0.526	1.410	0.423

BS_{it} is Board Size; BM_{it} is Board Meetings; IO_{it} is Institutional Ownership; MO_{it} is Managerial Ownership; FS_{it} is Firm Size.

F- Test Results. The F test is conducted to identify whether all independent variables simultaneously significantly affect the dependent variable or otherwise. The result of the simultaneous test can be seen in **Table 7**.

Table 7. The Results of F-Test

	Sum of Squares	df	Mean Square	F	Sig.
All Samples (Indonesia and Singapore)					
Regression	60.988	5	12.198	2.880	0.099
Residual	1420.640	219	6.487		
Total	1481.628	224			
Indonesia					
Regression	2064.582	5	412.916	4.169	0.002
Residual	8021.695	81	99.033		

Total	10086.277	86			
		Singapore			
Regression	3159.137	5	631.827	3.328	0.007
Residual	25058.929	132	189.840		
Total	28218.066	137			

Source: Output SPSS (2023)

Table 7 shows, the F count value for the countries in general is 2.880, more than the F table value of 2.255. The F count value for Indonesia is 4.169, bigger than 2.327, and for Singapore is 3.328, greater than 2.282. It implies a simultaneous effect of board size, board meetings, institutional ownership, managerial ownership, and firm size on company financial performance in Indonesia, Singapore, and other countries.

DISCUSSION

Board Size and Financial Performance. The effect of board size on company financial performance in Indonesia, Singapore, and all samples is positively significant. As a result, the findings confirm the first hypothesis (H1), which states that board size positively impacts corporate financial performance. This result is supported by previous research conducted by (Khatib et al., 2021) and (Al Farooque et al., 2020). (Khatib et al., 2021) argued that a larger board is better because of its diversified skills, which can potentially increase corporate performance.

According to agency theory, supervision carried out by the board of directors can reduce agency costs that occur in the company. A larger board, with directors of varying experiences and skills, may help companies oversee their operational activities more effectively and may also help solve problems that arise according to their competence to enhance the company's financial performance. Especially amid the COVID-19 pandemic situation, the synergy of the board of directors in making decisions and planning strategies so that the company can continue to survive the pandemic situation is the most important thing. A larger board can help mitigate companies' risks amid COVID-19 with their skills and competencies to produce good financial performance.

Board Meeting and Financial Performance. The variable board meeting positively impacts company financial performance in Indonesia and other countries. Therefore, the second hypothesis (H2) that board meetings have a positive impact on the financial performance of companies is supported by the results. This result is supported by research conducted by (Al-Matari, 2020; Al Farooque et al., 2020).

Based on agency theory, increasing monitoring efforts through increasing meeting frequency will result in better company performance. For directors to make more informed decisions, information from various sources is gathered and presented at board meetings. Amid the COVID-19 pandemic, the directors of a firm need to have frequent board meetings to gather information, make decisions, oversee management, and minimise the risk that the company faces during the pandemic. It is also a measure of the efficacy of the board in carrying out its responsibilities of supervising and allocating resources, so it positively affects the organisation's performance. In general, rules of corporate governance encourage board members to meet regularly enough to properly carry out their tasks and ensure that a company's profits are maximised.

In contrast, board meetings do not affect financial performance in Singapore. Based on the data, the number of meetings in Singapore is lower than in Indonesia amid the

COVID-19 pandemic, where the implementation of social distancing is one of the reasons for the reduced intensity of meetings held by the board of directors. Therefore, the board meeting may impact the company's financial performance.

Institutional Ownership and Financial Performance. The variable institutional ownership is positively significant on company financial performance in Singapore. Therefore, the result supports the third hypothesis (H_3) that institutional ownership positively affects a company's financial performance. This result is supported by research conducted by (Ullah et al., 2019).

Institutional ownership supports management's control over the company's performance. Institutions can typically control the majority of shares because they have greater resources than individual investors, so they may perform stricter oversight than other shareholders. One of the functions of institutional ownership is to oversee the activities of all corporate management in running the business. Also, initiatives to enhance corporate performance can be within the funding source. Institutional ownership can help companies enhance their financial performance by providing capital.

In contrast to Singapore, The results indicate that institutional ownership in Indonesia has no significant impact on financial performance. This result may be related to the information asymmetry between shareholders and managers, which prevented institutional ownership from influencing the company's financial performance. This resulted in the manager as the company manager being able to control the company because managers had more information than shareholders about the company. This made it simpler for managers to regulate the company and formulate policies. So, regardless of the number of shares owned by other institutions or companies, there needed assurance that institutional shareholders could effectively monitor managers' performance in Indonesia.

Managerial Ownership and Financial Performance. The variable managerial ownership positively and significantly affects company financial performance in Singapore and other countries. Therefore, the result supports the fourth hypothesis (H_4) that managerial ownership positively influences a company's financial performance. This result is supported by research conducted by (Al Farooque et al., 2020; Alabdullah, 2018).

(Hidayah et al., 2021) argue that managerial shareholding can overcome the agency problem within the company. Managerial ownership could enhance financial performance because managers with a significant portion of managerial ownership will have a strong desire to maximise firm performance, just as other shareholders do. During the COVID-19 pandemic, management will make every effort to improve financial performance as they will immediately benefit from the right decisions and participate in the consequences of making the wrong ones; managerial ownership will encourage managers to make more prudent decisions.

In contrast, in Indonesia, there is no correlation between managerial ownership and financial performance. According to the data, the number of managerial owners in Indonesia is smaller than that of Singapore. This could be the reason why managerial ownership has no effect in Indonesia. The presence of agency problems that arise between managerial ownership and other shareholders can also be considered.

Firm Size and Financial Performance. Variable Firm Size is used as a control variable. The result shows that firm size positively impacts company financial performance in Indonesia and the countries in general. The result is consistent with research conducted by (Alabdullah, 2018) and (Al Farooque et al., 2020). This study's findings suggest a

relationship between the size of the company and its financial performance. The higher the company's total assets, the greater its ability to create profits. Profit growth indicates that the company's financial performance is increasing.

CONCLUSIONS

Board size is positively significant on a company's financial performance. According to agency theory, supervision carried out by the board of directors can reduce agency costs that occur in the company. A larger board, with directors of varying experiences and skills, may help companies oversee their operational activities more effectively and may also help solve problems that arise in the company according to their competence to improve the company's financial performance. Especially during the COVID-19 pandemic situation, the synergy of the board of directors in making decisions and planning strategies so that the company can continue to survive amid a pandemic situation is the most important thing.

Board meetings are positively significant on the company's financial performance. Based on agency theory, increasing monitoring efforts through meeting frequency will lead to better company performance. During the COVID-19 epidemic, the frequency of board meetings is critical for directors to receive information, make decisions, monitor management, and minimise the firm's risk. Institutional ownership is positively significant on a company's financial performance. Institutions can typically control the majority of shares because they have more significant resources than individual investors, so they can conduct stricter oversight than other shareholders. One of the functions of institutional ownership is to oversee the conduct of all corporate management in running the business. Managerial ownership is positively significant in a company's financial performance.

Managerial ownership could enhance financial performance because managers with a portion of ownership will strongly desire to maximise firm performance. Firm size is positively significant on a company's financial performance. The company's overall assets directly correlate to the firm's ability to make profits. The more assets the company has, the better the potential to earn profits from its operations. Profit growth indicates an improvement in the company's financial performance.

Suggestions. This study took a setting when the COVID-19 pandemic broke out worldwide; it did not compare firm performance before and after the pandemic outbreak. Therefore, it is recommended that further research take place during Covid 19 compared to after the COVID-19 pandemic.

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