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FINANCIAL CONTAGION AND GOOD CORPORATE GOVERNANCE ON BANK COMPANIES PERFORMANCE IN INDONESIAN STOCK EXCHANGE

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ABSTRACT

This study aims to examine the effect of fianancial contagion and good corporate governance on company performance of banks company listed on Indonesia Stock Company. Corporate governance is measured using the number of independent commissioners, frequency of board meetings, and attendance at board meetings. This study has two dependent variables, namely market performance as measured by Price Earning Ratio (PER) and operational performance as measured by return on equity (ROE). The analysis method used is multiple regression models with two dependent variables. The results showed that the contagion effect had a positive influence on the company's PER performance but did not have an effect on the company's ROE performance. Meanwhile, corporate governance through the board of directors' meeting is able to have an influence on ROE performance but not on PER. This shows that when there is a domino effect from another country it will have an influence on share prices in the market.

Keywords: *Financial Contagion effect, Good Corporate Governance, ROE, PER.*

1. INTRODUCTION

There is no single country that can escape the contagion effect, from the economic crisis or currency crisis, Changes in the global financial structure will directly or indirectly have an impact on the domestic financial system of a country, meaning that in the event of a shock to global finance , its impact will spread to financial systems around the world. Another impact of financial globalization is the shift in government dominance to the market mechanism system. Then from the banking side there was a shift from bank-centered to market-based financing in a different form. How to detect based on the relationship between asset value, conditional probability of a currency crisis, the

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occurrence of transmission of volatility changes, and the movement of capital flows, (Trihadmini, 2011; T. Yang & Lim, 2004; Pino & Sharma, 2019).

The bad influence of the subprime mortgage crisis that occurred in 2008-2009 in the United States, Middle East and North Africa on international capital markets had an impact on emerging markets in developing markets and various other countries, resulting in low stock returns during the event. crisis, (Kao *et al* , 2019; An *et al*, 2012; Pino & Sharma, 2019; Trihadmini, 2011). The economic crisis that occurred in Dubai had the first impact on Malaysian stock prices on the third day with a significance level of 10%. However, it has no positive effect on Indonesia, Singapore, Thailand and the Philippines. Furthermore, Malaysia became the country of origin for Singapore and Thailand. This is because Malaysian stock prices have an effect on Singapore stock prices on the third day and on Thai stock prices on the first day, (Solechuddin & Harjito, 2011).

There are two main concepts that explain the factors that cause bank financial contagion. (Tjahjono, 2003) mentioning the first factor, financial contagion occurs due to fundamental factors, both macroeconomic fundamentals and bank fundamentals. Second, the bank's financial contagion is a random occurrence due to customer panic (self-fulfilling prophecy) due to imperfect information (asymmetric information) regarding bank performance problems. (Sugiyanto et al 2019) added that currently, investment is based more on information from the financial sector than on information specific to commodity markets. The financial contagion effect comes from the independence of the interdependence between the macroeconomic market economy, and trade relations, loans from banks. In the report (OECD, 2012) It was explained that the global financial crisis has highlighted the potential risks to the global economy from the contagion effect. The strong contagion effect is one of the main features of the global financial crisis which localized problems in certain financial market segments are rapidly turning into a crisis of global dimensions. It dramatically increases the risk of the country experiencing a financial crisis, increasing to more than 28% when there is a contagion effect shock.

In general, apart from being caused by the contagion effect, an economic crisis could also occur due to poor corporate governance. There are two main reasons, because corporate governance increases the number of investors. First, a large number of investors who they think are good governance firms are less risky. Second, they spread the owner's rate of return, which defines them as more valuable. Because well-managed companies have the most capable functions with high cash flow in the future, (Sugiyanto, *et al* 2019) .

A rational investor will assess the investment risk and measure the expected return on investment by using information from various

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sources. This is in accordance with the agency theory mentioned (Jensen & Meckling, 1976), The working relationship between the party giving the authority (principal), namely the shareholder and the company authorized agent (agent) in the form of cooperation, is called the principal nexus of contract. Financial reports are one of the necessary information used by investors to evaluate the company's fundamental performance. Previous research has documented that the quality of financial statements is influenced by management's commitment to implementing corporate governance (Cohen *et al*, 2010; Kallamu, 2016; Yang *et al*, 2017 ; Toudas & Bellas, 2014).

