THE EFFECT OF GCG MECHANISM AND CSR ON FINANCIAL PERFORMANCE

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Abstract

This study aims to determine and examine the effect of independent commissioners, managerial ownership, audit committees, and corporate social responsibility on financial performance both partially and simultaneously (together) in Textile and Garment Sub Sector Companies listed on the Indonesia Stock Exchange Period 2017-2021. The data analysis technique in this research is descriptive and verification. Testing the hypothesis using a multiple linear regression analysis model. The study results show that some GCG components affect financial performance, and others do not. The independent board of commissioners and audit committee do not affect ROA. Managerial ownership and CSR affect ROA. Then the independent board of commissioners also does not affect EPS. Managerial ownership, audit committee, and CSR affect EPS. Together the independent board of commissioners, managerial ownership, audit committee, and, CSR affect ROA and EPS in textile and garment sub-sector companies for the 2017-2021 period.

Keywords: Independent Board of Commissioners, Managerial ownership, Audit Committee, CSR, ROA, EPS.

Introduction

Indonesia first announced cases of the spread of Covid-19 on March 2, 2020. This caused an economic slowdown and decreased sales from various industrial sectors, including the textile and garment industry. The textile and garment industry is an industry that is experiencing quite heavy pressure caused by low demand due to the Covid-19 pandemic. Reported in bps.go.id (https://www.bps.go.id) in 2021, the GDP of the textile and clothing industry for ADHB (Based on Current Prices) is IDR 180.22 trillion. According to GDP at constant prices, the national textile and apparel industry experienced another contraction of 4.08% compared to the previous year. This is the impact of changes in public consumption patterns and the decline in global demand, which has an impact on the many cancellations of orders from the textile and garment industry sector due to restrictions in several countries with closed economic activity. GDP growth in Indonesia's apparel and textile industry has decreased from 2019 to 2021. In 2019, the highest peak of GDP growth in the apparel and textile industry reached IDR 200 billion. A decrease of 3% will occur in 2020, and 4% will occur in 2021. Gross Domestic Product is a macroeconomic indicator affecting a company's financial performance (BPS, 2021).

For relatively large companies that have gone public, the company has certainly well-recorded financial performance. This is because financial performance can be an illustration to see the fundamental condition of a company. One indicator that investors often see is the profitability ratio. Return On Assets (ROA) is used as an indicator of the financial reporting approach to measuring a company's ability to generate profits influenced by ownership of company assets (Widiyawati et al., 2017). Earning Per Share (EPS) is included in the financial ratios often used in analyzing changes in stock prices to measure a company's financial performance. The increase and decrease in the value of EPS from year to year is an important measure for investors because it can assess the effectiveness of management and dividend payment policies in the future so that it can be used to make predictions about the number of dividends per share (Sulistiyowati, 2018).

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As reported on Bisnis.com (Economics.Bisnis.com), GCG is necessary for companies to grow in complex times, build a reputation and improve performance, especially in the era of disruption and uncertainty. Companies must continue to transform using data and technology as the main drivers. The company implements GCG in an order in which all GCG organs have their responsibilities but still implement GCG implementation in an integrated manner. Internal factors that influence the GCG mechanism and are used as GCG measurement tools include independent commissioners, managerial ownership, and audit committees. Companies that have implemented GCG well surely these companies have also disclosed Corporate Social Responsibility (CSR). This is in line with research conducted by the ACCA Institute (the Association of Chartered Certified Accountants), the Internal Audit Foundation, and IMA (Institute of Management Accountants). The survey showed that 80% of respondents agreed that it was necessary to apply an internal control framework for non-financial reporting and CSR reports. The existence of a CSR report is clear evidence of the efforts made by the company to preserve the environment for companies related to waste production.

