

OWNERSHIP STRUCTURE, CORPORATE GOVERNANCE, AND CORPORATE LIQUIDITY POLICY: AN EMPIRICAL STUDY OF ISLAMIC BANK COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FROM 2010 TO 2020

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This study aims to examine the effect of ownership structure and corporate governance on the company's liquidity policy. The ownership structure used in this study is managerial ownership and institutional ownership. Meanwhile, the mechanisms of corporate governance used include the size of the board of commissioners, the size of the board of directors, and the size of the audit committee. This study uses the annual reports of Islamic banking companies listed on the Indonesia Stock Exchange (IDX) from 2010-2020. The sampling technique in this study was a purposive sampling method with 55 samples from 5 companies. The data used in this study is secondary data whose data is obtained from the website www.idx.co.id as well as the company's official website. The empirical results of this study indicate that the board of commissioners, audit committee size and institutional ownership are not affecting liquidity policy. While on other variables such as the board of directors, managerial ownership affects liquidity policy.

Keywords: company liquidity policy, corporate governance, ownership structure, agency issues

1. INTRODUCTION

Global economic developments require banking companies to be willing to face competition. With the increasing level of business competition between banks, the company's management will try to balance growth and the risks faced. Common problems that occur between shareholders (principals) and managers (agents) in a company are related to agency problems. Agency problems are problems that will arise as a result of differences in interests between the principal and the agent. Because in principle people will try to maximize utility for themselves. These differences can lead to potential conflicts that can result in or trigger costs that should not be incurred in the company's operations and are managed by the owner himself. These costs are called agency costs (Hadiprajitno, 2013). One of the theories popularized by Jensen and Meckling (1976), agency theory (agent theory), analyzes the relationship between masters (owners) and agents (managers). Agency costs are the most

basic indicator of agency problems, both related to (1) client supervision costs, (2) agency retention costs, and (3) residual losses as a reduction in customer assets in a simple form (Jensen and Meckling, 1976). Shows that ownership structure affects agency costs. Ownership in large numbers will facilitate management control. analyze the relationship between the master (owner) and agent (manager). Agency costs are the most basic indicator of agency problems, both related to (1) client supervision costs, (2) agency retention costs, and (3) residual losses as a reduction in customer

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In general, companies in running their business expect to earn profits which are an indicator of the company's assessment in the financial statements (Larastomo, Perdana, Triatmoko, & Sudaryono, 2016). The company's profit can be said to be good if it has good profits and good corporate governance. Corporate governance is a combination of internal management and external parties who have rights and obligations or what is often referred to as corporate governance (Marsheila, 2017).

Corporate governance includes "a set of relationships between company management; directors, shareholders, and other interested parties. This corporate governance also provides a framework for how to set and achieve goals effectively and efficiently. Corporate governance encourages management to provide information about the actual state of the company. The more parties that play a role in corporate governance, the fewer earnings management practices. Good corporate governance is a series of mechanisms that can protect minority parties from exploitation by managers and controlling shareholders with an emphasis on legal mechanisms. Expropriation is the revocation of individual property rights for the public interest accompanied by the provision of compensation.

Good corporate governance or corporate governance has become one of the main systems of sound management among companies around the world. Good corporate governance is a system that regulates the relationship between the board of commissioners, the board of directors, and the audit committee to create a balance in the management of the company. The presence of the board of directors

in corporate governance plays a role in overseeing the company's operations, and the presence of the board of commissioners to monitor the performance of the board of directors and the presence of a quality audit committee can affect the increase in corporate profits (Lestari & Murtanto, 2018).

Agency theory creates good corporate governance which aims to maintain the relationship between management and owners. The management as an agent can be responsible for optimizing profits for shareholders in return for compensation in accordance with the contract made.

The ownership structure discussed in this study is managerial ownership and institutional ownership. Managerial ownership in general can be said to be good if it has a high level of management ownership because it is considered to be able to strengthen the interests of managers and shareholders. While the role of institutional ownership is external parties who have shares in a company. These external parties can be considered institutional investors because they are considered to be able to carry out good supervision in every good decision in a decision made by the manager. This is due to institutional investors who have a role in making important decisions so they do not easily believe in earnings manipulation (Marsheila, 2017).

In principle, the ownership structure is the distribution of share ownership in a company. The ownership structure itself is divided into several types of ownership, including institutional ownership, and individual ownership which includes ownership from the company management. Management share ownership is the proportion of common stock ownership owned by management which makes them other than managers of the company but also direct owners of a company which is often referred to as insider ownership. With the managerial ownership of shares, it is expected that managers will act in accordance with the wishes of the principals because managers will be motivated to improve performance which in turn can increase the value of the company.