In general asymmetric information theory (Akerlof, 1970); (Sugiyanto, 2019) information asymmetry increases because company disclosures become less credible, resulting in higher transaction costs, thinner markets, and lower liquidity. Second, from the perspective of the micro market structure, information asymmetry is manifested when market participants have superior personal information (informed traders) compared to market players who do not or lack information (uninformed traders), (Nariastiti & Ratnadi, 2014). In the case of the capital market, (Nuryatno *et al*, 2019) said the basic idea of information asymmetry theory is that company management will issue high shares and buy shares when the stock price is low, because the other party does not have the information. The reason this research uses asimmetry information theory is because liquidity, profitability, solvency, and risk management lead to information asymmetry which in turn will affect information asymmetry, namely (1) stock prices that occur on the stock exchange are influenced by information factors and (2) government policies that affect the environment business.

This study uses the characteristics of the commissioners consisting of the independent board of commissioners, the frequency of attendance of the board of commissioners, the attendance of the board of commissioners, according to POJK NO. 33 / PJOK.04 / 2014 article 20, regarding the Board of Directors and Board of Commissioners of Issuers or public companies, states that in the event the Board of Commissioners consists of more than 2 (two) members of the Board of Commissioners, the number of Independent Commissioners is at least 30% (thirty percent) of the number of members of the Board of Commissioners. In addition, the Board of Directors must hold periodic joint meetings with the Board of Commissioners at least once every 4 (four) months and the Board of Commissioners must hold regular meetings 1 (once) every 2 (two) months. The high frequency of meetings reflects the board's high commitment to corporate governance.

2. LITERATURE REVIEW AND HYPOTHESIS

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Financial Contagion effect on Company Performance

The contagion effect is a phenomenon when a financial and currency crisis occurs in a country, which will trigger a financial crisis in other countries. Changes in the global financial structure will, directly or indirectly, have an impact on the domestic financial system of a country, meaning that if there is a shock to global finance, the impact will spread to the financial system around the world., (Trihadmini, 2011). Based on the Cross-Market Correlation, Impulse Response Function (IRF) and Granger Causality Test, it can be concluded that there is a contagion effect both from mature markets to emerging markets, or among regional financial markets.

H1: Financial Contagion has positive affects company performance

Independent Commissioner on Company Performance

The presence of a board of commissioners in a company is expected to be able to conduct more effective supervision of company managers so that company performance will increase. The board of commissioners as part of corporate governance is a board formed to improve company performance through supervision or monitoring of management performance to ensure management accountability to shareholders and stakeholders. (Jao *et al*, 2019).

H2: Independent Commissioner has effects Company Performance

Frequency of Board of Directors Meetings on Company Performance

FCGI (2001) explains that board meetings are a medium of communication and coordination between management. At meetings held by the board of commissioners and directors, management's performance will be evaluated and the board will provide feedback on the implementation of tasks that have been carried out by management. Meeting activities will also discuss issues regarding the direction and strategy of the company, evaluate policies that have been taken or carried out by management, and resolve conflicts of interest.. (Kankanamage, 2016) said that regular meetings held by the board of commissioners will also evaluate policies taken by management and resolve conflicts of interest between shareholders and managers.

