Financial Performance of Companies in a Stock Exchange Market

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Abstract.

This study focused on the percentage of return on assets in transportation companies listed on the Indonesia Stock Exchange between 2018 and 2022 to ascertain the impact of management ownership and independent commissioners on financial performance. Purposive sampling was the sample strategy, which involved selecting 75 annual financial statements from 15 transport companies. The analytical method utilized descriptive data analysis, complementing the classic assumption test as a prerequisite assessment. This ensured that the available data met the criteria for utilizing multiple linear regression equation models. The partial test results revealed that managerial ownership positively influences financial performance, while independent commissioners also have a positive impact. This study adds to our understanding of the variables and body of literature that support an organization's financial performance as it implements multifaceted business practices that are aligned with environmental, social, and governance (ESG) principles. Moreover, it is crucial for assessing a company's performance, as evidenced by the financial statement analysis.

Keywords: Managerial, Independent Commissioner, Financial Performance

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1. Introduction

Currently, competition among companies in the economic sector is intensifying over time. Each company strives to maximize its profit earnings, leading to enhanced financial performance compared to previous years. Success is attributed to a company whose financial performance meets established standards, attracting external investors. However, a conflict of interest known as agency conflict develops between management and shareholders in the process of maximizing financial success. This conflict arises as managers prioritize personal interests over shareholder interests.

However, shareholders dislike managers' interests. This often occurs in companies with a relatively small proportion of managerial share ownership, and one way to minimize agency conflicts is through managerial share ownership (Florackis & Kostakis, 2015). Managerial share ownership necessitates careful decision-making by managers, as the outcomes of these decisions directly affect the shares owned by the manager. (Moudud et al., 2020).

Efficient supervision inside a corporation is crucial in reducing agency conflicts, even more so than management share ownership. This oversight is particularly crucial as it aids in comprehending the trajectory of financial performance among companies listed on the Indonesia Stock Exchange. The independent commissioner is an integral supervisory body tasked with overseeing directors whose presence can enhance supervisory functions and diminish agency conflicts (Moudud et al., 2020). The assessment of financial performance aims to furnish decision-makers with indispensable insights into asset utilization while incentivizing managers to prioritize the company's interests. One commonly utilized analytical technique for such assessments is Return on Assets (ROA) (Vo & Nguyen, 2014). Financial ratios, including liquidity, solvency, and profitability ratios, are frequently employed for performance evaluation, with ROA being a prevalent metric. ROA measures a company's overall profitability, indicating the efficiency of assets in generating profits. A higher ROA signifies superior performance (Shan, 2019).

The percentage of Return on Assets (ROA) indicates that managerial ownership has a favorable and significant impact on financial success, according to research by Jaya et al. (2019). This can be explained by the fact that management is more driven to improve financial performance and, eventually, shareholder value when they control a larger portion of the company. Conversely, Independent Commissioners have a somewhat favorable effect on Financial Performance, as indicated by ROA. This is because the monitoring conducted by Independent Commissioners can mitigate managerial opportunism in resource utilization. Their oversight ensures management adheres to regulations, thus curbing fraudulent activities. The presence of Independent Commissioners resulting from enhanced supervision contributes to improved financial performance. This study aims to delineate a company's performance, gauged by ROA, which is pivotal for business sustainability. Companies exhibiting strong performance foster economic growth within their respective countries (Sri Dewi Anggadini, 2023). Table 1 presents notable correlations among financial performance, independent commissioners, and managerial ownership of transportation firms listed on the Indonesia Stock Exchange during the period from 2018 to 2022.