Increasing share ownership by management will align the position of managers with shareholders so that management will be motivated to increase the value of the company. Or in other words, current managers not only have a goal to improve the company's performance but will also try to increase the value of the company. In addition to managerial shares, public shares can also affect the value of the company itself. Public equity participation certainly has an investment objective to obtain capital gains and a fairly large dividend policy. However, the reality is that there are differences in perceptions that lead to conflicts between the public and managers in the distribution of profits. On the one hand, the public certainly wants dividends in accordance with share participation. However, the manager wants that the profit earned can be used as capital for operating costs in the current year. The emergence of agency conflict is due to the difference in interests between the detailed parties and the agents in the company. Therefore, several ways are needed to reduce the conflict, one of which is agency theory.

Liquidity refers to the company's ability to meet its maturing obligations (Bringham and Enhardt, 2011). The company can fulfill this obligation by using its liquid assets. The most liquid form of assets owned by a company is in the form of cash and cash equivalents, or what is commonly known as cash holding. This liquidity policy is closely related to the continuity of the company's day-to-day operations. Liquidity can prove whether the company is healthy or not. Liquidity is the company's ability to pay its short-term debt using current assets owned by the company (Owolabi, 2012) (Mia, Yuningsih, 2020).

High liquidity can indicate that the company has more current assets than current liabilities, therefore the company has a high investment opportunity. When companies set liquidity to a low level, there is a possibility that the company will have difficulty paying its short-term debt. This encourages companies to set liquidity to a higher level. However, if the liquidity is too high, it can also cause a negative impact on the company. The

company will miss the opportunity to get a higher return on non-cash assets. In addition, it will be difficult for the company to achieve an optimal level of profitability because excess cash must be used to increase its operating activities.

The implementation of corporate governance here is associated with the efficiency of the company's management, as well as strict supervision from the leadership. The effectiveness of company management is reflected in the way the board of directors carries out its role as company manager. At the same time, this oversight mechanism concerns the audit board, auditor independence, the company's audit committee, and the presence of institutional investors in the company's ownership. If all these governance functions run well, it will reduce agency problems and achieve shareholder goals.

This study seeks to review previous research that has been carried out, especially in developed countries. So far, several studies in Indonesia have examined the impact of ownership structure on corporate liquidity policies, including the study by Christina and Ekawati (2014). This research is still limited to the impact of institutional ownership on cash surplus. Another reason for this study is that the results of previous studies were inconsistent. Christina and Ekawati (2014) Luo and Hachiya (2005) found that institutional ownership has a negative effect on liquidity policy. Ozkan and Ozkan (2003) find that up to 24% of management participation has a negative impact on liquidity policy.

Papaioannou et al. (1992) also found that there is a negative correlation between management ownership and the firm's liquidity policy. Recent research by Bokupin et al. (2011) found a negative relationship between the composition of the board of directors and cash holdings. These results are consistent with agency theory predictions. However, there are some results that contradict the agency theory. Bokpin et al. (2011) and Luo and Hachiya (2005) found a negative relationship between management ownership and firm liquidity policy. The results of Bokpin et al. (2011) found a

positive correlation between the size of the board of directors and the company's liquidity policy.

Based on the description above, research on corporate liquidity policy is interesting for further study. This research is expected to be able to provide empirical evidence of the influence of ownership structure, and corporate governance on liquidity policy in the banking industry in Indonesia.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Agency theory (Agency Theory)

Agency theory in this theory explains the asymmetric relationship between the company management as an agent and the company owner as the principal. An agency relationship will arise when one or more people (principals) hire another person (agent) to provide services and then delegate decision-making authority to the agent (Jensen and Meckling, 1976).

2.2 Stakeholder Theory

This stakeholder theory explains the interaction between the company and its stakeholders. Companies must maintain stakeholder relationships by accommodating the wishes and needs of stakeholders. According to Ghazali and Chariri (2007:409), stakeholders in companies cannot operate solely for their benefit but must help stakeholders (shareholders, creditors, consumers, suppliers, government, people, and others). As a result, the existence of a corporation is largely determined by the support it receives from stakeholders.

2.3 Liquidity

Liquidity is a ratio that can measure an entity's ability to meet its short-term obligations. The company's ability to generate cash that can meet long-term and short-term needs that affect investment decisions made by the company is called liquidity (Hidayat, 2010).

2.4 Corporate Governance

Corporate governance is a set of rules that control the relationship between shareholders, company managers (managers), creditors, internal stakeholders, government, employees, and external interests relating to their rights, roles, and

responsibilities in running and managing the company or ordinarily called the business control system (FCGI 2001 in Prawinandi et al., 2012). In addition, corporate governance is also defined by Denis and McConnell (2003) as a component of institutional and market processes that are grouped according to a system that supports encourage the interests of the company to be controlled and make decisions that can increase the value of the owner's company (supplier of capital).

