ISSN: 0976-3031

Available Online at http://www.recentscientific.com

CODEN: IJRSFP (USA)

International Journal of Recent Scientific Research
Vol. 8, Issue, 10, pp. 21036-21042, October, 2017

International Journal of Recent Scientific Research

DOI: 10.24327/IJRSR

Research Article

PERFORMANCE OF SOE's COMPANY IN MEDAN CITY (A PERSPECTIVE OF CORPORATE GOVERNANCE IN CONTEXT INTERNAL CONTROL AND MANAGER BEHAVIOR)

Maya Sari*

Faculty of Economic and Business, University of Muhammadiyah Sumatera Utara, Medan, North Sumatera, Indonesia

DOI: http://dx.doi.org/10.24327/ijrsr.2017.0810.1003

ARTICLE INFO

Article History:

Received 16th July, 2017
Received in revised form 25th August, 2017
Accepted 23rd September, 2017
Published online 28th October, 2017

Key Words:

Internal control, Manager behavior, corporate governance, corporate performance.

ABSTRACT

This study aims to explain empirically about the influence of internal control and manager behavior on corporate governance and its impact on company performance in Medan City. The research population is all managers of state-owned enterprises in Medan city. Proportional random sampling does the sampling technique in this research. The sample unit used the lottery technique without any return. Methods Data collection in this study was conducted with Questionnaire. The method used for data analysis is the path analysis equipment, which is the direct development of multiple regressions with the aim to provide an estimate of the magnitude and significance of the hypothetical causal relationship in a set of variables. The result of the research shows that internal control directly influence to corporate governance, manager behavior directly influence to corporate governance, manager behavior have direct influence to company performance, internal control directly influence to company performance, manager behavior have direct influence to company performance, corporate lecturer, corporate governance effect on company performance.

Copyright © Maya Sari, 2017, this is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

State-owned Enterprise is a business entity that is part or all of its ownership owned by the Republic of Indonesia. Based on Law no. 19 of 2003 Article 1 is explained that the meaning of State-Owned Enterprises, hereinafter referred to as SOEs, is a business entity wholly or largely owned by the state through direct participation derived from separated state assets, and its principal activity is to manage branches - an important production branch for the state and used entirely for the welfare of the people. The business sectors undertaken by SOEs cover almost all sectors and business sectors, of which there are 13 sectors, namely Agriculture, Forestry and Fisheries, Mining and Quarrying, Manufacturing Industry, Electricity, Gas, Steam / Hot Water and Air Cold, Water Supply, Waste Management and Recycling, Disposal Waste and Waste Cleaning, Construction, Wholesale and Retail Trade; Repair and Maintenance of Cars and Motorcycles, Transportation and Warehousing, Accommodation and Drinking Provision, Information and Communication Financial Services and Insurance, Real Estate, Professional, Scientific and Technical Services.

In conducting guidance to SOEs, for the orientation to the profit goes as expected, the government issued a Government Regulation on Procedures of Development and Supervision of SOEs. The main purpose of coaching and supervision is to increase the productivity, efficiency and effectiveness of companies within the scope of SOEs. Furthermore, in relation to the growth of the work atmosphere, which is oriented to the importance of producing good performance (which among others is high profitability), the government through the Ministry of SOEs considers the need to issue ministerial decree to measure and assess the performance of SOEs.

Company performance is a picture of the achievement of an activity or program or policy in realizing the goals, objectives, mission and vision of the organization. Company performance is influenced, among others, corporate governance, internal control and manager behavior. Corporate performance measurements are grouped into two, namely non-financial performance measurement and financial performance measurement. The merger of these two performance measures is known as the Balanced Scorecard (BSC) introduced by Kaplan and Norton (2000).

Corresponding author:* **Maya Sari
Faculty of Economic and Business, University of Muhammadiyah Sumatera Utara, Medan, North Sumatera, Indonesia

According to Kaplan and Norton (2000), managers need guidance to guide what the company aims to be. The instructions are BSC. BSC measures company performance in four perspectives: financial perspective, customer perspective, internal business process perspective and learning and growth perspective. There are two important interrelated factors behind the birth of the BSC: the inadequate accounting measure to reflect the business reality and the fundamental shifts in the business environment.