Table 1. Managerial Ownership and Independent Commissioner Ownership Data On 2018-2022 Financial Performance

Stock Code	Year	Managerial Ownership	Independent Commissioner	Financial Performance
ASSA Adi Sarana Armada	2018	9,473%	33%	0,0171
	2019	9,752% ↑	33%	0,0118 ↓
	2020	9,713% ↓	33%	0,0205 ↑
	2021	9,911% ↑	33%	0,0312 ↑
	2022	9,944% ↑	33%	0,0350 ↑
GIAA Garuda Indonesia	2018	0,001%	29%	-0,120
	2019	0,001%	29%	0,024 ↑
	2020	0,001%	25% ↓	0,003 ↓
	2021	0,011% ↑	29% ↑	-0,057 ↓
	2022	0,001% ↓	38% ↑	0,001 ↑
INDX Tanah Laut	2018	13,561%	33%	0,261
	2019	18,539% ↑	50% ↑	0,010 ↓
	2020	18,539%	50%	-0,110 ↓
	2021	18,539%	50%	-0,525 ↓
	2022	18,539%	50%	-1,023 ↓
SAFE Steady Safe	2018	15,963%	50%	0,402
	2019	15,963%	50%	0,118 ↓
	2020	15,130% ↓	50%	2,192 ↑
	2021	17,371% ↑	50%	-0,166 ↓

	2022	17,371%	50%	-0,059 ↑
TAXI Express Trasindo Utama	2018	48,997%	40%	0,051
	2019	48,997%	50% ↑	0,011 ↓
	2020	48,997%	50%	-0,072 ↓
	2021	48,997%	33% ↓	-0,245 ↓
	2022	48,989% ↑	33%	-0,659 ↓

Source: (www.idx.co.id)

The findings from Table 1 suggest an inverse relationship between financial performance, managerial ownership, and independent commissioners' presence. This contradicts established theories, such as the notion that higher levels of managerial ownership typically lead to enhanced financial performance (Rodriguez-Fernandez, 2016). Similarly, more independent commissioners are usually associated with improved company oversight, potentially enhancing financial performance (Surya, 2015). Consequently, if companies can increase their levels of managerial ownership and appoint more independent commissioners, there is a likelihood of improving financial performance. However, the observed phenomenon diverges from these theoretical expectations.

According to earlier studies, managerial ownership positively and significantly influences return on assets (ROA), while independent commissioners' influence is favorable but not statistically significant (Moudud et al., 2020). Furthermore, Ruan and Ma (2011) expounded upon the process of Good Corporate Governance and its effect on financial performance. They show that the percentage of managerial ownership and independent commissioners, which represents the Good Corporate Governance system, has a favorable and noteworthy impact on financial performance as determined by ROA.

The research is novel in that: 1. research companies listed on the Jakarta Stock Exchange represent transportation companies across Indonesia; 2. it examines independent commissioners' behavior in navigating the business competition in detail; 3. it uses financial statements as its primary source of data; and 4. it builds on earlier studies on the performance of companies as measured by their ability to turn a profit. The most recent analysis, conducted by Surtikanti et al. (2023), is to forecast a company's capacity for business sustainability and multifaceted business practices. The financial performance from 2018 to 2022 is described using verification methods in this study. Additionally, the impact of managerial ownership and independent commissioner on financial success is tested.

2. Literature Review

Managerial ownership plays a crucial role in shaping policy and decision-making within a company. It denotes the percentage of ownership shares held by managers, directors, and commissioners, as highlighted in previous studies (Gati et al., 2020; Jiraporn & Nimmanunta, 2018). With this ownership structure, managers' interests align with shareholders', acting as an efficient corporate governance tool (Noradiva et al., 2016). With this ownership structure, managers' interests are in line with shareholders', acting as an efficient corporate governance tool (Hanafi, 2018; Damayanti et al., 2023). By actively participating in decision-making processes and sharing the benefits of favourable decisions while bearing the risks of losses resulting from poor decisions, managers with significant ownership stakes are incentivized to prioritize the company's success. Consequently, the function of managerial ownership is to mitigate agency conflicts by aligning the interests of managers and shareholders (Bin Hidthiir et al., 2019; Lilis P, 2023).

