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The Effect of the Implementation of Corporate Governance and Profit Management with Credit Risk as Intervening Variables on the Financial Performance of Banking (Analytical Study on Commercial Banking and Sharia Banking Listed on the Indonesian Stock Exchange)

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Abstract

This study aims to determine whether Good Corporate Governance (GCG) affects the financial performance of conventional and Islamic banking companies listed on the IDX to determine whether earnings management affects the company's financial performance. Conventional and Sharia banking listed on the IDX, to determine GCG on credit risk in conventional and Sharia banking, to determine earnings management on credit risk in conventional and Sharia banking, to determine GCG effect on financial performance mediated by risk credit as an intervening variable in conventional and Islamic banking, to determine whether earnings management affects financial performance mediated by credit risk as an intervening variable in conventional and Islamic banking. The population used in this study are 43 conventional banking companies listed on the Indonesia Stock Exchange and using the purposive sampling method according to the criteria, there are 20 selected banking companies, using the 2016 to 2020 observation year (5 years), for the population in Islamic banking there are four banking companies with purposive sampling method according to the criteria there are four selected banks. From the results of hypothesis testing, it is known that the implementation of Good Corporate Governance (GCG) has a significant direct effect on Financial Performance (KK) in Islamic banking, and the implementation of Good Corporate Governance (GCG) with indicators of institutional ownership, the proportion of independent commissioners, the size of the board of commissioners and the audit committee. Significant effect on financial performance in conventional banking. However, mcg on indicators of ownership of directors has no significant effect on financial performance. Applying earnings management to financial performance has a significant effect on Islamic banking.

Keywords
good corporate governance; earnings management; credit risk; and financial performance

I. Introduction

The banking crisis in Indonesia, which began at the end of 1997, was not solely caused by the economic crisis but also caused by the lack of good corporate governance and the underlying ethics (Susono, 2019). Banks are intermediary institutions that, in carrying out their business activities, depend on public funds and trust from both within and outside the country. Banks face various risks in carrying out these business activities, including credit, market, operational, and reputation. Therefore, efforts to restore trust to the Indonesian banking sector through restructuring and recapitulation can only have a

long-term and fundamental impact if accompanied by three other important actions, namely adherence to prudential principles, implementation of good corporate governance, and effective supervision by bank supervisory authorities.

Implementing good corporate governance (GCG) is necessary to build public and international trust as an absolute requirement for the banking world to develop properly and healthily. Therefore, the Bank for International Settlement (BIS), as an institution that continuously reviews the prudential principles that must be adhered to by banks, has also issued guidelines for implementing GCG for the banking world internationally. In line with the demands for the implementation of GCG in the banking sector, in 2006, Bank Indonesia issued a regulation that specifically regulates the provisions for the implementation of GCG in Commercial Banks. The regulation referred to is Bank Indonesia Regulation Number 8/4/PBI/2006, dated January 30, 2006, concerning the implementation of GCG in Commercial Banks, which was further refined through PBI No.8/14/PBI/2006, dated October 5, 2006, concerning Amendments to PBI No. 8/4/PBI/2006 concerning the implementation of Good.

Corporate Governance for Commercial Banks. This regulation emphasizes that the implementation of GCG in the banking industry must always be based on five basic principles: transparency, accountability, responsibility, independence, and fairness.

The implementation of good corporate governance in Islamic banks is very important. This is because Islamic banks have fundamental differences from conventional banks, one of which is the application of sharia compliance. The implementation of sharia compliance is an important pillar of the sustainability of sharia bank entities. One of the derivatives of the implementation of sharia compliance is the existence of a Sharia supervisory board (DPS). The existence of a sharia supervisory board in the structure of sharia banking has the main task of supervising the daily operations of sharia banks so that they are by the instructions and provisions of Islamic law.

In agency theory, agency relationships arise when one or more people (principals) employ another person (agent) to provide a service and then delegate decision-making authority to the agent (Jensen and Meckling, 1976 in Endang 2009). Managers as company managers know more about internal information and company prospects in the future than owners (shareholders). Therefore, as a manager, the manager is obliged to signal the company's condition to the owner. However, the information submitted is sometimes received not by the actual conditions of the company.