Companies that have good corporate governance will improve company performance. To improve the performance and corporate governance, the importance of Good Cooperate Governance, minister of SOEs through the decision of KEP-117 / M-MBU / 2002 dated July 31, 2002 regarding the implementation of Good Corporate Governance in all SOEs, is required to implement Good Corporate Governance (GCG) consistently and or make GCG its operational basis. Good Corporate Governance (GCG) is basically a code of conduct that can be a reference for corporate organs and all employees in applying business values and ethics to become part of corporate culture. Thus, the issue of governance is in fact largely determined by the context of each corporate institution, although it can still be conditioned. The preparation of GCG guidelines is one of the efforts to condition the company, in order to have a system, structure and culture in accordance with good governance principles.

To improve the performance and corporate governance required good internal control. Good internal controls allow management to be ready for dynamic changes in the economic situation, increasing competition, shifting customer demands and priorities and restructuring for future progress. In Indonesia, State-Owned Enterprises (SOEs) are required to conduct internal controls based on the COSO (internal control COSO) framework as set forth in Article 22 of the Decree of the Minister of SOE No. Kep-117 / MMBU / 2002 on the Implementation of Good Governance on State-Owned Enterprises. In the decree stated that the management of SOEs must maintain internal control for the company. As is known, the role of SOEs in the economic order of Indonesia is one of the economic actors in the national economic system that is expected to play an active role and cooperate based on economic democracy to create a just and prosperous society. To obtain results, benefits and optimal positive impact of SOE performance in accordance with the main tasks and functions, the application of internal control principles play a role in maintaining Good Governance in SOEs.

Theoretical Framework

Understanding Performance

Company performance is something produced by a company in a certain period with reference to the standard set. Thus Companies performance assessment) implies a process or assessment system regarding the implementation of a company's work ability (organization) based on certain standards (Kaplan and Norton: 2000). The purpose of performance appraisal is to motivate employees to achieve organizational goals and adhere to predetermined standards of behavior, to result in actions and results desired by the organization.

Lawler (2001), states that performance is a measure of success or achievement that has been achieved by a company that is measured every period of time. The performance of the company is the achievement of the business as the objective of the company is established that is getting the maximum profit to be able to sustain growth and development. Company performance can be measured by using two aspects, namely financial aspect and non-financial aspect known as the measurement of balance scorecard performance.

Balanced Scorecard

Kaplan and Norton designed a more comprehensive performance measurement system called the Balanced Scorecard. Kaplan and Norton (2001) state that the Balanced Scorecard provides the organization's strategic goals into a set of interconnected performance benchmarks. Balanced Scorecard is a performance measurement method that not only reflects the financial performance, but also non-financial performance. The non-financial aspect gets serious attention because basically the improvement of financial performance comes from non finance aspect, so if the company will do multiplication of performance hence focus of company attention will be directed to non-financial performance improvement, because that's where finance come from.

Under the balanced scorecard approach, the financial performance generated by the executive must be the result of the realization of performance in the satisfaction of the customers' needs, the effectiveness of the productive and cost effective internal business processes and / or the development of productive and committed personnel The executive performance in the financial perspective is measured using the following measures: (1) return on investment (ROI), (2) revenue mix, (3) asset utilization (measured by asset turn over), and (4) significant cost reductions. The executive performance in the customer perspective is measured using three sizes: (1) the number of new customers, (2) the number of customers becoming non-customers, and (3) the timeliness of the customer service. From a business / internal perspective, executive performance is measured using three measures (1) cycle time, (2) on time delivery, (3) and cycle effectiveness. In learning and growth perspective, executive performance is measured by two measures: (1) skill coverage and (2) quality work life.

The message delivered to executives using the balanced scorecard in performance measurement of executives is "long-term financial performance cannot be generated through artificial efforts. Long-term financial performance can only be realized through efforts to generate value for customers, improve productivity and cost effectiveness of business processes / interns, improve employee capability and commitment (Kaplan and Norton: 2000).

Corporate Governance

Good corporate governance is a concept based on agency theory, is expected to serve as a tool to give investors confidence that they will receive a return on the funds they invest. Good corporate governance deals with how investors are confident that managers will benefit investors, confident that managers will not embezzle or invest into unprofitable

projects with funds or capital invested by investors and relate to how investors control managers (El Gammal and Showeiry, 2012).