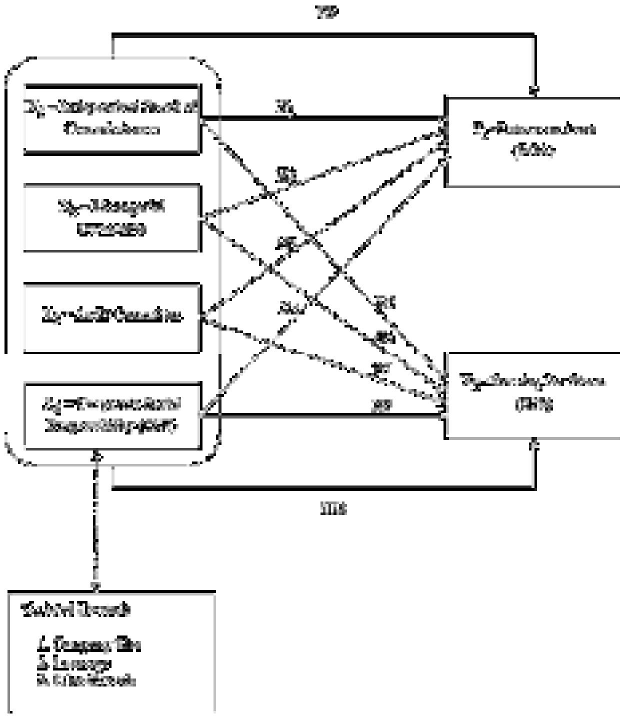
As reported by CNBC Indonesia (cnbcindonesia.com), textile waste is included as the worst water pollutant in the world besides industrial waste. According to data from Our Reworked World, a movement to help informal workers, especially tailors, it is stated that of the approximately 33 million tons of clothing produced by textile companies, nearly one million of them become textile waste each year. This can damage the environment and can be evidence that financial performance alone is not enough to guarantee a company's sustainable growth. Company sustainability can be guaranteed if the company pays attention to the social and environmental dimensions. Based on the problems above, the management of textile and garment companies should take the right steps, namely by making CSR disclosures as a form of implementing CSR in companies in Indonesia. The implementation of CSR has been regulated in regulations made by the government.

One way that can be done to build a good corporate image in society is to pay attention to the environment, and this is also a form of CSR disclosure. Another purpose of CSR disclosure is to establish a good and effective communication relationship between the company and the public as well as stakeholders. CSR can also have an impact on reflecting the company's level of accountability, responsibility, and transparency to investors.

Research conducted by Wiendy (2018) states that the board of commissioners, managerial ownership, and audit committees have an effect on ROA. Similar research conducted by Imam and K. Anik (2022) explains that the board of commissioners, managerial ownership, and audit committee have no influence on ROA. Then, research conducted by Yhovita et al. (2017) explains that CSR has a significant effect on ROA, and this is not in line with research conducted by Primasa et al. (2019), which explains that CSR has no effect on ROA. In addition to the ROA variable, which is influenced by GCG and CSR, the Earning Per Share (EPS) variable can also be influenced by GCG and CSR.

Research conducted by Amril and Nasfi (2022) explains that independent commissioners, managerial ownership, and audit committees have no effect on EPS. This is not in line with research conducted by Lina et al. (2017), which states that independent commissioners, managerial ownership, and audit committees have an effect on EPS. Then, research conducted by Atika and Asniati (2020) explains that CSR has no effect on profitability proxied by EPS. This is not in line with research conducted by Ghozy and Muchamad (2020), which explains that CSR affects EPS.

Based on the description and previous research that has been described, this research develops from previous research, and there are differences. This study only focuses on independent commissioners, managerial ownership, audit committees, CSR, ROA, and EPS of textile and garment sub-sector companies. This study also uses a control variable that aims to prevent the occurrence of biased calculations. The control variables used in this study include company size, leverage, company age, and sales growth so that researchers are interested and motivated to conduct research with the title "The Effect of Good Corporate Governance Mechanisms and Corporate Social Responsibility on Financial Performance (a case study in textile and garment sub-sector companies for the period 2017 - 2021)". The research paradigm used in this study can be seen as follows:



Research Methodology
Research variable

Variables are a number of things that can be examined based on the data and information obtained regarding the phenomenon of existing problems in order to draw conclusions. This study uses dependent, independent, and control variables. The dependent variable is often referred to as the output variable or the variable that is influenced by other variables. In this study, the dependent variable used is the variable Financial Performance which is proxied to Return On Assets (ROA) (Y1) and Earnings Per Share (EPS) (Y2). Then the independent variables are variables that influence other variables or are commonly called independent variables. Independent Board of Commissioners (X1), Managerial Ownership (X2), Audit Committee (X3), dan Corporate Social Responsibility (CSR) (X4) in this study is the independent variable. Control variables are variables to control the relationship between the independent variables and the dependent variable to obtain a complete and better empirical model. Control variable that aims to prevent the occurrence of bias calculations. Control variables used include company size, leverage, and sales growth.