Earnings management is a manager's choice of accounting policies to achieve specific goals (Rahmawati, 2012). Board profits are used to make good financial statements. With large funds, of course, the funders are interested in buying company shares because they are considered to have good performance.

Credit risk is due to the failure of the customer or other party to fulfill obligations to the bank per the agreed agreement. One proxy used to measure the level of non-performing financing is the Non-Performing Financing (NPF) ratio. The higher the NPF level, the higher the financing risk that the bank will bear. As a result of the high NPF, banks must provide larger reserves to reduce the capital reserves owned by banks (Amin et al., 2017).

Financial performance is the main factor in managing company finances (Kangmartono, Yusniar, and Jikrillah, 2019). A company's success is associated with performance and value rather than the company itself. Proper financial management will maximize profit, which is the main goal in the banking world. In addition, it aims to provide accurate information to outside parties, such as investors or creditors. Finance is needed by the company's internal parties to analyze how far capital management will be used for long-term decision-making (Salim, 2018).

Financial information can explain the condition of a company every year, where investors can monitor the development of financial performance contained in banking reports (Wahyudin and Solikhah 2017).

They are based on the stated description, looking at the recapitulation data of banking institutions and reading several studies on the effect of implementing Good Corporate Governance on company performance. So the authors are interested in conducting a study entitled "The Influence of the Implementation of Corporate Governance and Earnings Management with Credit Risk as an Intervening Variable on Banking Financial Performance." This study aims to analyze the effect of implementing good corporate governance on the financial performance of Islamic banking and earnings management. The next benefit of this research is to determine the effect of implementing good corporate governance on the financial performance of banking companies listed on the IDX through earnings management as an intervening variable.

II. Research Method

This research uses a quantitative approach. The quantitative method is a method in which numbers dominate the data presentation, and the data analysis used is statistical with the aim of testing hypotheses. In carrying out this research, the data used are secondary data in the form of historical reports of financial ratios of each banking company listed on the Indonesia Stock Exchange (IDX) and financial statements in the form of annual financial statements of banking companies listed on the IDX that have been listed on the Indonesian Stock Exchange—published in the study period.

Data Collection Methods

This study uses secondary data. Secondary data is primary data that has been further processed and presented by primary data collectors or other parties (Umar, 2001:69). The data obtained combines time series data with cross-section data (Pooled Data). Time series data is a collection of data from a certain phenomenon obtained at certain time intervals, for example, weekly, monthly, or yearly. Meanwhile, cross-section data is a collection of data to examine a certain phenomenon in one period of time (Umar, 2001:70). This study also includes data in the form of percentages for the independent and dependent variables.

III. Results and Discussion

This study uses Good Corporate Governance (GCG) as an independent variable with indicators used: Ownership of Directors, Institutional Ownership, Size of the Board of Commissioners, Size of the Board of Independent Commissioners, and the Audit Committee. At the same time, the dependent variable is Financial Performance. With indicators used are the ratio of Return On Assets (ROA), DER (debt to equity ratio), and NPM (net profit margin). Meanwhile, earnings management (ML) as an intervening variable is mediated by credit risk. As explained in the conceptual framework, Good Corporate Governance (GCG) is an independent variable, and Financial Performance as the dependent variable is a latent variable. This study uses the total.

Score method. After regressing this research using statistical methods, the following results were obtained:

Table 1. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
of Institutional Ownership	100	.00	95.00	56.1400	32.08575
Ownership of Directors	100	.00	54.00	3.3300	11.19168
The proportion of the Board of Commissioners	100	.00	6.00	2.2700	1.29377
Board of Commissioner's Size	100	2.00	10.00	5.0000	2.26078
Audit Committee	100	1.00	7.00	2.9400	1.14433
Management	100	-97.00	253.00	24.8200	50.23.00
EarningsCredit (NPL)	100	992.00	0.00	168.0200	149.69842
ROA	100	-1589.00	415.00	38.2500	268.27373
DER	100	6.00	1608.00	473.1300	273.31610
NPM	100	-1061.00	272.00	-11.0300	157.87519
Valid N (listwise)	100				

From Table 1, descriptive statistics can be explained that the number of data samples is 20 banks are taken using secondary data, and it is shown that the maximum Management Earning value is 0.253, the minimum value is -97.00, and the discretionary accrual value is 24,8200 on average.

a. Classical Assumption

1. Test Normality

Test Normality test aims to determine whether the confounding or residual variable in the regression model has a normal distribution.