2.5 Board of Commissioners

The board of commissioners has the function of supervising. The board of commissioners is elected by the shareholders in the General Meeting of Shareholders (GMS) representing the interests of the shareholders. The role of the commissioners is very important and quite decisive for the successful implementation of good corporate governance. Full commitment from the commissioners is required so that the implementation of good corporate governance can run smoothly as expected. The size of the board of commissioners affects the practice of earnings management in the company. Nasution and Setyawan (2007) found a significant positive effect on earnings management practices in banking companies. The larger the size of the board of commissioners, the greater the earnings management carried out by the company (Kristiani, Sulindawati, and Herawati, 2014).

2.6 Board of Directors

The board of directors is a group of individuals elected by the company's shareholders to represent the company's interests and ensure that the company's management acts on its behalf. They usually meet regularly to set policies for management as well as for company oversight. Every public company usually has a board of directors, as do some private and not-for-profit organizations. The board of directors is an aspect that affects the corporate governance mechanism that is needed to reduce agency problems between owners and managers so that there is an alignment of interests between company owners and managers.

Dr. Vladimir (2019), defines the board of directors as a board that is useful for establishing obligations, prohibitions, and sanctions that must be obeyed by every employee so that it can be a guide for all employees in carrying out their work.

2.7 Audit Committee Size

The audit committee is a committee formed to assist the duties and responsibilities of the board of commissioners with the main duties and responsibilities to ensure that the principles of corporate governance, especially transparency and disclosure are applied consistently and adequately by the executives (Tjager., 2003).

The audit committee is tasked with providing input to the board of commissioners on reports or matters submitted by the board of directors to the board of commissioners, identifying matters that require the attention of the commissioners, and carrying out other tasks related to the duties of the board of commissioners (Bapepam Regulation No. KEP- 29/PM/2004). The duties of the audit committee above show that the audit committee's central role as supervisor of the financial system and transparency of corporate reporting is largely determined by the success of the audit committee in carrying out its duties.

2.8 Managerial Ownership

Managerial ownership is a condition where a manager owns shares in a company, or in other

words: Managers are also shareholders of the company (Tarigan, 2016: 2). Shareholder management can affect management efficiency which makes the company better. This has a positive effect on the survival of the company. Sonya (2016: 4) argues that managerial ownership belongs to shareholders. from management who are actively involved in making decisions within the company, for example, directors and commissioners.

The greater the share ownership owned by the managerial, the managerial party will be proactive in working to realize the interests of shareholders and ultimately will increase trust, then the company's financial performance will also increase.

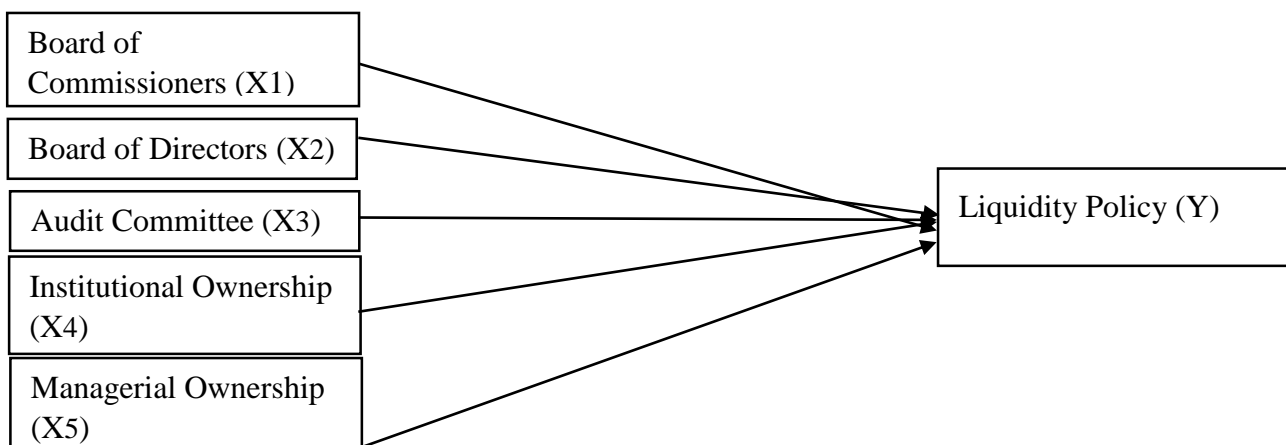
2.9 Institutional Ownership

Institutional ownership is shared ownership by the government, financial institutions, legal entities, foreign institutions, trust funds, and other institutions at the end of the year (Shien et al. 2006) in Winanda (2009). According to Wening (2007), institutional ownership is one of the factors that can affect the company's performance. With ownership by investors, institutions will encourage increased control that is more optimal for management performance as participation represents a broad source that can be used to support or participate in management performance.