Operational definition and variable measurement

Financial performance can be said as the company's efforts to evaluate the efficiency and effectiveness of the company's business operating activities that have been carried out in a certain period. Financial performance is defined as the company's ability to manage and control its resources (IAI, 2007). A company's financial performance shows the effectiveness and efficiency of an organization in order to achieve goals. Effectiveness shows the company's ability to choose the right goals. Efficiency shows the ratio between input and output; that is, with certain inputs, the optimal output is obtained. There are two financial performance proxies used for this research:

(1) Return on asset (ROA):
The ROA variable represents the profitability ratios a firm has. ROA is formulated as follows:

$$ROA = \frac{Net\ Income\ After\ Taxes}{Total\ Assets} \times 100\%$$

(2) Earning per share (EPS):
EPS is a ratio showing the amount of profit contained in each share. EPS in this research is formulated as follows:

$$EPS = \frac{Earning\ After\ Interest\ and\ Tax}{Number\ of\ Shares\ Outstanding} \times 100\%$$

Good corporate governance mechanism. The GCG mechanism variable consists of three proxies, namely independent board of commissioners, managerial ownership, and committee audit:

(1) Independent Board of Commissioners
According to the regulation of the Financial Services Authority Number 33/PJOK.04/2014 (article 1) concerning the directors and board of commissioners of issuers or public companies, "an independent commissioner is a member of the board of commissioners who comes from outside the issuer and public company and fulfills the requirements as an independent commissioner as referred to in this Financial Services Authority Regulation."

$$Proportion\ of\ Independent\ Commissioners = \frac{Number\ of\ independent\ commissioners}{The\ total\ number\ of\ members\ of\ the\ board\ of\ commissioners}$$

(2) Managerial Ownership
According to Chen et al. (2010), Managerial ownership is a situation where there is a dual role between managers and shareholders, or in other words, a company manager owns company shares.

$$Managerial\ Ownership = \frac{Number\ of\ shares\ of\ directors, commissioners, managers}{Number\ of\ shares\ outstanding}$$

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Audit Committee

According to Daniri (2006), since the recommendation of GCG on the Indonesia Stock Exchange (IDX) in 2000, the audit committee has become a common component in the GCG structure of public companies.

$$Audit\ Committee = \frac{Number\ of\ audit\ committee\ members\ from\ outside\ the\ company}{Total\ number\ of\ audit\ committee\ members}\ x\ 100\%$$

According to The World Business Council on Sustainable Development (WBCSD) is a commitment from companies to implement ethical behavior and contribute to sustainable economic development. The CSR variable in this study is defined as all company activities that are not based on the legal coercion of the country in which the company operates and are not aimed at making a profit but for social purposes only. The measurement of CSR in this study will use index 91 Global Reporting Initiative. The checklist method is done to see the disclosure of CSR done by the company. Companies that disclose items of social responsibility will be assigned a value of 1, while those not expressing are assigned a value of 0. Here is the formula used in this study:

$$CSR = \frac{\sum Xij}{Nij} \times 100\%$$

Population and Sample

This study uses a population of all textile and garment industry sub-sector companies listed on the IDX in 2017-2021. The condition of the manufacturing sector, which has the largest number of issuers and has the most diverse sectors, can describe the condition of public companies in Indonesia. The sample in this study was selected using a purposive sampling method.

Analysis Method

Data analysis techniques in this study used the Statistical Program for Social Science (SPSS). SPSS produces research interpretations in the form of tabulations, charts (graphs), plots (diagrams) of various distributions, descriptive statistics, and complex statistical analysis.

Result And Discussion

Descriptive Analysis

Table 4.1Descriptive Analysis

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
sqrtIBC	37	.50	.77	23.25	.6284	.07117
sqrtMO	37	.09	.99	17.68	.4777	.31312
sqrtCA	37	.79	.84	29.31	.7920	.00895
sqrtCSR	37	.54	.88	27.88	.7534	.11417
sqrtROA	37	.03	347.07	2261.12	61.1115	83.78168
sqrtEPS	37	.76	13528.52	75505.97	2040.7020	3133.79782

Based on data processing results, the independent board of commissioners obtained a minimum value of 0.50, a maximum value of 0.77, an overall value of 23.25, an average value (mean) of 0.6284, and a standard deviation value of 0.07117. Managerial ownership, based on

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the results of data processing, obtained a minimum value of 0.09, a maximum value of 0.99, an overall value of 17.68, an average value (mean) of 0.4777, and a standard deviation value of 0.31312. The Audit Committee data processing results obtained a minimum value of 0.79, a maximum value of 0.84, an overall value of 29.31, an average value (mean) of 0.7920, and a standard deviation value of 0.00895.