H3: Frequency of Board of Directors Meetings has effects Company Performance

Attendance rate of the Board of Commissioners meeting on Company Performance

In accordance with the Financial Services Authority Regulation (POJK) No.33 / POJK.04 / 2014, article 31 regarding board of commissioners meetings. The attendance of the members of the Board of Commissioners in the meetings as referred to in paragraph (1) and paragraph (3) must be disclosed in the annual report of the Public Company. Commissioners who have a desire to attend meetings

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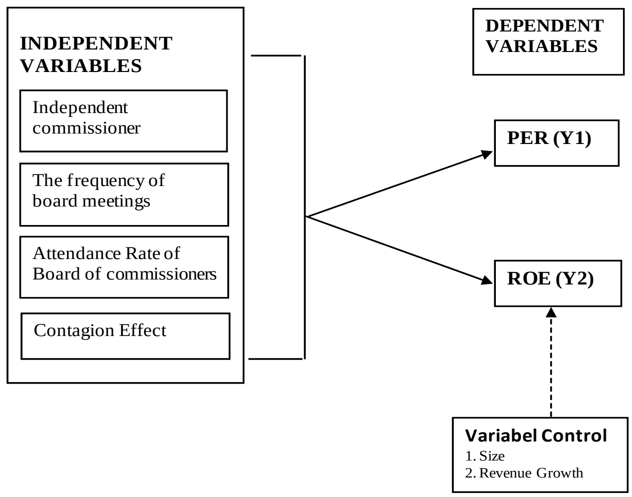
regularly demonstrate a commitment to good corporate governance, and vice versa.

H4: Attendance rate of the Board of Commissioners meeting has positif effects Company Performance

Framework

Based on the background, theory and previous research, a picture frame of mind can be formed as follows:



Picture 1. Framework

3. RESEARCH METHODS

The design used in this research is causal research. Causal research aims to determine the effect or relationship between two or more variables (Sugiyono, *et al* 2020). The causal research design in this study aims to determine the effect of the contagion effect, independence of commissioners, frequency of board meetings, attendance of board committee meetings as an independent variable on the PER performance of a bank company and ROE as the dependent variable or dependent variable. Researchers add control variables, size and income growth, with the main reason to prevent the influence of the independent variable on the dependent variable from being influenced by the external factors studied.

The population used in this study were all bank financial sector companies listed on the IDX for the period 2016 - 2019. The sampling technique used in this study was the purposive sampling method, where the sample was selected based on the suitability of the characteristics with the criteria (considerations) of the specified sample to get a representative sample. The sample of this research is 104 companies.

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Variables Operational

Table 1. Variabel Operasional

Variabel	Measurement	Scale
Variabel dependen Return On Equity (ROE)	ROE = Laba After Tax / Total Equity	Rasio
Price Earning Rasio (PER)	PER = share price / Earning per share Notes: share price is the average price one week after the publication of financial statements	Rasio
Variabel Independen Independent Board of Commissioners	The number of independent commissioners / Total number of commissioners	Rasio
Frekuensi Rapat direksi	The frequency of Directors' meetings is measured by the total number of meetings held during one year	Rasio
The attendance rate of the board of commissioners meeting	The total level of attendance of the board of commissioners at meetings in one year	Rasio
Financial Contagion effect	Calculating financial contagion with three stages: First: measuring the correlation of the composite stock price index (IDX Composite) with the Singapore stock price index (Straits Times index). Second: measuring the sensitivity of individual stocks to market changes, or the so-called beta risk Third: measuring the contagion effect, which is the result of multiplying the correlation between the index and the stock beta. *Financial Contagion effect* = $\rho o \times \beta p$ ρo = *Correlation IDX and STI* β = *Beta Risk* Market model: $Ri = \alpha + \beta RM + \varepsilon$ *Return market (RM)* = $\frac{Pt - Pt\text{-}1}{Pt\text{-}1} \times 100\%$	Rasio
Variabel Kontrol Asset	SIZE = Ln Total Asset	Rasio
Revenue Growth	GROWTH = $\frac{Revt - Revt\text{-}1}{Revt\text{ -}1} \times 100\%$ Notes : Rev = interest income received	Rasio

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Analysis Method

The data analysis method in this research is descriptive analysis and verification. The verification analysis in this study used panel data regression analysis (pooled data). Data processing tools in this study using Microsoft Excel and Eviews 10 software. The analysis used is descriptive statistical analysis and panel regression analysis. This panel data can be estimated using three methods, namely the OLS method or the Common Effect Model, the Fixed Effect model and the Random Effect model. Furthermore, the classical assumption test, determinant test, F test, and t test are carried out.