Managerial ownership is often determined by dividing the total number of shares owned by the company by the number of shares held by management (Efendi, 2016).

$$Managerial\ Ownership = \frac{Total\ Shares\ of\ Management}{All\ Total\ Shares\ of\ the\ Company}\ x\ 100\% \quad (1)$$

2.1 Independent Commissioner, Role of Independent Commissioner, Independent Commissioner Measurement

Independent commissioners (IC) are a key indicator of good governance implementation and are closely linked to firm performance. In compliance with OJK regulations, independent commissioners are individuals from outside the company who sit on the board of commissioners (Gati et al., 2020). Their role is to ensure balance in the decision-making process within the board. As Recording Regulation number IA stipulated, at least 30% of the board of commissioners must consist of independent members (Shan, 2019). These commissioners are expected to perform their duties independently and solely for the company's benefit, free from external influences that may conflict with its interests (Rowland et al., 2021). An independent commissioner is not connected to other directors, controlling shareholders, or commissioners in any way—financially, managerially, or by ownership of shares (Efendi, 2016). They are not affiliated with any party, distinguishing them from non-independent commissioners (Manurung et al., 2017). The presence of independent commissioners signifies their representation of shareholders and enhances the overall effectiveness of the board of commissioners. Their existence is anticipated to significantly enhance the board's accountability and effectiveness, particularly in internal control, risk management, financial disclosure, and corporate governance practices (Dewi Anggadini et al., 2023).

Systematically, Efendi (2016), in his book, states the formula for the Independent Commissioner as follows:

$$\begin{matrix} Independent \\ Commissioner \end{matrix} = \frac{Number\ of\ Independent\ Commissioners}{Total\ All\ Members\ of\ the\ Board\ of\ Commissioners}\ x\ 100\% \qquad (2)$$

2.2 Financial Performance, Financial Performance Measurement, Return on Asset

According to Irham Fahmi (2016), financial performance analysis pertains to the degree to which an organization has followed appropriate and accurate implementation rules. Assessing financial performance serves as a means for management to fulfill its obligations to stakeholders and accomplish company objectives (Zulfikar et al., 2017). Managers can make decisions that fit the interests of the company by analyzing financial performance, which also gives them insight into the corporate entity's entire success. It is normal practice to evaluate a company's financial performance and condition using financial ratios generated from items in financial statements.

According to Manurung et al. (2017), return on assets (ROA) serves as a metric for assessing an organization's profitability concerning its investments. According to Fahmi (2016), ROA represents the ratio of returns generated by investments relative to the company's assets. Ball et al. (2015) affirm that ROA is utilized to evaluate the rate of return and management efficiency of company assets.

Systematically, Irham Fahmi (2016) outlines the Return on Asset formula as follows:

$$Return\ On\ Asset = \frac{Net\ Profit\ After\ Tax}{Total\ Assets}\ x\ 100\% \qquad (3)$$

2.3 The Effect of Managerial Ownership on Financial Performance

Managerial ownership refers to the ownership of shares by a company's management. Increased managerial share ownership tends to enhance managerial performance as managers feel a stronger sense of responsibility and ownership towards the company. When the interests of managers align more closely with those of shareholders, conflicts among shareholders may arise, potentially consolidating control over the firm's activities within the hands of the controlling shareholders. This situation can make it challenging for external or minority shareholders to influence the actions of such ownership (Gugong et al., 2014). An increase in ownership may make it more difficult for managers to be fired or penalized for making poor judgments if they possess a sizable amount of the company's equity. This could lead to managerial entrenchment. (Vo & Nguyen, 2014). Monitoring managerial decisions is essential to protect shareholders' interests (Kazemian and Sanusi, 2015). Financial performance is anticipated to improve since managers are aware of the advantages of wise judgments and the drawbacks of poor ones. As a result, more cautious and accurate decisions are anticipated. (Daniri, 2014). Support research conducted by Withisuphakorn and Jiraporn (2019) measures managerial ownership positively affecting financial performance. Additionally, Hermiyetti & Katlanis's (2016) study discovered that managerial ownership significantly and favorably affects the business's financial performance.