Based on data processing results, Corporate Social Responsibility (CSR) obtained a minimum value of 0.54, a maximum value of 0.88, an overall value of 27.88, an average value (mean) of 0.7534, and a standard deviation value of 0.11417. Return On Assets (ROA) based on the results of data processing, obtained a minimum value of 0.03, a maximum value of 347.07, an overall value of 2261.12, an average value (mean) of 61.1115 and a standard deviation value of 83,78168. Earning Per Share (EPS) based on the results of data processing, obtained a minimum value of 0.76, a maximum value of 13528.52, an overall value of 75505.97, an average value (mean) of 2040.7020 and a standard deviation value of 3133,79782.

Multiple Linear Regression Analysis

Regression analysis was performed by first testing the classical assumptions. The results of testing the normality, multicollinearity, and heteroscedasticity assumptions show that in the regression model, there are no classical assumptions that fail to be met. Thus this regression model is feasible for hypothesis testing.

Table 4.2 Multiple Linear Regression Analysis on ROA

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2239.483	1266.370		1.768	.087
	sqrtIBC	47.900	190.933	.041	.251	.804
	sqrtMO	-92.277	41.211	-.345	-2.239	.032
	sqrtCA	-2378.275	1514.683	-.254	-1.570	.126
	sqrtCSR	-372.570	115.913	-.508	-3.214	.003

a. Dependent Variable: sqrtROA

Table 4.3 Multiple Linear Regression Analysis on EPS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	113709.417	42932.887		2.649	.012
	sqrtIBC	-10833.800	6473.063	-.246	-1.674	.104
	sqrtMO	-4592.865	1397.151	-.459	-3.287	.002
	sqrtCA	-115865.301	51351.256	-.331	-2.256	.031
	sqrtCSR	-14462.746	3929.722	-.527	-3.680	.001

a. Dependent Variable: sqrtEPS

H1: The Effect of the Board of Independent Commissioners on Return On Asset (ROA)

Based on the results of the calculation of the regression analysis statistical test in Table 4.2, it is obtained that the standard coefficient of influence of the independent board of commissioners on ROA is 0.041 with a t-count of 0.251 and a significance of 0.804. Because

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the coefficient is positive and the significance is more than alpha 5% (0.804 > 0.05), it means that the independent board of commissioners has no effect on ROA, so H1 is rejected.

H2: The Effect of Managerial Ownership on Return On Asset (ROA)

Based on the results of the calculation of the regression analysis statistical test in Table 4.2, it is obtained that the standard coefficient of managerial ownership influence on ROA is -0.345 with a t-count of -2.239 and a significance of 0.032. Because the coefficient is negative and the significance is more than alpha 5% (0.032 <0.05), it means that managerial ownership has a significant negative effect on ROA, so H2 is accepted.

H3: The Effect of the Audit Committee on Return On Asset (ROA)

Based on the results of the calculation of the regression analysis statistical test in Table 4.2, it is obtained that the standard coefficient of the influence of the audit committee on ROA is -0.254 with a t-count of -1.570 and a significance of 0.126. Because the coefficient is negative and the significance is more than alpha 5% (0.126 > 0.05), it means that the audit committee has no effect on ROA, so H3 is rejected.

H4: The Effect of Corporate Social Responsibility (CSR) on Return On Asset (ROA)

Based on the results of the calculation of the regression analysis statistical test in Table 4.2, it is obtained that the standard coefficient of the influence of corporate social responsibility on ROA is -0.508 with a t-count of -3.214 and a significance of 0.003. Because the coefficient is negative and the significance is more than alpha 5% (0.003 <0.05), it means that corporate social responsibility has a significant negative effect on ROA, so H4 is accepted.