2.10 Framework

Image 1

Framework



2.11 Hypothesis Development

2.11.1 The Influence of Board of Commissioners Size on Liquidity on Ownership Structure and Corporate Governance of Islamic Banks

Corporate governance in Indonesia generally focuses on the board of commissioners whose main function is to monitor and evaluate policy developments and advise the board of directors on policy implementation. Fresard and Salva (2008) argue that systems with strict corporate governance can hinder the ability of managers to misuse cash balances in the company. The greater the role of the board of commissioners in the company, the supervision, evaluation, and implementation of policies will improve the quality of the board of commissioners so that it will be in accordance with the initial goals that must be achieved by the company. The board of commissioners is in charge of overseeing the running of the company and supervising the board of directors in carrying out their duties which is an important component that can assist in improving the company's financial performance, the existence of gender diversity in the board of commissioners can help improve the company's performance, where the diversity of gender in the board of commissioners can complement each other's shortcomings, both female and male. So the supervisory process on the board of directors is more optimal than there are no women at all in the structure of the board of commissioners (Bart & McQueen, 2013), (Mensi-Klarbach, 2014), and (Wiley & Monllor-Tormos, 2018). Based on this, the researchers put forward a hypothesis:

H1: The size of the board of commissioners has a negative effect on the company's liquidity policy.

2.11.2 Board of Directors on Liquidity

The Board of Directors is a company organ that is authorized and fully responsible for the management of the company for the benefit of the

company, in accordance with the aims and objectives of the company. Gender diversity in directorships can reduce information asymmetry by increasing access to external financial resources and increasing the proportion of equity in the capital structure, leading to lower leverage. The presence of women on the board of directors is likely to increase the value of the company as well as the level of risk of a small company when controlled by female directors compared to male directors.

Corporate funding decisions are also related to gender behavior. There are different characteristics in terms of funding decision-making between men and women: female directors are more risk averse than men, and less confident and directors with a higher percentage composition of women are associated with lower debt. A lower debt proportion is closely related to a low risk of financial distress because with a high debt composition the company will be faced with large cash outflows that can disrupt the company's operations. Based on this, the researcher proposes a hypothesis:

H2 : The size of the board of directors has a negative effect on the company's liquidity policy.

2.11.3 Audit Committee Size on Liquidity

The audit committee was formed to assist the administration of the audit committee in overseeing matters relating to annual accounts, internal control systems, implementation of internal and external control functions, implementation of good corporate governance principles, and the application of applicable laws and regulations. According to agency theory, if this supervisory function can be fulfilled properly, it can reduce agency problems and become more effective. Increasing the number of audit committee members will increase confidence in audit committee supervision, because more and more different skills and abilities can reduce agency problems in the company, especially in the form of less optimal

liquidity management (Karamanou and Vafeas, 2005).

There are no studies that have tested this properly. However, several previous studies have shown that the size of the audit committee can reduce agency problems in companies, such as the research of Kusnadi (2003), Beasley and Salteiro (2001), and Ghosh, et al. (2010) (cited by Hadiprajitno, 2013). Based on the explanation above, it can be concluded that the fourth hypothesis of this research is:

H3: The size of the audit committee has a negative effect on the company's liquidity policy.

2.11.4 Institutional Ownership of Liquidity

Institutional shareholders are generally represented by banking companies, pension funds, insurance, mutual funds, or other financial institutions. Ownership of financial institutions will increase the control and supervision of managers so that they can reduce the opportunity for managers to be selfish. Corporate investors often monitor their portfolios to generate profits based on what they want to achieve. To achieve this goal, institutional owners will encourage companies to manage their assets more efficiently, including keeping liquidity to a minimum.

The existence of institutions as shareholders also requires companies to provide more open information, because institutional investors tend to have more proactive control. This line of reflection is in line with the conclusions of Christina Ekawati (2014), who found that institutional ownership has a negative impact on excess cash reserves, as well as the study by Luo and Hatia (2005), which found a negative relationship between financial institution assets and cash. Based on the explanation above, it can be concluded that the sixth hypothesis of this research is:

H4: The size of managerial ownership has a negative effect on the company's liquidity policy.

2.11.5 Managerial Ownership of Liquidity

According to agency theory, management ownership can reduce agency problems. In managerial ownership, the agent will ask the manager to act in accordance with the wishes of the

shareholders (Jensen and Meckling, 1976). When management ownership is low, the manager's motivation to deviate will be higher. The company's cash position will be greater, so it can reduce shareholder value. However, if the manager also has shares in the company he manages, then the manager will also be motivated to add value to the company and become wiser in the use of company cash.