H_1: *Managerial Ownership Affects Financial Performance*

2.4 Effect of Independent Commissioners on Financial Performance

According to Otoritas Jasa Keuangan [OJK] (2014), an independent commissioner is responsible for overseeing and supervising management policies, the overall management of issuers, or the general management of public companies, and providing guidance to directors. Therefore, an increase in independent commissioners leads to enhanced supervision of company management, ultimately resulting in improved financial performance. Independent commissioners hope to provide a supervisory function towards the company objectively and independently, ensuring clean management and healthy company operations that support the company's financial performance (Otoritas Jasa Keuangan, 2014). The findings of a prior investigation by Moudud et al. (2020) provide credence to this notion. Financial performance is positively impacted by independent commissioners, as the Return on Assets (ROA) ratio shows. Higher ROA is correlated with a higher percentage of independent commissioners, indicating that improved independent commissioner monitoring enhances the financial performance of the organization. Consistent with

Paniagua and Sapena's (2018) findings, independent commissioners have a significant positive impact on financial performance.

H_2: *Independent Commissioner Affects Financial Performance*

The following is the research model or framework in Figure 1:

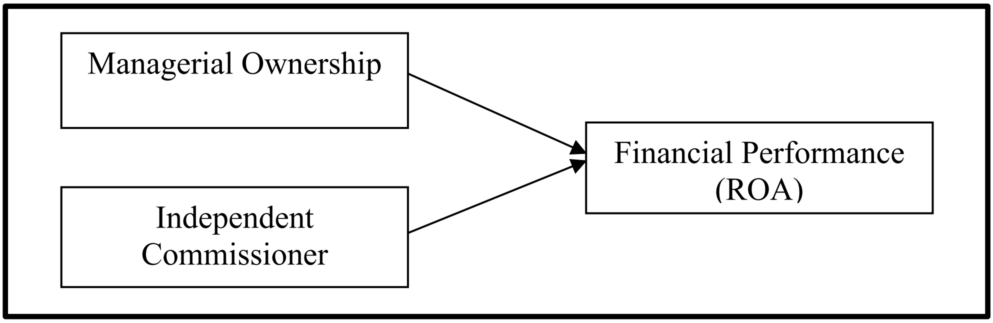

Figure 1. Research Framework

3. Methodology

The financial statements of fifteen transportation companies that have been listed on the Indonesia Stock Exchange throughout the previous five years make up the study's population, totaling 46 entities for the entire period, including income statements, balance sheets, and financial statement notes, resulting in a total population of 230 entities (46 × 5). Purposive sampling was employed to select 15 companies meeting predetermined criteria for inclusion in the study sample. The sample consists of 75 financial statements from these 15 companies, covering a five-year period from 2018 to 2022. This sample size of 75 annual financial reports (15 × 5 years) is considered adequate and representative for the research. Secondary data for the study were collected from various online sources, including www.idx.co.id and the official websites of the companies under investigation, with additional literature and data obtained from relevant internet sources. Quantitative research methodologies, including multiple regression analysis and descriptive statistical analysis, were conducted using SPSS 20 software.

This study investigates the impact of independent commissioners and managerial ownership on financial performance, employing multiple regression and descriptive analysis methods for data processing. Multiple regression analysis was utilized to ascertain the extent of influence among the variables of interest and to offer insights into the research domain. In contrast, descriptive analysis involved the collection of relevant data. Data were gathered using a quantitative approach based on predetermined variables and measurement scales, following established methodologies (Sekaran & Bougie, 2020). The study initially presents an overview of managerial ownership data, independent commissioners, and financial performance in transportation companies listed on the Indonesia Stock Exchange from 2018 to 2022, as derived from annual financial reports. Subsequently, it delves into the examination of the effects of managerial ownership and independent commissioners on financial performance.

4. Findings

Table 2 shows the SPSS output of the average value of the ratio of managerial ownership in transportation companies listed on the Indonesia Stock Exchange 2018-2022.