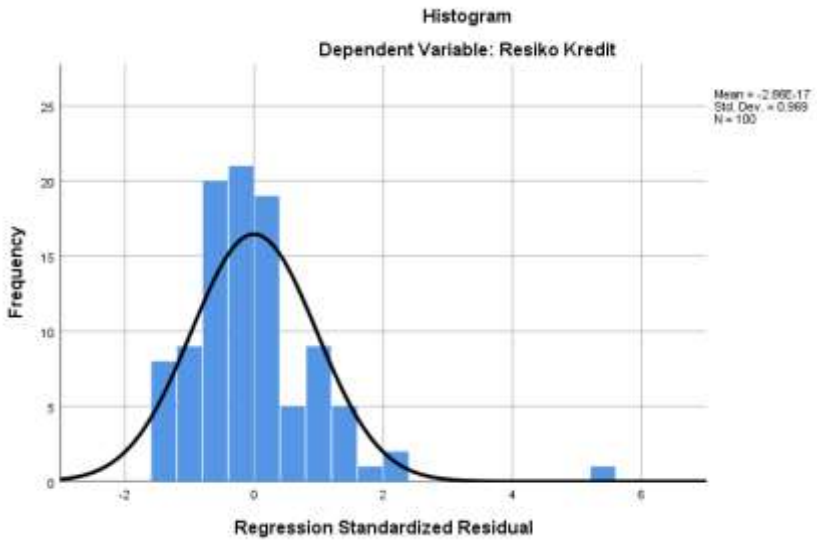


Figure 1. *Histogram of Normality*

Based on the results of the classical assumption test, it is known that there is a data distribution that tends to be normal, where the distribution pattern of the image forms a wave that curves to the middle and does not tilt to the right and does not tilt to the left or in other words the histogram residual value is close to zero so that data is normally distributed.

This normality test is supported by looking at the one sample KS test, which is based on the table below by looking at the Residual Asymp. Sig (2 Tailed) data is below 0.05, which is 0.001. This means that the value is smaller than 0.05, so it can be said that the data is not normally distributed.

Table 2. Normality Test KS

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	137.96014750
Most Extreme Differences	Absolute	.125
	Positive	.125
	Negative	-.059
Test Statistic		.125
Asymp. Sig. (2-tailed)		.001[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

2. Multicollinearity Test

Table 3. Summary of Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Institutional Ownership	0.833	1.200	Non Multicollinearity
Ownership of Directors	0.795	1.258	Non Multicollinearity
The proportion of Independent Board of Commissioners	0.516	1.938	Non Multicollinearity
Board of Commissioner's Size	0.479	2.086	Non Multicollinearity
Audit Committee	0.740	1.350	Non Multicollinearity
Profit management	0.953	1.049	Non Multicollinearity
Credit Risk (NPL)	0.849	1.117	Non Multicollinearity

3. Heteroscedasticity Test The Heteroscedasticity

The test aims to test whether, in a regression model, there is an inequality of variance from the residuals from one observation to another.

Table 4. Heteroscedasticity Test Results

Variable	Sig.	Description (ROA)	Sig.	Description (DER)	Sig.	Description (NPM)
Instisusional Ownership	0,353	Non Heteroscedasticity	0,916	Non Heteroscedasticity	0,163	Non Heteroscedasticity
Ownership of Directors	0,725	Non Heteroscedasticity	0,242	Non Heteroscedasticity	0,026	Heteroscedasticity
Proportion of Independent Board of Commissioners	0,755	Non Heteroscedasticity	0,251	Non Heteroscedasticity	0,985	Non Heteroscedasticity
Board of Commissioners Size	0,379	Non Heteroscedasticity	0,454	Non Heteroscedasticity	0,009	Heteroscedasticity