Y1 = α + β1 FinCont + β2 IndBoD + β3FrekMeetBoard + β4 AttendMeetBoD + ε
Y2 = α + β1 FinCont + β2 IndBoD + β3FrekMeetBoard + β4 AttendMeetBoD + ε

4. RESULT AND DISCUSSION

Result

Contagion effect, where a phenomenon when a financial crisis occurs and a country's currency will trigger a financial crisis in other countries. Following are the descriptive results of the contagion value obtained:

Table 2. Financial Contagion Effect Test Results

	Contagion Effect			
	2017	2018	2019	2020
Mean	0.082694	0.063750	0.070202	0.111106
Median	0.049521	0.026529	0.014795	0.051188
Maximum	0.260202	0.561600	0.610458	0.640800
Minimum	0.001990	0.000304	0.000807	1.33E-05
Std. Dev.	0.09001	0.125005	0.140339	0.167256
Observations	26	26	26	26

Source: data processing eviews 10

The contagion theory states that no single country can escape the contagion effect, from the economic crisis or the currency crisis. From the table above, it can be illustrated that the lowest contagion effect value in 2016 was 0.001990 found in PT BTN, Tbk and the largest contagion effect value in 2016 was 0.260202 at Pt Bank Maspion, Tbk. In 2017 the lowest contagion effect value of 0.000304 was owned by PT Bank Bumi Arta, Tbk and the highest was 0.561600 owned by PT Bank Sinas Mas Tbk. Then in 2018 the lowest contagion effect value of 0.000807 was owned by Bank Central Asia and the highest was 0.610458 owned by PT Bank Bukopin Tbk. Whereas in 2019 the lowest contagion effect value was

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0.0000133 owned by Bank Capital Indonesia Tbk and the highest value was 0.6408 owned by Bank Internasional Indonesia Tbk.

Table 3 Descriptive Test

	PER	ROE	Contagion	Komindp	Meetdir	Meetkom	Revgrow	Size
Mean	12.98150	8.063571	0.081938	57.79698	32.64286	90.54024	27.74403	16.18553
Median	16.39430	8.880000	0.020706	56.35000	30.50000	94.57000	7.490562	15.82720
Maximum	220.9375	29.89000	0.640800	80.00000	188.0000	100.0000	1197.366	23.87231
Minimum	-431.2500	-83.79000	1.33E-05	33.33333	4.000000	58.33000	-87.73264	11.13057
Std. Dev.	70.20056	15.82384	0.132432	10.36942	26.72783	10.79934	142.8911	3.105273
Observations	104	104	104	104	104	104	104	104

Processing data Eviews 10

The descriptive table shows that the company's performance as measured by the market performance Price Earning ratio (PER) has a mean value of 12.98 with a standard deviation of 70.20, this means that the stock price of banking companies in Indonesia is 12.98 times the earnings per share obtained. This value shows a good representative for the company's performance variables derived from market performance. From the statistical results, it was obtained that the lowest PER value was owned by Bank Artos in 2016, which was worth -431.25 where the value of Artos bank shares was 432.25 times lower than its share profit, and the highest PER value was owned by Bank Agris in 2017 of 220.93, which means that the share price of Bank Agris is 220.93 times his share return.

Company performance as measured by operational performance Return on Equity (ROE) has a mean value of 8.06 percent with a standard deviation of 15.82. This means that the ability of banking companies in Indonesia to generate profits from capital, both from their own capital and foreign capital is owned by 8.06 percent of the total equity held. This value shows a good representative for the company's performance variables derived from operational performance. From the statistical results, it was obtained that the lowest ROE value was owned by Bank Pundi Indonesia in 2017, amounting to -83.79 percent, which means that Bank Pundi Indonesia suffered a loss in 2016, and the highest ROE value was owned by Bank Rakyat Indonesia in 2016 of 29.89 percent, which means that BRI was able to generate a profit of 29.89 percent. of the total equity it has.