Table 2. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Managerial Ownership	75	,00001	,51412	,15686880	,16151152
Independent Commissioner	75	,12500	,66667	,3687603	,10518898
ROA	75	-1,02252	2,19203	,0184183	,38234478
Valid N (listwise)	75				

The average values indicate that managerial ownership levels, including intermediate levels (5% - 25%), prompt managers to adopt a shareholder-like mindset. As ownership increases, accompanied by a rise in voting rights, managers tend to make more cautious decisions. Furthermore, from 2018 to 2022, the average proportion of independent commissioners in transportation businesses listed on the Indonesia Stock Exchange is 0.3687603. This number is in compliance with the requirements set forth by the Indonesia Stock Exchange, which requires independent commissioners to make up a minimum of thirty percent of the total number of commissioners. Furthermore, transportation businesses' average financial performance over the same period, as determined by the ROA proportion, is 0.0184183.

Prior to performing an analysis of multiple linear regression to evaluate the hypotheses, it is imperative to ensure that several assumptions are met to prevent bias in the regression conclusions. These include normality, multicollinearity, heteroscedasticity, and autocorrelation tests. By ensuring that the regression equation that is produced has the best linear unbiased estimator (BLUE) features, these traditional assumption checks seek to produce multiple regression analysis results that are more accurate.

4.1 Normality Test

The outcomes of the normality test, conducted using the Kolmogorov-Smirnov method, are presented in Table 3 and illustrated in Figure 2.

Table 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		75
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.00384197
Most Extreme Differences	Absolute	.136
	Positive	.069
	Negative	-.136
Kolmogorov-Smirnov Z		1.175
Asymp. Sig. (2-tailed)		.126

The normality test findings indicate that the residual values of the regression model follow a standard distribution, and the Kolmogorov-Smirnov test has a significant value of 0.126, exceeding the 0.05 criterion. Having a value of larger than 0.05 for Asymp.Sig. (2-tailed) suggests that the data distribution is suitable. Figure 2 visually represents a normal probability plot of the data after transformation.

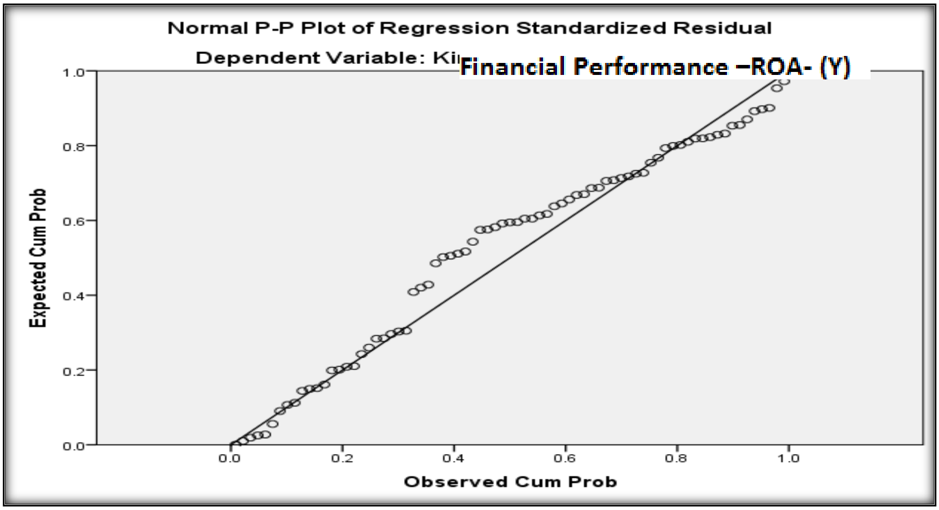

Figure 2. Normal Probability Graph - Plot of Normality

The residual distribution is considered acceptable when the unstandardized residuals spread evenly around the diagonal line and follow its direction. Figure 2 illustrates that the residual data distribution conforms to the diagonal line, indicating a normal distribution or meeting the assumption of normality. This suggests that the regression model fulfils one of the prerequisites for regression testing.

4.2 Multicollinearity Test

Tolerance values less than 10 and tolerance numbers bigger than 0.1 are required as the foundation for decision-making when using the variance inflation factor (VIF). Table 4 displays the multicollinearity test findings.