H5: The Effect of the Independent Board of Commissioners on Earning Per Share (EPS)

Based on the results of the calculation of the regression analysis statistical test in Table 4.3, it is obtained that the standard coefficient of influence of the independent commissioner board on EPS is -0.246 with a t-count of -1.674 and a significance of 0.104. Because the coefficient is negative and the significance is more than 5% alpha (0.104 > 0.05), it means that the independent board of commissioners has no effect on EPS, so H5 is rejected.

H6: The Effect of Managerial Ownership on Earning Per Share (EPS)

Based on the results of the calculation of the regression analysis statistical test in Table 4.3, it is obtained that the standard coefficient of managerial ownership influence on EPS is -0.459 with a t-count of -3.287 and a significance of 0.002. Because the coefficient is negative and the significance is more than alpha 5% (0.002 <0.05), it means that managerial ownership has a significant negative effect on EPS, so H6 is accepted.

H7: The Effect of the Audit Committee on Earning Per Share (EPS)

Based on the results of the calculation of the regression analysis statistical test in Table 4.3, it is obtained that the standard coefficient of the influence of the audit committee on EPS is -0.331 with a t-count of -2.256 and a significance of 0.031. Because the coefficient is negative and the significance is more than alpha 5% (0.031 <0.05), it means that the audit committee has a significant negative effect on EPS, so H7 is accepted.

H8: The Effect of Corporate Social Responsibility (CSR) on Earning Per Share (EPS)

Based on the results of the calculation of the regression analysis statistical test in Table 4.3, it is obtained that the standard coefficient of the influence of corporate social responsibility on EPS is -0.527 with a t-count of -3.687 and a significance of 0.001. Because the coefficient is negative and the significance is more than alpha 5% (0.001 <0.05), it means that corporate social responsibility has a significant negative effect on EPS, so H8 is accepted.

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Hypothesis Testing

Table 4.4 Hypothesis Testing on ROA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78396.990	4	19599.247	3.598	.016[b]
	Residual	174300.356	32	5446.886		
	Total	252697.346	36			

a. Dependent Variable: sqrtROA

Table 4.5 Hypothesis Testing on EPS

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	153209710.541	4	38302427.635	6.118	.001[b]
	Residual	200335085.071	32	6260471.408		
	Total	353544795.612	36			

a. Dependent Variable: sqrtEPS

H9: The Effect of the Independent Board of Commissioners, Managerial Ownership, Audit Committee, and Corporate Social Responsibility (CSR) on Return On Asset (ROA).

Based on the results of the calculation of the statistical regression analysis test in Table 4.4, the f-count value and significance of the board of independent commissioners, managerial ownership, audit committee, and corporate social responsibility for ROA are obtained for each - 3.598 and 0.016, respectively. Because the significance value is more than alpha 5% (0.016 <0.05), it means that the board of independent commissioners, managerial ownership, audit committees, and corporate social responsibility simultaneously have a significant effect on ROA, so H9 is accepted.

H10: The Effect of the Independent Board of Commissioners, managerial ownership, audit committee, and Corporate Social Responsibility (CSR) on Earning Per Share (EPS).

Based on the results of the calculation of the statistical regression analysis test in Table 4.5, the f-count value and significance of the independent board of commissioners, managerial ownership, audit committee, and corporate social responsibility for EPS are 6.118 and 0.001, respectively. Because the significance value is more than alpha 5% (0.001 <0.05), it means that the board of independent commissioners, managerial ownership, audit committees, and corporate social responsibility simultaneously have a significant effect on EPS, so H10 is accepted.

Discussion

The Effect of the Independent Board of Commissioners on Return On Assets (ROA)

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Based on the results of the study, it can be concluded that partially the independent board of commissioners has no influence and is not significant on ROA. This can happen because the board of commissioners is independent who does not have closeness with shareholders. An independent board of commissioners is needed to oversee problems in the company and respond when agency problems arise, one of the problems is fraud in financial statements. The increase in the independent board of commissioners may not necessarily reduce the potential for fraud in financial statements, perhaps many other factors can overcome the occurrence of fraud in financial statements. This is in line with research conducted by Imam Zhafirulloh Pudjonggo and K. Anik Yuliati (2022) where the results of the research stated that the independent board of commissioners has no effect on ROA. The presence of an independent board of commissioners is expected to work effectively and be able to fulfill its duties to overcome agency problems.