The fiancial contagion effect value can be defined as a phenomenon when a financial crisis that occurs in a country will trigger a financial or economic crisis in another country. The results show that the fiancial contagion effect value has an average value of 0.081938 against banks in Indonesia.

The value of independent commissioners has an average value of 57.8%, this indicates that banking

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companies in Indonesia have complied with the provisions set out in POJK 33 and the Decree of the Directors of PT Bursa Efek Indonesia No. Kep-00001 / BEI / 01-2014 dated January 20, 2014 concerning Amendment to Regulation No. I-A concerning Listing of Shares and Equity Securities Other Than Shares Issued by Listed Companies ("IDX Regulation No. I-A"), where public companies must have Independent Commissioners of at least 30% of the total members of the Board of Commissioners.

The frequency of meetings of the board of directors in one year has an average value of 32.64 times, this means that overall the companies studied have met the requirements of the company's Articles of Association, namely that board meetings must be held at least once a month. The lowest meeting frequency was owned by Bank Artos in 2017, while the highest meeting frequency was owned by BTPN in 2019.

The attendance rate of the board of commissioners meeting has an average value of 90.54%, this means that the overall banking company studied has met the requirements of the company's Articles of Association, namely the board of commissioners is obliged to attend the meeting. In accordance with paragraph (3) Pasar 31 of the OJK regulation on corporate governance, "attendance of members of the Board of Commissioners in meetings" is physical presence, circularly, or through electronic media, such as teleconferencing or video conferences.

Sales growth in this study uses the net income received by the bank. Banking in Indonesia in 2015-2018 had an average net income growth value of 27.74%, meaning that in general the net income received by banks in Indonesia was at a positive ratio. Although the lowest net income growth value was owned by Bank Rakyat Indonesia Agro Niaga in 2016 amounting to 87.83, Bank Danamon in a row, namely 2016-2019, received negative revenue growth compared to other banks. Bank Rakyat Indonesia Agro Niaga had the highest net income growth in 2018, amounting to 1197.36. Based on the data obtained, there are 9 banks that have positive income growth in a row.

The size of the company in this study is based on the value of the total assets owned by the company. Based on the data, it was obtained that the lowest asset value was owned by Bank Mega in 2015 with a value of 6 billion. Meanwhile, the highest asset value was owned by Bank Rakyat Indonesia Agro Niaga in 2018 with a value of 2.3 trillion.

Panel Data Regression Model Selection Test

The model used in this research is panel data regression, to test the model's specifications and the suitability of theories to reality. In this section, we will select which panel data regression model is the best. Is it common effect, fixed effect or random effect. Data processing to choose which model is the most appropriate. Based on the test results, the Common

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effect model is obtained for testing the dependent variables PER and ROE.

Common Effect Model Approach to PER

The following are the results of the common effect model regression:

Table 4 Regresi Model Common Effect

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.022770	2.169190	0.471498	0.6386
CONTAGION	0.137227	0.063640	2.156305	0.0342
KOMINDP	1.520496	0.712707	2.133409	0.0361
MEETDIR	0.376573	0.174432	2.158848	0.0340
MEETKOM	-1.647368	0.965558	-1.706131	0.0920
REVGROW	0.032766	0.038851	0.843394	0.4016
SIZE	0.017676	0.017676	1.000030	0.3204

R-squared	0.194131	Mean dependent var	1.121194
Adjusted R-squared	0.131336	S.D. dependent var	0.511561
S.E. of regression	0.476786	Akaike info criterion	1.436156
Sum squared resid	17.50399	Schwarz criterion	1.638724
Log likelihood	-53.31853	Hannan-Quinn criter.	1.517586
F-statistic	3.091502	Durbin-Watson stat	1.200426
Prob(F-statistic)	0.009139		

Source: Processing data Eviews 10.