According to the Organization Economic Cooperation and Development (OECD: 2004), Corporate governance is the structure of relationships and their relation to responsibilities among stakeholders consisting of shareholders, members of the board of directors and commissioners including managers, designed to promote the creation of performance competitive requirements necessary to achieve the company's main objectives. According to the formulation of Cadbury Committee (1992), corporate governance is a system that directs and controls the company with a view to achieving a balance between the power of authority required by the company to ensure its sustainability and accountability to shareholders. According to the Forum for Corporate Governance in Indonesia (FCGI, 2000), corporate governance is a set of rules that establish relationships between shareholders, managers, creditor, government, employees and other internal and external stakeholders in respect of their rights and obligations, or in other words the system that directs and controls the company.

Meanwhile, ADB (Asian Development Bank) explained that GCG contains four main values: Accountability, Transparency, Predictability and Participation. Corporate governance is a supervision and control process intended to ensure that corporate management acts in line with the interests of shareholders. Corporate governance is a system built to direct and control the company so as to create a good relationship, fair and transparent among stakeholders in the company.

From some of the above definition can be said that corporate governance is a system that regulate, manage and supervise the business control process to improve company performance and raise the value of shares as well as a form of attention to stakeholders, employees, creditors, and surrounding communities. In the Decree of the Minister of State-Owned Enterprises No. Kep-117 / MMbu / 2002 on the implementation of Good Corporate Governance practices in State-Owned Enterprises (SOEs) it is explained that, Corporate governance is a process and structure used by SOE organs to increase business success corporate accountability in order to realize shareholder value in the long term by taking into account other stakeholders based on regulations, laws and ethics.

Organization Economic Cooperation and Development (OECD: 2004) develops a set of principles of corporate governance, or better known as The OECD Principles of Corporate governance. The basic principles of good corporate governance include: 1). Fairness, 2). Transparency, 3). Accountability and 4). Responsibility.

Internal Control

In Indonesia, State-Owned Enterprises (SOEs) are required to conduct internal controls based on the COSO (internal control COSO) framework as set forth in Article 22 of the Decree of the Minister of SOE No. Kep-117 / MMBU / 2002 on the Implementation of Good Governance on State-Owned Enterprises. In the decree stated that the management of SOEs must maintain internal control for the company. To obtain results, benefits and optimal positive impact of SOE performance in accordance with the main tasks and functions, the application of internal control principles play a role in maintaining Good Governance in SOEs. COSO defines internal control as a process, influenced by boards of directors, management and other personnel designed to provide reasonable assurance of the achievement of objectives in the following: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable regulations.

In accounting and organizational theory, internal control is defined as a process, influenced by human resources and information technology systems, designed to help an organization achieve a certain goal or objective. Based on these definitions, the main objectives of the internal control process are: (1) Operation / performance objectives; (2) Information / financial reporting objectives; and (3) Compliance objectives.
In the COSO framework, the success of internal control is determined by five components, namely: 1). Control environment, 2). Risk assessment, 3). Control activities, 4). Information and communications and 5). Monitoring The internal determination of the control by the Board of Directors shows that management as the company's driver is responsible for the internal control implementation, ensuring that the internal control has covered all the goals and objectives of the entity, upholding and maintaining internal control so that it can continue to support the achievement of the specified goals and objectives, even when the goals and objectives change over time, ensuring that the system is consistently applied, and ensuring that the organization's environment supports the internal control.

Manager Behavior

At the beginning of the establishment of an organization, has formulated the goals to be achieved for the common good. The achievement of organizational goals is strongly influenced by human behavior in the organization. Manager's behavior is proxies by controlling management decisions and decisions, and cost consciousness. The concept of cost consciousness was developed by Shield and Young (1989), emphasizing the degree to which managers has a bearing on the cost consequences of decision making. This is based on evidence that many companies are successful in competitive advantage because they are able to manage the budget well. Budget participation is very effective and efficient in facilitating the dissemination of complex information and the initial process of organizational learning (organizational learning). Cost consciousness can be assessed through the manager's concern about costs. Costs are an important consideration in making decisions and managers' efforts to tighten costs to achieve budget or cost efficiency (Birnberg *et al*., 1990).

Companies that separate management functions with ownership functions will be vulnerable to agency conflict. The cause of the agency conflict because the decision makers or managers do not have to bear the risk as a result of mistakes in business decision-making or cannot increase the value of the company. The risk is fully borne by the owners. Because it does not bear the risk and does not get pressure from other parties in securing the investment of shareholders, the management tends to approve expenditure or cost items that are consumptive and unproductive (Jensen and Meckling, 1976).