Komite Auditing	0,173	Non Heteroscedasticity	0,031	Non Heteroscedasticity	0,606	Non Heteroscedasticity
Profit management	0,498	Non Heteroscedasticity	0,844	Non Heteroscedasticity	0,021	Heteroscedasticity

b. Hypothesis Testing

1. Result of Coefficient of Determination (R^2)

Table 5. Result of Coefficient

Variabel	Adjusted Square		
	ROA	DER	NPM
Institutional Ownership	0,078	0,14	0,167
Ownership of Directors	0,078	0,14	0,167
Proportion of Board of Commissioners	0,078	0,14	0,167
Board of Commissioners Size	0,078	0,14	0,167
Audit Committee	0,078	0,14	0,167
Profit management	0,078	0,14	0,167
Credit Risk	0,078	0,14	0,167

2. F Test Results (Simultaneous)

The F statistical test shows how far the influence of the independent variables simultaneously in explaining the dependent variable. This simultaneous test is carried out by comparing the value of (alpha) with the p-Value. If the p-value < (0.05), then H0 is rejected. So it can be said that there is a simultaneous influence between the independent and dependent variables and vice versa. If the p-value > (0.05), then H0 is accepted, which means that there is no effect between the independent variables on the dependent variable simultaneously. The following are the results of the F statistical test:

Table 6. Simultaneous Test

Variable	F-count	ROA		DER		NPM	
		F-table	Sig.	F-table	Sig.	F-table	Sig.
Institutional Ownership	3,09	2,200	0,041	3,308	0.003	3,827	0.001
Ownership of Directors	3,09	2,200	0,041	3,308	0,003	3,827	0.001
Proportion of the Board of Commissioners	3,09	2,200	0,041	3,308	0,003	3,827	0,001
Board of Commissioners Size	3,09	2,200	0,041	3,308	0,003	3,308	0,001
Audit Committee	3,09	2,200	0,041	3,308	0,003	3,827	0,001
Profit management	3,09	2,200	0,041	3,308	0,003	3,827	0,001
Credit Risk	3,09	2,200	0,041	3,308	0,003	3,827	0,001

(Partial)

Results-1 or 100-2-1 = 97 then the t count is 1.984. From the regression results, the following results are obtained:

Table 7. Table T-count and T-table

Variable	A	t-count	ROA		DER		NPM	
			t-table	Sig.	t-table	Sig.	t-table	Sig.
Institutional Ownership	0.05	1.984	1.485	0.141	0.218	0.828	0.725	0.47
Ownership of Directors	0.05	1.984	2,312	0.023	-2,66	0.009	1,801	0.075
Proportion of the Board of Commissioners	0.05	1.984	-0.948	0.345	1241	0,218	-0,252	0,802
Board of Commissioners Size	0.05	1.984	-2.341	0.021	0,399	0.69	2,291	0.024
Audit Committee	0.05	1.984	0.838	0.404	0,901	0.37	0,086	0,932
Profit management	0.05	1.984	1.116	0.247	-0,711	0,479	3,936	0
Credit Risk	0.05	1.984	-1.628	0.107	2, 37	0.02	-0,886	0.378