The Effect of Managerial Ownership on Return On Assets (ROA)

Based on the results of the study, it can be concluded that partial managerial ownership has an effect and is significant on ROA. Increasing the proportion of managerial ownership in a company can improve financial performance as measured by ROA directly. This is in line with agency theory which states that the greater the proportion of managerial ownership, the less chance of conflict, because if the owner acts as the manager of the company, in decision making will be very careful not to harm the company and ultimately can increase ROA. This is in line with research conducted by Intan Candradewi and Ida Bagus Panji Sedana (2016) where the results of the research stated that managerial ownership affects ROA.

The Effect of Audit Committee on Return On Assets (ROA)

Based on the results of the study, it can be concluded that partially the audit committee has no effect and is not significant on ROA. This can be because the size of the Audit Committee has been determined in Bapepam decree number Kep-29 / PM / 2004. The decision states that the audit committee consists of at least one independent commissioner who acts as chairman of the audit committee and at least two other members from outside the issuer or public company. It is clear that the size of the Audit Committee has been determined by the government so that it does not affect profitability in the company. On the other hand, the findings of the audit committee, especially regarding agency issues and fraud in the financial statements, have been effectively conveyed to the company's board of directors. This is in line with research conducted by Imas Kusumandari (2016) where the results of his research stated that the audit committee had no effect on ROA.

The Effect of Corporate Social Responsibility (CSR) on Return On Assets (ROA)

Based on the results of the study, it can be concluded that CSR partially has an effect and is significant on ROA. The textile and garment industry companies in this study use CSR disclosure on an ongoing basis in order to improve the company's image, this is in line with stakeholder theory. Improving the company's image is a positive signal given by the company to stakeholders and shareholders. It also shows that the more disclosure of corporate social responsibility activities in the company's annual report will further improve the company's financial performance. The results of this study are consistent with research conducted by Yhovita Anggie Bhernadha, Topowijono, and Devi Farah Azizah (2017) which states that CSR has a significant effect on ROA.

The Effect of the Independent Board of Commissioners on Earning Per Share (EPS)

Based on the results of the study, it can be concluded that partially the independent board of commissioners has no influence and is not significant on EPS. This is because the independent board of commissioners has the task of supervising management in managing the company, not in decision making. Decision making, both practical and strategic, is carried out by management, including the decision to distribute profits to shareholders. Although independent commissioners are appointed by shareholders, independent commissioners remain neutral and professional. This is done to(Candradewi & Sedana, 2016; Faisal & Syafruddin, 2020; Indriati, 2018; Melati, 2020; Pratiwi & Bahari, 2020; Sulistiyowati, 2018; Widiyawati et al., 2017; Yunia, 2018) maintain the integrity and sustainability of the company, so that in making profits or making decisions to make profits more are done by the directors. This is in line with research conducted by Dabella Yunia (2018) where the results of her research stated that the independent board of commissioners has no effect on EPS.

The Effect of Managerial Ownership on Earning Per Share (EPS)

Based on the results of this study, it can be concluded that partial managerial ownership has an effect and is significant on EPS. The results of this study are also consistent with the agency theory proposed by Jensen and Meckling which states that with an increase in company share ownership by management or managerial ownership, it will result in managers feeling directly the benefits of the decisions taken, and also if there are losses arising from wrong decisions, managers can feel the consequences. This indicates that the greater the managerial ownership, the greater the company's EPS. This research is in line with research conducted by Widya Ayu Sekar Rini (2017) where the results of her research stated that managerial ownership affects EPS.

The Effect of Audit Committee on Earning Per Share (EPS)

Based on the results of the study, it can be concluded that the audit committee partially has an effect and is significant on EPS. The audit committee has a positive effect on EPS. The audit committee is effectively responsible for improving the credibility of financial statements so as to gain the trust of shareholders. Financial statements are important for investors because they can provide information related to the fundamental condition of the company, which will affect EPS which will later determine the selling price and return of the company's shares. This is in line with research conducted by Maya Kusumawati Wijaya and Primanita Setyono (2020) where the results of the research stated that the audit committee has an effect on EPS.