This opinion is supported by the research results of Bokpin et al. (2011) and Papaioannou et al. (1992) found a negative relationship between management ownership and cash holding. However, this opinion contradicts the findings of Ozkan and Ozkan (2003) who argue that the relationship between management ownership and cash ownership, and Luo and Hachiya (2005) find that insider ownership has a positive impact on corporate cash holdings. Based on the explanation above, it can be concluded that the fifth hypothesis of this research is:

3. RESEARCH METHODS

This type of research is quantitative research, namely research that uses several theories testing through the measurement of research variables.

The population in this study are Islamic banking companies listed on the Indonesia Stock Exchange (IDX) from 2010-2020. The sampling technique in this study used a purposive sampling technique based on certain criteria aimed at obtaining samples with these predetermined criteria. The criteria used in determining the object of this research are:

1. A sharia bank company listed on the IDX and issuing financial statements as of December 31, 2018-2020.
2. Islamic banking companies that present financial statements during the study period in Rupiah.
3. Islamic bank companies that have published audited financial statements for 2010-2020
4. Islamic bank companies that issue financial reports as of December 31, 2010-2020 with complete data according to research variables.

So that the sample in this study amounted to 5 Islamic bank companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2020 period.

The method in this study uses the documentation method, which is a method used to obtain data and information in the form of books, archives, documents, written numbers, and pictures in the form of reports and information that can support research (Iin, 2017). Documentation is a method of collecting data by studying records or documents. The records or documents referred to are company financial reports (annual reports) that have been audited. The data used are secondary data obtained from the annual reports of manufacturing

companies listed on the Indonesia Stock Exchange (IDX), namely www.idx.co.id or from the company's official website.

4. RESULTS AND DISCUSSION

4.1 Descriptive statistics

Descriptive statistical analysis is used to provide an overview of the research data that has been collected. Statistical analysis of this description includes the mean (mean), standard deviation, maximum and minimum values, and the amount of research data. The following are the results of the descriptive analysis:

Table 4.1

Descriptive Statistics Results

Descriptive Statistics					
	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>mean</i>	<i>Std. Deviation</i>
board of Commissioners	44	3	9	6.39	1,944
Board of Directors	44	6	12	8.77	1,987
Audit Committee Size	44	3	7	4.34	1.275
Institutional Ownership	44	,00028	,00601	,0014129	0.00132804
Managerial Ownership	44	,00012	,06477	0.0134176	,01649390
Liquidity	44	,13854	1.68636	,6831349	,55350067
Valid N (listwise)	44				

Source: SPSS Data Processing, 2022

Based on the table above, the data studied amounted to 44. The first independent variable or X1 was the board of commissioners with the lowest result of 3 and the highest of 9. The average value of the board of commissioners was 6.39 and the standard deviation was 1.944.

The second independent variable or X2 is the board of directors with the lowest score of 6 and the highest of 12. The average score on the board of directors is 8.77 with a standard deviation of 1.987. The third independent variable or X3 is the size of the audit committee with the lowest result of 3 and the highest of 7. The average value on the board of directors is 4.34 with a standard deviation of 1.275. The fourth independent variable or X4 is institutional ownership with the lowest result of

0.00028 and the highest of 0.00601. The average value on the board of directors is 0.0014129 with a standard deviation of 0.00132804

The fourth independent variable or X5 is managerial ownership with the lowest result of 0.00012 and the highest of 0.06477. The average value on the board of directors is 0.0134176 with a standard deviation of 0.01649390

The dependent variable or Y in this study is liquidity with the lowest yield of 0.13854 and the highest of 1.68636. the average value of financial distress is .6831349 with a standard deviation of .55365067.

4.2. Classic assumption test

The classical assumption test aims to provide certainty that the regression equation in this study has data that is normally distributed, does not

contain multicollinearity or there is no heteroscedasticity problem in the regression model. The following are the results of the classical assumption test (normality test, multicollinearity test, and heteroscedasticity test):

4.2.1 Normality test

The normality test aims to test whether, in the regression model, the dependent variable and the

independent variable have a normal distribution. Normality tests can be done using Kolmogorov-Smirnov. If the probability is greater than 0.05 or 5% then the data is normally distributed. The following are the results of the Kolmogorov-Smirnov normality test:

Table 4.2.1

Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		44
Normal Parameters, b	Mean	,0000000
	Std. Deviation	,37177287
Most Extreme Differences	Absolute	,097
	Positive	,097
	negative	-,069
Test Statistics		,097
asympt. Sig. (2-tailed)		,200 ^c

Source: SPSS Data Processing, 2022

Based on table 4.2.1 above, it can be seen that the results of the normality test with a significance of 0.200 or greater than 0.05, it can be said that the data in this study is normally distributed.