Table 4. Multicollinearity Test Results

Model	Collinearity Statistic	
	Tolerance	VIF
Managerial Ownership	.999	1,001
Independent Commissioner	.999	1,001

Based on the SPSS output provided in Table 4, it is evident that the tolerance values for the two independent variables are 0.999, which exceeds the threshold of 0.1, and the variance inflation (VIF) values are 1.001, which is less than 10. These findings indicate that the independent variables in the regression model do not exhibit multicollinearity issues. Hence, the model satisfies one of the prerequisites for regression testing.

4.3 Heteroscedasticity Test

The heteroscedasticity test involves analyzing a scatterplot chart. The outcomes of the heteroscedasticity test are depicted in Figure 3.

Scatterplot. Dependent Variable: Financial Performance – ROA – (Y)

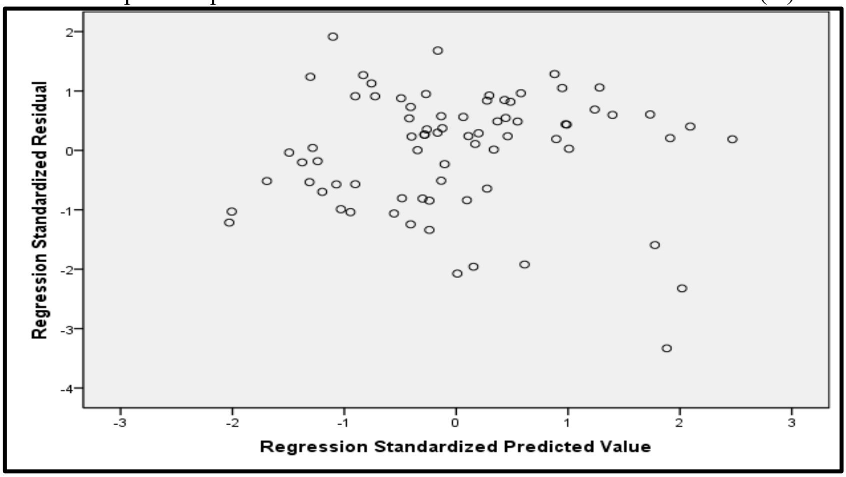

Figure 3. Heteroscedasticity Test Results. Source: (Authors' Data Processing Results)

Figure 3 displays dots randomly dispersed both above and below the 1 mark on the Y-axis. Moreover, there is no discernible pattern, indicating the absence of heteroscedasticity. Thus, the model has fulfilled one of the prerequisites for regression testing.

4.4 Autocorrelation Test

The Durbin-Watson statistical value was calculated using the autocorrelation test. The results of the autocorrelation test are shown in Table 5.

Table 5. Autocorrelation - R-Squared Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.498[a]	.248	.227	.003894970149	1.772

Based on Table 5, the Durbin-Watson value is 1.772. Since this value falls within the range of -2 to +2, or -2 < 1.772 < +2, it indicates that there is no autocorrelation present in the data. With all four regression assumptions being met, in summary, the results of the regression model estimation meet the criteria for the best linear unbiased estimation (BLUE). As a result, the regression model's conclusions correctly depict the real circumstances.

4.5 Multiple Linear Regression Analysis

Table 6 displays the results of the multiple linear regression coefficient calculations made with IBM SPSS Statistics (version 2.0).

Table 6. Results of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.011	.008		-1.354	.180		
	Managerial Ownership (X1)	.075	.019	.399	3.903	.000	.999	1.001
	Independent Commissioner (X2)	.036	.012	.314	3.067	.003	.999	1.001

a. Dependent Variable: Financial Performance-ROA- (Y)

Table 6 provides an interpretation of the values given in the equation derived from the multiple linear regression analysis results (Kothari, 2004) as follows:

- There is a constant of -0.011. The Financial Performance is -0.011 when the

Independent Commissioner and Managerial Ownership values are both 0.

- The management ownership variable has a regression coefficient of 0.075. This suggests that a 1% increase in managerial ownership leads to a 0.075 increase in financial performance, holding other independent variables constant.
- For the independent commissioner variable, the regression coefficient is 0.036. A 1% increase in the Independent Commissioner results in a 0.036 boost in financial performance when all other independent factors are maintained constant.