The Effect of Corporate Social Responsibility (CSR) on Earning Per Share (EPS)

Based on the results of the study, it can be concluded that CSR partially has an effect and is significant on ROA. The textile and garment industry companies in this study use CSR disclosure on an ongoing basis in order to improve the company's image, this is in line with stakeholder theory. Improving the company's image is a positive signal given by the company to stakeholders and shareholders. This will certainly be able to increase the company's profitability. In general, company management, investors, and potential investors are very interested in earnings per share. The higher the EPS, the greater the opportunity for investors to profit from each share. The results of this study are consistent with research conducted by Arrin Sulistiyowati (2018) which states that CSR has a significant effect on EPS.

The Effect of the Independent Board of Commissioners, Managerial Ownership, Audit Committee, and Corporate Social Responsibility on Return On Assets (ROA)

Based on the results of the study, it can be concluded that the Independent Board of Commissioners, Managerial Ownership, Audit Committee, and CSR simultaneously (together)

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have a significant effect on ROA. This is related to agency theory which explains that agency relationships arise when the principal hires an agent to provide a service and delegates decision-making authority to the agent. Agency theory explains the relationship between shareholders as principals and management as agents. Management is a party working for the benefit of shareholders. Because they are elected, the management must account for all its work to shareholders as owners (Rosdani et al., 2021). With regard to agency issues, Good Corporate Governance serves as a tool to assure investors that the company's management will work as much as possible to increase profitability in terms of the company's asset turnover. Good Corporate Governance deals with how investors believe that managers can benefit them, managers will not embezzle funds or cheat financial statements, and how investors control managers. Ownership by the institution will increase supervision of the business entity. Because the institution has a great interest in its investment. Thus, there will be an increase in control of management policies which will improve company performance.

By making CSR disclosures, high profitability will encourage managers to provide detailed information in financial statements. Because, managers want to convince investors of the company so that investors invest in the company. Profitability shows the effectiveness of management in generating profits. Large corporate profits will reap many assumptions from the public that the company only enriches shareholders without paying attention to the social inequalities that exist in society (Singh & Misra, 2021). By revealing more about social activities, it will dismiss this assumption and will improve the company's image in the eyes of the public and investors.

The Effect of the Independent Board of Commissioners, Managerial Ownership, Audit Committee, and Corporate Social Responsibility on Earning Per Share (EPS)

Based on the results of the study, it can be concluded that the Independent Board of Commissioners, Managerial Ownership, Audit Committee, and CSR simultaneously (together) have a significant effect on EPS. Agency theory explains the relationship between shareholders as principals and management as agents. Management is a party working for the benefit of shareholders. Because they are elected, the management must account for all its work to shareholders as owners (Mufidah & Purnamasari, 2018). With regard to agency issues, Good Corporate Governance serves as a tool to convince investors that they will receive a return on the investment they invest in the company. Good Corporate Governance deals with how investors believe that managers can benefit them, managers will not embezzle funds or cheat financial statements, and how investors control managers. Ownership by the institution will increase supervision of the business entity. Because the institution has a great interest in its investment. Thus, there will be an increase in control of management policies which will improve company performance.

CSR is able to meet the needs of every stakeholder. Internal stakeholders will be more dedicated to contribute to the company and external stakeholders will give a good assessment of the company. In addition, consumers will buy more products or services so that there is an increase in the company's financial performance. This is in line with the concept of stakeholder theory, which assumes that companies are required to be responsible for various groups in society that have an impact on the company because the decisions and behaviors made will affect the welfare of society (Singh & Misra, 2021). In general, company management, investors, and potential investors are very interested in earnings per share. The higher the EPS, the greater the opportunity for investors to profit from each share.

Conclusion

Based on the results of research data analysis, it can be concluded that an independent board of commissioners has no effect on ROA, managerial ownership has a significant negative effect on ROA, the audit committee has no effect on ROA, corporate social responsibility has a significant negative effect on ROA, independent board of commissioners has no effect on EPS, managerial ownership has a significant negative effect on EPS, the audit committee has a significant negative effect on EPS, board of independent commissioners, managerial ownership, audit committees, and corporate social responsibility simultaneously have a significant effect on ROA, and board of independent commissioners, managerial ownership, audit committees, and corporate social responsibility simultaneously have a significant effect on EPS. The contribution of the independent board of commissioners, managerial ownership, audit committee, and corporate social responsibility on Return On Assets and Earning Per Share in textile and garment sub-sector companies for the 2017-2021 period amounted to 22.4% and 36.3%.

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