In conclusion, the significant value of institutional ownership is 0.141 > 0.05 and the t-count value is 1.984 > 1.485 (ROA) 0.828 > 0.05 and the t-count value is 1.984 > 0.218 (DER) 0.470 > 0.05 and the t-value count 1.984 > 0.725 then there is an effect of institutional ownership on ROA, DER, NPM. The significant value of the board of directors ownership is 0.023 < 0.05 and the t-count value is 1.984 < 2.312 (ROA) 0.009 <0.05 and the t-count value is 1.984 < 2.660 (DER) 0.075 > 0.05 and the t-count value is 1.984 > 1.801 (NPM) then there is no effect on ROA and DER, but there is an effect on NPM. The significant value of the proportion of independent commissioners is 0.345 > 0.05 and the t-count value is 1.984 > -0.948 (ROA) 0.218 > 0.05 and the t-count value is 1.984 > 1.241 (DER) 0.802 > 0.05 and the t-counted value is 1.984 > -0.252 (NPM) then there is an effect of the proportion of independent commissioners on ROA, DER, NPM. The significant value of the size of the board of commissioners is 0.021 < 0.05 and the t-count value is 1.984 < -2.341 (ROA) 0.690 > 0.05 and the t-count value is 1.984 > 0.399 (DER) 0.024 <0.05 and the t-count value is 1.984 < 2.291 (NPM) then there is no effect on ROA and NPM, but there is an effect on DER. The significant value of the audit committee is 0.404 > 0.05 and the t arithmetic value is 1.984 > 0.838 (ROA) 0.370 > 0.05 and the t arithmetic value is 1.984 > 0.901 (DER) 0.932 > 0.05 and the t arithmetic value is 1.984 > 0.086 (NPM) then there is an effect of the audit committee on ROA, DER, NPM. The significant value of earnings management is 0.247 > 0.05 and the t arithmetic value is 1.984 > 1.166 (ROA) 0.479 > 0.05 and the t arithmetic value is 1.984 > -0.711 (DER) 0.000 < 0.05 and the t calculated value is 1.984 < 3.936 (NPM) then there is an effect of earnings management on ROA and DER, but there is no effect on NPM. The significant value of credit risk is 0.107 > 0.05 and the t-count value is 1.984 > -1.628 (ROA) 0.020 <0.05 and the t-count value is 1.984 < 2.370 (DER) 0.378 <0.05 and the t-count value is 1.984 > -0.886 (NPM) then there is an effect of credit risk on ROA and NPM, but there is no effect on DER.

c. Hypothesis Testing on Credit Risk

1. Results of the Coefficient of Determination (R^2)

Table 8. Results of the Coefficient of Determination (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.388[a]	.151	.096	142.34092

a. Predictors: (Constant), Earnings Management, Board of Directors Ownership, Independent Board of Commissioners Proportion, Institutional Ownership, Audit Committee, Board of Commissioners Size

b. Dependent Variable: Credit Risk

2. F Test Results (Simultaneous)

Table 9. Simultaneous Test Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	334284.732	6	55714.122	2.750	.017[b]
	Residual	1884267,228	93	20260,938		
	Total	2218551,960	99			

a. Dependent Variable: Credit Risk

b. Predictors: (Constant), Earnings Management, Board of Directors Ownership, Proportion of Independent Board of Commissioners, Institutional Ownership, Audit Committee, Board of Commissioners Size

3. T-Test Results (Partial)

Table 10. Table t count and t Table against Credit Risk

Variable	A	t-count	t-table	Sig.
Institutional Ownership	0.05	1.984	0.291	0.772
Directors Ownership	0.05	1.984	0.981	0.329
Board of Commissioners' Proportion	0.05	1.984	-1, 648	0.103
Board of Commissioners Size	0.05	1.984	-1,271	0.207
Audit Committee	0.05	1.984	1.788	0.077
Profit management	0, 05	1.984	-1.944	0.055

In conclusion, the significant value of institutional ownership is 0.772 > 0.05, and the t value is 1.984 > 0.291, so institutional ownership affects credit risk. The significant value of directors' ownership is 0.329 > 0.05, and the t value is 1.984 > 0.981, so there is an influence on credit risk. The significant value of the proportion of independent commissioners is 0.103 > 0.05, and the t value is 1.984 > -1.648, so there is an effect of the proportion of independent commissioners on credit risk. The significant value of the size of the board of commissioners is 0.207 > 0.05, and the t value is 1.984 > -1.271, so there is an influence on credit risk. The significant value of the audit committee is 0.077 > 0.05, and the t value is 1.984 > 1.788, so there is an effect of the audit committee on credit risk. The significant value of earnings management is 0.055 > 0.05, and the t value is 1.984 > -1.944, so there is a management influence on credit risk.