4.2.2. Multicollinearity Test

Multicollinearity testing in this study aims to determine whether there is a linear relationship between the independent variables. By looking at the table below, each variable, namely the board of commissioners, the board of directors, the size of the audit committee, institutional ownership, and managerial ownership shows that the tolerance value is more than 0.10 and the VIF value is less than 10. So it can be concluded that the data does not occur. multicollinearity:

Table 4.2.2

Multicollinearity Test Results

Variable	Tolerance	VIF	Information
board of Commissioners	,146	6,873	Multicollinearity does not occur
Board of Directors	,379	2,638	Multicollinearity does not occur
Audit Committee Size	,790	1,267	Multicollinearity does not occur
Institutional Ownership	,338	2,956	Multicollinearity does not occur

Managerial ownership	,618	1,617	Multicollinearity does not occur
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Source: SPSS Data Processing, 2022.

4.2.3. Autocorrelation Test

The autocorrelation test aims to determine whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in the previous period ($t-1$ period). The autocorrelation test used in this study is the durbin-watson test. The results of the autocorrelation test are as follows:

Table 4.2.3

Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,506a	,256	,155	,50896	2,099

Source: SPSS Data Processing, 2022.

Based on table 4.2.3 above, shows that there is no autocorrelation symptom, where the result of the Durbin-Watson test has a value of 2.099. Where $dU < d < 4-dU = 1.777 < 2.099 < 2.2223$. So it can be concluded that there is no autocorrelation.

4.2.4 Heteroscedasticity Test

The heteroscedasticity test has the aim of testing whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. The heteroscedasticity test used in this study was the Spearman Rho test. The results of the heteroscedasticity test are presented as follows:

Table 4.2.4

Heteroscedasticity Test Results

Variable		Unstandardized Residual	Information
board of Commissioners	Sig. (2-tailed)	,445	Not occur heteroscedasticity
Board of Directors	Sig. (2-tailed)	,817	There is no heteroscedasticity
Audit Committee Size	Sig. (2-tailed)	,753	There is no heteroscedasticity
Institutional Ownership	Sig. (2-tailed)	,144	There is no heteroscedasticity
Managerial ownership	Sig. (2-tailed)	,672	There is no heteroscedasticity

Source: SPSS Data Processing, 2022.

From the results of the heteroscedasticity test through the Spearman Rho test, the significance value of each variable is greater than 0.05. So it can be concluded that the above variables do not experience symptoms of heteroscedasticity.

4.3 Multiple Linear Regression Analysis

Multiple linear regression analysis in this study aims to determine the effect of the variables of the board of commissioners, the board of directors, the size of the audit committee, institutional ownership, and managerial ownership. Multiple regression test results can be seen in table 4.3 below:

Table 4.3

Multiple Linear Regression Analysis Test Results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.061	,394		-2,692	0.011
	board of Commissioners	-,026	,081	-,091	-,320	,751
	Board of Directors	,201	0.049	,720	4.070	,000
	Audit Committee Size	0.090	0.053	,208	1,698	,098
	Institutional Ownership	-74,982	78.079	-,180	-,960	,343
	Managerial ownership	-10,112	4,650	-,301	-2,175	0.036

Source: SPSS Data Processing, 2022.

Based on the table above, it can be explained that the multiple linear regression equation is as follows:

$$Y = -1.061 - 0.026X_1 + 0.201X_2 + 0.090X_3 - 74.982X_4 - 10.112X_5 + e$$

4.4 Hypothesis testing

4.4.1. t test (Partial)

The t-test (partial) is used to show how far the influence of one independent variable individually in explaining the variation of the dependent variable. A variable is said to be influential if the tcount is greater than ttable and the significance value is less than 0.05. The following are the results of the t-test (partial):

Table 4.4.1

T-Test Results (Partial)

Model	B	T	Sig.	Information
(Constant)	-1.061	-2,692	0.011	
board of Commissioners	-,026	-,320	,751	No effect
Board of Directors	,201	4.070	,000	Take effect
Audit Committee Size	0.090	1,698	,098	No effect
Institutional Ownership	-74,982	-,960	,343	No effect
Managerial ownership	-10,112	-2,175	0.036	Take effect

Source: SPSS Data Processing, 2022.

Based on table 4.4.1, it is known that the variables of the board of directors and managerial ownership have a significance value of 0.000 and 0.036 or less than 0.05 which has a partially positive effect on the company's liquidity policy. The variables of the board of commissioners, the size of the audit committee, and institutional ownership have significant values of 0.751, 0.098, and 0.343 or more than 0.05 so they partially have no effect on the company's liquidity policy.

4.4.2. Simultaneous F Test

The F test in this study is used to determine whether all independent variables have a joint effect on the dependent variable. The results of the F test can be seen in table 4.7 below:

Table 4.4.2

Coefficient of Determination Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7,238	5	1,448	9,255	.000b

Residual	5,943	38	,156		
Total	13,181	43			

Source: SPSS Data Processing, 2022.