4.6 Analysis of the coefficient of determination

The results of the analysis of the coefficient of determination are shown in Table 7.

Table 7. Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.498[a]	.248	.227	.003894970149	1.772

In total, the impact of independent commissioners and managerial ownership on financial performance is 0.248, or 24.8%. Other factors, including institutional ownership, the efficacy of the audit committee, the makeup of the board of directors, and leverage, are responsible for the remaining 75.2% of the impact.

Table 8. Coefficient of Determination

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	2	.000	11.878	.000[a]
	Residual	.001	72	.000		
	Total	.001	74			

a. Predictors: (Constant), Independent Commissioner (X2), Managerial Ownership (X1)
b. Dependent Variable: Financial Performance -ROA- (Y)

Based on the output results, H0 is rejected when the p-value produced in the ANOVA table is more significant than the real 0.000 < 0.05, as indicated by the output findings. This indicates that the dependent variable Y is impacted by the model as a whole.

4.7 Hypothesis test

By using the IBM SPSS Statistics 20 software, the X1 hypothesis test results were obtained, as shown in Table 9.

Table 9. The Coefficient of Hypothesis Test for Managerial Ownership on Financial Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.011	.008		-1.354	.180		
	Managerial Ownership (X1)	.075	.019	.399	3.903	.000	.999	1.001
	Independent Commissioner (X2)	.036	.012	.314	3.067	.003	.999	1.001

a. Dependent Variable: Financial Performance-ROA- (Y)

As can be observed, the Managerial Ownership variable's Tcount value is 3.903. In the T-distribution table, this value was contrasted with the T-table value. The T-table value is 1.99346 with α = 0.05, df = n-k-1 = 75-2-1 = 72. Given that X1's Tcount is 3.903> and its Ttable value is 1.99346, it can be concluded that managerial ownership of X1 has an impact on financial performance and thus H1 is rejected.

Using IBM SPSS Statistics 20 software, the X2 hypothesis test results were obtained, as shown in Table 10.

Table 10. Independent Commissioner Hypothesis Test Coefficient on Financial Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.011	.008		-1.354	.180		
	Managerial Ownership (X1)	.075	.019	.399	3.903	.000	.999	1.001
	Independent Commissioner (X2)	.036	.012	.314	3.067	.003	.999	1.001

a. Dependent Variable: Financial Performance-ROA- (Y)

A comparison was made between the crucial T-value from the T-distribution table with α = 0.05 and df = n - k - 1 = 75 - 2 - 1 = 72 and the T-value of 3.067 for the Independent Commissioner variable. It is discovered that the crucial T-value is 1.99346. The null hypothesis (H02) is rejected since the calculated T-value (3.067) is higher than the crucial T-value (1.99346), suggesting that the independent commissioner (X2) has a considerable impact on financial performance.

5. Discussion

5.1 The Effect of Managerial Ownership on Financial Performance

The hypothesis testing results show that managerial ownership has a significant impact on financial success, rejecting H01. According to the coefficient of determination, management ownership has a 14.97% impact on financial success; this means that 85.03% of the variance in financial performance is likely due to other factors that have not been investigated. A low positive association is indicated by the coefficient test result for managerial ownership and financial performance, which is 0.387 and is within the 0.20-0.399 band. The managerial ownership ratio's average value in the descriptive study is 0.15686880, or 15.68%, while unexamined variables influence the remaining 84.32%. This average value falls within the intermediate levels of managerial ownership (5% - 25%), signifying that managers begin to exhibit shareholder-like behaviour at this level.

The results of this descriptive analysis also indicate the phenomenon that researchers have researched. Adi Sarana and Tanah Laut in 2015, Garuda Indonesia and Steady Safe in 2017, Express Transindo Utama in 2018, succeeded in increasing the proportion of managerial ownership. However, that year, the company experienced a decline in its financial performance. The research findings reflect a natural occurrence, as the results demonstrated that managerial ownership's impact on financial performance amounted to 15.68%, leaving 84.32% influenced by unexplored factors. The present result is consistent with previous research, as demonstrated by Pratiwi and Khuzaini's (2020) study, which found that managerial ownership—that is, shares owned by shareholders, whether commissioners or directors—has an impact on financial performance.