d. Description of Islamic Bank Research Data

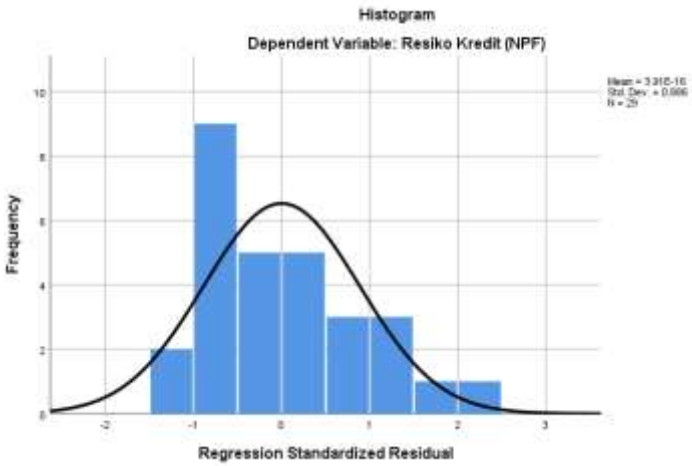
As explained in the conceptual framework, Good Corporate Governance (GCG) is an independent variable, and Financial Performance as the dependent variable is a latent variable. This study uses Good Corporate Governance (GCG) as an independent variable with indicators used: Board of Directors Ownership, Institutional Ownership, Board of Commissioners Size, Independent Board of Commissioners Size, and Audit Committee. At the same time, the dependent variable is Financial Performance. With indicators used are the ratio of Return On Assets (ROA), DER (debt to equity ratio), and NPM (net profit margin). Meanwhile, earnings management (ML) as an intervening variable is mediated by credit risk. After regressing this research using statistical methods, the following results were obtained:

Table 11. Descriptive Sharia Bank Data

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Institutional Ownership	30	4469.00	10000.00	8445.1333	1867.42446
Ownership of Directors	30	.00	9900.00	1162.4667	1978.91412
Independent Board of Commissioners Proportion	30	.00	400.00	193.3333	82.76820
Board of Commissioners Size	30	200.00	600.00	366.6667	84.41823
Audit Committee	30	200.00	800.000	4373.333	139.78637
Profit management	30	-2343.00	80.000	103.3000	429.89816
Credit risk (NPF)	30	.00	499.000	185.4333	163.93179
ROA	30	-1077.00	1360.00	282.4333	532.86743
DER	30	6.00	488.00	174.0000	138.03922
NPM	30	-3274760.00	153360.00	-105921.000	599228.36631
Valid N (listwise)	30				

e. The Result of Classical Assumption Test for Islamic Banks



1. Normality Test

This normality test is supported by looking at the one sample KS test, which is based on the table below by looking at the Residual Asymp. Sig (2 Tailed) data above 0.05, which is 0.154, it can be said that the data is normally distributed.

Table 12. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		29
Normal Parameters[b]	Mean	.0000000
	Std. Deviation	139.08274237
Most Extreme Differences	Absolute	.140
	Positive	.140
	Negative	-.074
Test Statistic		.140
Asymp. Sig. (2-tailed)		.154[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

2. Multicollinearity Test

Table 13. Summary of Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Institutional Ownership	0.498	2.008	Non Multicollinearity
Directors Ownership	0.760	1.316	Non Multicollinearity
The proportion of Independent Board of Commissioners	0.496	2.017	Non Multicollinearity
Board of Commissioner's Size	0.513	1.948	Non Multicollinearity
Audit Committee	0.483	2.069	Non Multicollinearity
Profit management	0.593	1.686	Non Multicollinearity
Credit Risk (NPF)	0.760	1.316	Non Multicollinearity

3. Heteroscedasticity Test

Table 14. Heteroscedasticity Test Results

Sig	.	Description (ROA)	Sig.	Description (DER)	Sig.	Keterangan (NPM)
Institutional Ownership	0, 600	Non Heteroskedastisitas	0,214	Non Heteroskedastisitas	0,048	Non Heteroskedastisitas
Ownership of Directors	0,297	Heteroskedastisitas	0,659	Non Heteroskedastisitas	0,466	Non Heteroskedastisitas
Independent Board of Commissioners Proportion	0,498	Non Heteroskedastisitas	0,531	Non Heteroskedastisitas	0,355	Non Heteroskedastisitas
Board of	0,612	Non	0,421	Non	0,153	Non

Commissioners Size		Heteroskedastisitas		Heteroskedastisitas		Heteroskedastisitas
Audit Committee	0.737	Non Heteroscedasticity	0,137	Non Heteroskedastisitas	0,531	Non Heteroskedastisitas
Profit management	0,890	Non Heteroscedasticity	0,886	Non Heteroskedastisitas	0.818	Non Heteroskedastisitas

f. Determination Results (R^2)