Before the regression evaluation is carried out, the normality test for the common effect PER and ROE models is first performed. The results of this data were obtained after the data transformation test was carried out using Log10 so that the data were normally distributed:

Table 5 Regresi Model Common Effect

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.372840	1.800546	0.207071	0.8365
CONTAGION	-0.042477	0.052825	-0.804111	0.4238
KOMINDP	0.495042	0.591586	0.836805	0.4053
MEETDIR	0.721512	0.144788	4.983221	0.0000
MEETKOM	-0.882594	0.801466	-1.101225	0.2742
REVGROW	0.091864	0.074254	1.237153	0.2198
SIZE	0.012563	0.014672	0.856290	0.3945

R-squared	0.282976	Mean dependent var	0.874977
Adjusted R-squared	0.227104	S.D. dependent var	0.450162

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S.E. of regression	0.395758	Akaike info criterion	1.063628
Sum squared resid	12.06008	Schwarz criterion	1.266196
Log likelihood	-37.67237	Hannan-Quinn criter.	1.145058
F-statistic	5.064711	Durbin-Watson stat	0.943593
Prob(F-statistic)	0.000200		

Source: Processing data Eviews 10.

From the histogram above the JB value is 0.017076, the normality test on the PER variable, while the Chi Square value by looking at the number of independent variables is 6 independent variables and with a significance of 0.05 the Chi Square value is 12.59159, which means the JB value is smaller than the value of Chi Square. (0.017076 <12.59159). So it can be concluded that the data in this study are normally distributed. While the JB value is 3.547096 for the normality test on the ROE variable, while the Chi Square value by looking at the number of independent variables is 6 independent variables and with a significance of 0.05, the Chi Square value is 12.59159 which means the JB value is smaller than the Chi value. Square (3.547096 <12.59159). So it can be concluded that the data in this study are normally distributed.

Evaluation of Regression

Determinant Coefficient Test (R2)

This test is performed to measure the percentage of the total variation in the dependent variable that can be explained by the regression model. Based on the estimation results of the common effect model in regression testing of the PER variable, the Rsquared result is 0.194131. Independent variables include the contagion effect, independent commissioners, frequency of directors 'meetings, attendance of commissioners' meetings, growth in income and assets which can explain the dependent variable Price Earning Ratio (PER) of 19.41% while the remaining 80.59% is explained by other variables outside the model. Whereas in the estimation results of the random effect model on regression testing of the ROE variable, the Rsquared results were obtained at 0.282976. Independent variables include the contagion effect, independent commissioners, frequency of directors 'meetings, attendance of commissioners' meetings, income and asset growth which can explain the dependent variable Return on Equity (ROE) of 28.29% while the remaining 71.71% is explained by other variables outside the model.

Model Feasibility Test (F Test)

The regression results show that the probability value (F- statistic) on the PER variable is 0.009136. The probability value (F-statistic) is smaller than alpha 5% (0.009136 <0.05) so the model is significant at 5% and rejects Ho. This shows that the feasible model and the Contagion effect variable, the independent commissioner, the frequency of board

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meetings, and the attendance of the commissioners meeting together have an effect on PER. Meanwhile, the regression results show that the probability value (F- statistic) on the ROE variable is 0.000200. The probability value (F-statistic) is smaller than alpha 5% (0.000200 <0.05), so the model is significant at 5% and rejects Ho. This shows that the feasible model and the Contagion effect variable, the independent commissioner, the frequency of board meetings, and the attendance of the board of commissioners' meetings together have an effect on ROE.

Discussion

The influence of the Contagion Effect on Company Performance

The t test results in tables 4 and 5 indicate that the contagion effect has a positive effect on PER market performance. This shows that when there is a domino effect from another country it will have an influence on stock prices in the market, but it is not able to predict ROE. In a stable condition, the stock market in Indonesia is not influenced by market conditions in Singapore, but when the contagion effect from the Singapore market, the stock market in Indonesia will also have an effect. This is also due to the fact that stock performance in the banking sector is strongly supported by the fast alignment of information technology. Changes in the global financial structure, will directly or indirectly have an impact on the domestic financial system of a country.