Based on table 7, it is known that the significance value of the F test is $0.000 < 0.05$, which means that the variables of the board of commissioners, the board of directors, the size of the audit committee, institutional ownership and managerial ownership simultaneously affect the liquidity policy of the company.

4.4.3. Coefficient of Determination Test(R²)

Coefficient of Determination Test (R²) is used to measure how far the ability of the independent variable is in explaining the variation of the dependent variable. The value of the coefficient of determination used in this study is adjusted R Square because the independent variables used in this study are more than two variables. The following are the results of the coefficient of determination test:

Table 4.4.3. Coefficient of Determination Test Results (R²)

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	.741a	.549	.490	.39547599

Source: SPSS Data Processing, 2022.

Based on the table above, it can be seen that the value of the coefficient of determination or Adjusted R Square is 0.490. The magnitude of the coefficient of determination (Adjusted R Square) is 0.490 or equal to 49%. This means that the Board of Commissioners (X1), Board of Directors (X2), Audit Committee Size (X3), Institutional Ownership (X4), and Managerial Ownership (X5) simultaneously affect Liquidity (Y) by 72.8%. While the rest ($100\% - 49\% = 51\%$) is influenced by other variables outside this regression equation or variables that are not examined.

4.5 Discussion

4.5.1 The Influence of Board of Commissioners Size on Liquidity on Ownership Structure and Corporate Governance of Banks listed on the IDX.

The first hypothesis states that the size of the board of commissioners has a negative effect on the company's liquidity policy. Based on the results of this study, the size of the board of commissioners has no significant effect on the company's liquidity policy. This can be seen in table 4 which shows that the board of commissioner's variable has a significant level of 0.751 with a negative direction indicated by a beta value of -0.026. If viewed from the perspective of agency theory, the board of commissioners with a large number of members is

expected to reduce agency problems. The agency problem referred to in this study is the existence of excess liquidity in the company, which can be misused by managers and provides less benefit to shareholders. The results of this study found that companies with a larger board of commissioners will have greater liquidity, or in other words contrary to agency theory. The larger size of the board of commissioners creates less effective oversight because of the weak coordination and communication between the members of the board of commissioners. A larger board size also increases the chances of having free riders on the board of commissioners. Specifically, a larger board of commissioners prefers greater liquidity. This is presumably because the large liquidity is also related to the fulfillment of remuneration payments for the members of the board of commissioners. Thus, it can be concluded that the supervisory mechanism in the form of the existence of a board of commissioners in companies in Indonesia, has not been able to overcome agency problems related to this liquidity policy. This study supports the results of Bokpin et al. (2011) who found that board size had a positive effect on cash holding companies in Ghana, and contradicted the results of research by Ozkan and Ozkan (2003) which did not find an insignificant effect between the board of

commissioners (non-executive directors) on the company's liquidity policy.

4.5.2 Influence of the Board of Directors on Liquidity on Ownership Structure and Corporate Governance of Banks listed on the IDX.

The third hypothesis states that the size of the board of directors has a positive effect on the company's liquidity policy. Based on the results of this study, the size of the board of directors has a significant effect on the company's liquidity policy. This can be seen in table 4.10 which shows that the variable size of the board of commissioners has a significance level of 0.000 with a positive direction indicated by a beta value of 0.201. The second hypothesis is accepted because it has a significant effect, the variable size of the board of directors has a direction of influence that is in line with the hypothesis of this study. In agency theory, the board of directors is also known as an agent.

The results of this study are in line with agency theory and find that a larger board of directors prefers greater liquidity. This phenomenon occurs perhaps because the board of directors tends to avoid the occurrence of financial difficulties in the companies they manage, so they prefer liquidity at a higher level. This high liquidity is also related to the reduced financial constraints faced by the board of directors. In addition, high liquidity also provides opportunities for directors to behave opportunistically by misusing company assets for their benefit.

4.5.3 Influence of the Audit Committee on Liquidity on Ownership Structure and Corporate Governance of Banks listed on the IDX.

The fourth hypothesis states that the size of the audit committee has a negative effect on the company's liquidity policy. Based on the results of this study, the size of the audit committee has no significant effect on liquidity policy. This can be seen in table 4.10 which shows that the size of the audit committee has a significant level of 0.098 with a positive direction indicated by a beta value of 0.090. The third hypothesis is rejected because the

size of the audit committee has no significant effect on the company's liquidity policy. According to agency theory, a larger audit committee size is expected to reduce agency problems, due to better oversight by the audit committee. The results of this study are not in accordance with agency theory and do not find a significant effect of the size of the audit committee on the company's liquidity policy. In other words, the size of the audit committee is not related to the resolution of agency problems in the company, including those related to the company's liquidity level. The establishment of audit committees by companies in Indonesia may be carried out only to comply with applicable regulations.