1. Coefficient of Determination^2

Table 15. Coefficient of Determination^2

Variable	Adjusted Square		
	ROA	DER	NPM
Institutional Ownership	0.058	0.036	-0.243
Ownership of Directors	0.058	0.036	-0.243
Board of Commissioners' Proportion	0.058	0.036	-0.243
Board of Commissioner's Size	0.05 8	0.036	-0.243
Audit Committee	0.058	0.036	-0.243
Profit management	0.058	0.036	-0.243
Credit Risk	0.058	0.036	-0.243

2. F Test Results (simultaneous)

Table 16. Simultaneous Test

Variable	F-count	ROA		DER		NPM	
		F-table	Sig.	F-table	Sig.	F-table	Sig.
Institutional Ownership	3,35	1.238	0.329	1,148	0,372	0,219	0,977
Ownership of Directors	3,35	1.238	0.329	1,148	0,372	0,219	0,977
Commissioners Proportion	3,35	1.238	0.329	1,148	0,372	0,219	0,977
Commissioners Size	3,35	1,238	0,329	1,148	0,372	0,219	0,977
Audit Committee	3,35	1,238	0,329	1,148	0,372	0,219	0,977
Profit management	3,35	1,238	0,329	1,148	0,372	0,219	0,977
Credit Risk	3,35	1,238	0,329	1,148	0,372	0,219	0,977

3. T-test results (partial)

In this study, to obtain the t table used, the degree of freedom with df = nk-1 or 30-2-1 = 27, then the t table is 2.051. From the regression results, the following results were obtained:

Table 17. Table T-count and T-table

Variable	A	t-count	ROA		DER		NPM	
			t-table	Sig.	t-table	Sig.	t-table	Sig.
Institutional Ownership	0.05	2.051	-0.162	0.873	-0.327	0.746	-1.73	0.099
Ownership of Directors	0.05	2.051	0.959	0.348	-0.585	0.564	-0,19	0,853
Independent Board of Commissioners Proportion	0.05	2.051	-0.251	0.804	-1,252	0.224	0,097	0,923
Board of Commissioners Size	0.05	2.051	0.877	0.39	0.135	0.894	0.716	0.481
Audit Committee	0.05	2.051	0.269	0.79	1.287	0.212	0.835	0.413
Profit management	0.05	2.051	0.673	0,508	-0,68	0,504	0,14	0,89
Institutional Ownership	0, 05	2.051	-2.183	0.04	1.866	0.075	-1.75	0.094

In conclusion, the significant value of institutional ownership is 0.873 > 0.05 and the t-count value is 2.051 > -0.162 (ROA) 0.746 > 0.05 and the t-count value is 2.051 > -0.327 (DER) 0.009 > 0.05 and the t arithmetic value is 2.051 > -1.725, so there is an effect of institutional ownership on ROA, DER, NPM. The significant value of the board of directors ownership is 0.348 > 0.05 and the t arithmetic value is 2.051 > 0.959 (ROA) 0.564 > 0.05 and the t arithmetic value is 2.051 > -0.585 (DER) 0.853 > 0.05 and the t arithmetic value is 2.051 > -0.188 (NPM) then there is an effect on ROA, DER, NPM. The significant value of the proportion of independent commissioners is 0.804 > 0.05 and the t count value is 2.051 > -0.251 (ROA) 0.224 > 0.05 and the t calculated value is 2.051 > -1.252 (DER) 0.481 > 0.05 and the t calculated value is 2.051 > 0.716 (NPM) then there is an effect of the proportion of independent commissioners on ROA, DER, NPM. The significant value of the size of the board of commissioners is 0.390 > 0.05 and the t arithmetic value is 2.051 > 0.877 (ROA) 0.894 > 0.05 and the t calculated value is 2.051 > 0.135 (DER) 0.481 > 0.05 and the t calculated value is 2.051 > 0.716 (NPM) then there is an effect on ROA, DER, NPM. The significant value of the audit committee is 0.790 > 0.05 and the t arithmetic value is 2.051 > 0.269 (ROA) 0.212 > 0.05 and the t arithmetic value is 2.051 > 1.287 (DER) 0.413 > 0.05 and the t calculated value is 2.051 > 0.835 (NPM) then there is an effect of the audit committee on ROA, DER, NPM. The significant value of earnings management is 0.508 > 0.05 and the t arithmetic value is 2.051 > 0.673 (ROA) 0.504 > 0.05 and the t calculated value is 2.051 > -0.680 (DER) 0.980 > 0.05 and the t calculated value is 2.051 > 0.140 (NPM) then there is an effect of earnings management on ROA, DER, NPM. The significant value of credit risk is 0.040 > 0.05 and the t arithmetic value is 2.051 > -2.183 (ROA) 0.075 > 0.05 and the t arithmetic value is 2.051 > 1.866 (DER) 0.094 > 0.05 and the t calculated value is 2.051 > -1.753 (NPM) then there is an effect of credit risk on ROA, DER, NPM