The present study's findings are consistent with those of Jaya et al. (2019), who have demonstrated the beneficial and noteworthy impact of managerial ownership on the performance of companies. Managerial ownership can lessen the conflict of interest between an agent and a principal, according to agency theory. Managerial ownership will encourage managers to act carefully in decision making, because managers will participate in bearing the consequences of the decisions they take, it can be concluded the greater the managerial ownership in the company the manager has high importance, this causes managers to be more serious in controlling the company to obtain profits for stakeholders, because managers have a high risk impact if the company experiences losses. So, researchers draw the conclusion that the higher the proportion of managerial ownership, the more careful managers are in making decisions and encouraging managers to carry out their duties well because managers will bear the risks and losses as a consequence of making wrong decisions.

5.2 The Effect of Independent Commissioners on Financial Performance

The hypothesis testing results indicate the rejection of H2, signifying that independent commissioners indeed impact financial performance. The coefficient of determination reveals that independent commissioners contribute to 9.83% of financial performance, leaving 90.17% influenced by unexplored variables. The correlation coefficient test indicates a value of 0.298, falling within the 0.20-0.399 interval, denoting a low positive correlation. Descriptive analysis illustrates that, on average, independent commissioners constitute 36.87%, meeting the Indonesia Stock Exchange's requirement of at least 30% independent commissioners.

This descriptive analysis aligns with a phenomenon observed in previous research conducted by Tanah Laut and Express Transindo Utama in 2015. Nevertheless, in 2017, Garuda Indonesia's financial performance declined even if the percentage of independent commissioners increased. This is a predictable result, since the study's findings show that independent commissioners have a 36.87% impact on financial performance, with unidentified factors accounting for the remaining 63.13%. The present findings are in line with previous research conducted by Haghighi and Gerayli (2019) and Fadillah (2017), which also supports the idea that independent commissioners have a positive influence on financial performance.

This led to a conversation over Fadillah's (2017) assertion that Independent Commissioners have a favorable influence on Financial Performance. This is due to the substantial impact independent commissioners have on the value of the company. The ability of the board of commissioners to perform supervision will be enhanced to a greater extent by the increased percentage of independent members who are outside the firm and possess a variety of talents and experiences. The appointment of independent commissioners was meant to foster an environment that was more impartial and autonomous, preserving equity and able to strike a balance between the majority shareholder's interests and the safeguarding of minority shareholders' interests as well as the interests of other stakeholders.

6. Conclusion

Based on the findings and discussions presented in the preceding section, the researcher concludes as follows: Managerial ownership positively influences the financial performance of transportation companies listed on the Indonesia Stock Exchange from 2018 to 2022. The observed correlation suggests that an increase in managerial ownership positively correlates with enhanced financial performance within companies, while a decrease in ownership corresponds to a decline in financial performance. The level of managerial ownership is influenced by significant actions undertaken by company management. Similarly, independent commissioners are found to wield substantial influence over the financial performance of transportation companies listed on the Indonesia Stock Exchange. A positive association is noted between the proportion of independent commissioners and a company's financial performance, indicating that higher proportions of independent commissioners align with improved financial performance, whereas lower proportions are associated with diminished financial performance. Moreover, the presence of independent commissioners influences the overall composition of the board of commissioners within a company. The overarching goal of this study is to contribute to a deeper understanding of how managerial ownership and independent commissioners impact financial performance. It is anticipated that these findings will provide valuable insights for various stakeholders, including investors, prospective investors, and regulatory bodies in the capital markets, regarding the relevance of financial performance in annual reports and compliance with Environmental, Social, and Governance (ESG) principles. Further research could explore additional factors that may influence financial performance, such as institutional ownership, audit committee effectiveness, and board diversity. Additionally, longitudinal studies could be conducted to analyze the long-term effects of managerial ownership and independent commissioners on financial performance. Moreover, comparative studies across different industries or regions could provide insights into variations in the impact of these governance mechanisms.

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