The conclusion that can be drawn is that the existence of audit committees at companies in Indonesia has not been able to run properly, so it does not have an impact on handling agency problems, especially those related to the company's liquidity policy. This study is the first to examine the impact of the audit committee as part of a governance mechanism on the company's liquidity policy. However, the results of this study contradict several previous studies which found that a large audit committee size can reduce agency problems.

4.5.4 The Effect of Institutional Ownership on Liquidity on Ownership Structure and Corporate Governance of Banks listed on the IDX.

The fourth hypothesis states that the percentage of institutional ownership has a negative effect on the company's liquidity policy. Based on the test results of this study, institutional ownership has no significant effect on the company's liquidity policy. These results are shown in table 4.10 which shows that the institutional ownership variable has a significance of 0.343 with a negative direction indicated by the beta value of -74,982. The fourth hypothesis is rejected because the institutional ownership variable has no significant effect on the company's liquidity policy. From the perspective of agency theory, the existence of institutional investors' share ownership can encourage better supervision of managers' performance by

optimizing the management of resources owned by the company.

The results of this study did not find a significant relationship between institutional ownership and the company's liquidity policy. This means that the existence of institutional ownership has not been able to reduce agency problems, especially those related to excess liquidity in the company. The results of this study contradict previous research by Christina and Ekawati (2014) and Luo and Hachiya (2005), which found that institutional investor ownership has a negative effect on liquidity policy because institutional ownership is related to transparency in company management, which is one of the principles of implementing good corporate governance.

4.5.5 Effect of Managerial Ownership on Liquidity on Ownership Structure and Corporate Governance of Banks listed on the IDX.

The fifth hypothesis states that the percentage of managerial ownership has a negative effect on the company's liquidity policy. Based on the results of this study, managerial ownership has a significant effect on liquidity policy. These results are shown in table 4.10 which shows that the managerial ownership variable has a significant level of 0.036 with a negative direction indicated by a beta value of -10.112. The fifth hypothesis is accepted because managerial ownership has a significant effect on liquidity policy with the direction of influence in accordance with the formulated hypothesis. Based on agency theory, the existence of share ownership by the company's management will have an impact on the alignment of goals between management and shareholders, to reduce agency problems. This then encourages managers to manage company resources effectively. The results of this study found that companies with larger managerial ownership will hold less liquidity because liquidity is a form of asset that provides the lowest yield for the company. The results of this study are different from previous studies. Previous studies did not find a significant relationship between managerial ownership and liquidity policy.

Bokpin, et al. (2011) found an insignificant negative relationship between insider ownership and the liquidity policy of non-financial companies in Ghana. While Papaianou, et al.

5. CONCLUSIONS AND LIMITATIONS

The purpose of this study was to obtain empirical evidence about the effect of ownership structure and corporate governance on the company's liquidity policy. The sample used in this study were 5 Islamic bank companies listed on the IDX in 2010-2020 which were determined by purposive sampling. This research method is a quantitative research using SPSS as a measuring tool. Then it can be concluded as follows:

1. The Board of Commissioners does not affect liquidity policy. This is evidenced by the significance value of the dawn commissioner variable $0.751 > 0.05$ so it is rejected H_1
2. The Board of Directors influences liquidity policy. This is evidenced by the significance value of the board of directors variable $0,000 < 0.05$, so it is accepted H_2
3. The size of the Audit Committee does not affect the liquidity policy. This is evidenced by the significance value of the audit committee size variable $0.098 > 0.05$ so it is rejected H_3
4. Institutional ownership does not affect liquidity policy. This is evidenced by the significance value of the institutional ownership variable $0.343 > 0.05$ so it is rejected H_4
5. Managerial ownership affects liquidity policy. This is evidenced by the significance value of the managerial ownership variable $0.036 < 0.05$, so it is accepted H_5

Limitations:

This study has several limitations both in sampling and the method used, so it needs to be considered by further researchers. The limitations of this study include:

1. The population of this study is only limited to Islamic banking companies, so this study

cannot represent other companies on the Indonesia Stock Exchange.

2. This study only uses five variables, namely the board of commissioners, the board of directors, the size of the audit committee, institutional ownership, and managerial ownership, so it is necessary to pay attention to other variables that may have an influence on liquidity policy.
3. The sample used is relatively limited only for 11 periods, namely from 2010-2020. This causes the research results to only represent the situation and conditions in the 2010-2020 period.
4. The activity variable proxies in this study are different from several previous studies.

Suggestion:

Based on the research that has been done, the following suggestions are proposed:

1. The next research is expected to examine the data of other companies with a wider scope.
2. The next research is expected to be able to add the period of the company year so that the number of samples used is more diverse to support more relevant and maximum research results.
3. Future research is expected to be able to choose a proxy that is more recommended to measure the variables studied.
4. The next research is expected to be equipped with other independent variables to find out the effect further.

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