g. Hypothesis Testing Against Credit Risk

1. Coefficient of Determination Results (R^2)

Table 18. Determination Coefficient Results (R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.534[a]	.285	.090	156.90649

a. Predictors: (Constant), Earnings Management, Ownership of the Board of Directors, Size of the Board of Commissioners, Proportion of Independent Commissioners, Audit Committee, Institutional Ownership
b. Dependent Variable: Credit Risk (NPF)

2. F Test Results (Simultaneous)

Table 19. Simultaneous Test Results

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	215892.707	6	35982.118	1,462	.237[b]
	Residual	541632,258	22	24619,648		
	Total	757524,966	28			

a. Dependent Variable: Credit Risk (NPF)
b. Predictors: (Constant), Earnings Management, Ownership of the Board of Directors, Size of the Board of Commissioners, Proportion of Independent Board of Commissioners, Audit Committee, Institutional Ownership

3. Results of t-test (Partial)

Table 20. Table t count and t Table against Credit Risk

Variable	A	t-count	t-table	Sig.
Institutional Ownership	0,05	2.051	-0.840	0.409
Ownership of Directors	0,05	2.051	-2.112	0.046
Commissioners Proportion	0,05	2.051	-0.870	0.393
Commissioners Size	0,05	2.051	-1.155	0.260
Audit Committee	0,05	2.051	0.910	0.372
Profit management	0,05	2.051	-0.178	0.860

In conclusion, the significant value of institutional ownership is 0.409 > 0.05, and the t value is 2.051 > -0.840, so institutional ownership affects credit risk. The significant value of ownership of the board of directors is 0.046 > 0.05, and the t value is 2.051 > -2.112, so there is an influence on credit risk. The significant value of the proportion of independent commissioners is 0.393 > 0.05, and the t value is 2.051 > -0.870, so there is an effect of the proportion of independent commissioners on credit risk. The significant value of the size of the board of commissioners is 0.260 > 0.05, and the t value is 2.051 > -1.115, so there is an influence on credit risk. The significant value of the audit committee is 0.372 > 0.05, and the t value is 2.051 > 0.910, so there is an effect of the audit committee on credit risk. The significant value of earnings management is 0.860 > 0.05, and the t value is 2.051 > -0.178, so there is a management influence on credit risk.

3.2 Discussion

Good corporate governance with indicators of institutional ownership, ownership of directors, the proportion of the board of commissioners, size of the board of commissioners, and audit committee has a significant positive value on financial performance (ROA, DER, NPM) in Islamic banking. In general banking, earnings management has a significant positive value on financial performance (ROA & DER). This indicates an increase in earnings management on financial performance. Meanwhile, earnings management has a negative value that is insignificant to NPM in general banking. This indicates a decrease in profit on financial performance.

IV. Conclusion

The implementation of GCG with indicators of institutional ownership, ownership of directors, the proportion of independent commissioners, size of the board of commissioners, and audit committee has a significant direct effect on financial performance (KK) in Islamic banking on the Indonesian stock exchange. Earnings management on financial performance has a significant effect. In Islamic banking, credit risk in conventional and Islamic banking has a significant direct effect**.**

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