If there is a shock in global finance, the impact will spread to the entire financial system in the world, based on the Cross-Market Correlation, Impulse Response Function (IRF) and Granger Causality Test, it can be concluded that there is a contagion effect, both from mature markets to emerging markets, or between regional financial markets to produce PER levels during a crisis, (Kao *et al* , 2019; An *et al*, 2012; Pino & Sharma, 2019; Trihadmini, 2011). On research (Trihadmini, 2011) The contagion effect does occur, as well as the strong linkages between financial markets, the implication for the Central Bank is that there is a need to increase vigilance, especially in dealing with the volatility of the nearest regional financial markets, so that the impact of a drastic reversal of capital outflow can be anticipated. Apart from that, the significant correlation between the Indonesian financial market and the international financial market has a consequence that Indonesia is also an integrated actor and part of global finance, so that it has a strategic role to contribute to the creation of global financial stability. Bank Indonesia or the government in this regard should take a more active role in the international arena, such as in regulating capital flows. Lang and Stultz's research (1992) on (Satoto & Nurrohim, 2008) shows that the announcement of the bankruptcy of a company creates a contagion effect, namely the

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detrimental effect (lowering the share price) of other companies in the same industry, although investors cannot know the true value of the company that is bankrupt but investors use the bankruptcy information as a signal about the value / condition of the company. On ROE performance, the contagion effect has no effect because contagion is identified with the general process of transmission of shocks between countries. So it is likely that changes in transmission mechanisms that occur during the crisis period are more significant in the correlation between markets than in operational performance.

The influence of the independent Board of Commissioners on Company Performance

The t test results indicate that the number of independent commissioners is not able to predict the company's performance, whether measured by PER or ROE. It can be said that although the number of commissioners is in accordance with applicable regulations, it is not a measure for investors in assessing company performance. One of the sources of internal company financing for investment is the profit generated from operating activities as reflected in PER and ROE, while the value of governance is the main factor for a company to achieve superior and sustainable long-term performance and growth. So that the implementation of good governance can increase investor confidence in the company and the economy as a whole, so that in the end it can increase company profits and share returns, (Harnovinsah & Alamsyah, 2017 ; Sugiyant, *et al* 2019).

The influence Frequency of Board of Directors Meeting on company performance

The results of the t test indicate that the frequency of board of directors meetings is able to predict the performance of banking companies through ROE but is not able to predict PER performance. It can be said that the meeting held by the board of directors is more on evaluating and providing feedback on the implementation of tasks that have been carried out by management and issues regarding the direction and strategy of the company.

However, regular meetings held by the board of directors do not focus on evaluating and resolving conflicts of interest between shareholders. However, the positive relationship between the components of corporate governance is able to provide favorable results for the interests of shareholders in general, (Kankanamage, 2016 ;Sugiyanto *et al*, 2018).

The Influence of Attendance Rate of Board of Commissioners Meetings on Company Performance

The results of the t test indicate that the level of attendance of the board of commissioners meetings is not able to predict the company's performance, whether measured by PER or ROE. It can be said that although the attendance level of the board of commissioners meeting is in accordance with paragraph (3) Market 31 of the OJK

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regulation on corporate governance, it is not a consideration for investors in investing and is not always a measure when discussing the company's operational performance.

In this case investors tend to actively monitor their investments because of the large amount of wealth they invest. However, in the long run, the implementation of good corporate governance will certainly affect the quality of company performance, (Norwani, Norlia Mat., Mohamad, Zam Zuriyati., Chek, 2011).

5. CONCLUSION AND SUGESTION

Conclusion

The contagion effect has a positive influence on the company's PER performance but does not have an influence on the company's ROE performance. This shows that when there is a domino effect from another country it will have an influence on share prices in the market. This is also due to the fact that stock performance in the banking sector is strongly supported by the fast alignment of information technology. Changes in the global financial structure, will directly or indirectly have an impact on the domestic financial system of a country.

Corporate governance has been shown to have an effect on the company's operational performance. In this study, from the 4 proxies used, it is proven that the proxy for the frequency of board meetings has an effect on ROE. It can be said that the meeting held by the board of directors focuses on evaluating and providing feedback on the implementation of tasks that have been carried out by management and issues regarding the direction and strategy of the company.

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