Eisenhardt (1989) states that agency theory uses three assumptions of human nature: (1) human beings in general selfishness (self interest); (2) human beings have limited thinking about the bounded rationality; and (3) humans always avoid risk (risk averse). Based on the assumptions of human nature, managers as human beings will act opportunistic, which will give priority to his personal interests. Correspondingly, Gitman (1994) argues that control of modern firms often lies in the hands of non-owner professional managers; there is a separation between the owner and the manager. Generally, financial managers will agree with the maximization goals of the welfare of the owner. But the reality in practice, however the manager is also concerned with his welfare, job security, lifestyle and other pleasures such as having luxury vehicles, luxurious and comfortable offices and others.

Another cause of agency conflict between managers and shareholders is due to funding decisions. Shareholders are only concerned with the systematic risk of the company's shares, as they invest in a well-diversified portfolio. But managers, on the other hand, are more in touch with overall corporate risk. Thus, according to agency theory managers tend to act to pursue their own interests, rather than by maximizing value in funding decision-making (Jensen and Meckling, 1976).

Agency theory reveals that managers as agents of shareholders do not always act on behalf of shareholders because their goals are different. On the one hand the shareholder's welfare depends solely on the market value of the enterprise; on the other hand, the welfare of the manager depends heavily on the size and risk of corporate bankruptcy. As a result managers are interested in investing in order to increase growth and decrease corporate risk through diversification, although this may not necessarily improve shareholder wealth (Bethel and Julia: 1993).

Effect of Internal Control on Corporate Governance

In every country must require good governance or called Good Corporate governance. This good government is a form of success in carrying out the task to build the country in accordance with the planned goals. For the achievement of these goals every government must be able to manage the existing resources in the country, one of which is the most important is finance. The management of these resources is certainly aimed at securing the company's assets and profits that are the ultimate goal of the company. In order to achieve this, the company's management requires a robust, simple, easy to operate, and secure internal control. Thus the internal control will affect the establishment of good corporate governance. And this is supported by the findings of research Leng and Ding (2011) which revealed that internal control significant effect on corporate governance.

The Influence of Manager Behavior Against Corporate Governance

Agency theory reveals that managers as agents of shareholders do not always act on behalf of shareholders because their goals are different. On the one hand the shareholder's welfare depends solely on the market value of the enterprise; on the other hand, the welfare of the manager depends heavily on the size and risk of corporate bankruptcy. As a result managers are interested in investing in order to increase growth and decrease corporate risk through diversification, although this may not necessarily improve shareholder wealth (Bethel and Julia: 1993). Good manager behavior will create good corporate governance.

Effect of Internal Control on Company Performance

Internal control mechanisms are designed to bring the interests of managers and shareholders into congruence. It is legally required that the board of directors of a publicly owned company be responsible for developing and implementing these internal control mechanisms. As (Fama & Jansen, 1983) noted, the most important role of the board of directors is to scrutinize the highest decision maker in the company. Managers create and implement their decisions, while members of the board of directors ratify them and generally monitor the execution of top corporate managers' jobs (Fama & Jansen, 1983).

The Influence of Manager Behavior on Company Performance

Bathala, Moon and Rao (1994) suggest that in the agency model proposed by Jensen and Meckling (1976), the firm is a subject to increased conflict. This is due to the spread of decision-making and risks borne by the company. In this context managers have a tendency to use the advantages over consumption and other opportunistic behaviors, because they receive the full benefits of the activity but are less willing to assume the risk of the costs incurred. Jensen and Meckling (1976) state this as agency cost of equity. Besides, managers also have a tendency to use high debt not on the basis of maximization of corporate value, but for their opportunistic interests and this will affect the company's performance. Manager behavior has an effect on company performance. The result of this finding is supported by Eccles, Krzus, and Serafeim (2011), which mention that manager behavior has significant effect to company performance.

The Influence of Corporate Governance on Corporate Performance

According to the Organization Economic Cooperation and Development (OECD: 2004), Corporate governance is the structure of relationships and their relation to responsibilities among stakeholders consisting of shareholders, members of the board of directors and commissioners including managers, designed to promote the creation of performance competitive requirements necessary to achieve the company's main objectives. Corporate governance affects the company's performance. Corporate governance influences corporate performance. Similarly, the results of research Switzera, and Mingjun (2009), Aljifri, and Moustafa, (2007) and Boniface, Brian G. and Chris (2005), that corporate governance affects the company's performance.

RESEARCH METHODOLOGHY

This research was conducted at State-Owned Enterprise in Medan city. The research implementation is planned in 2015. The research population is all managers in State-Owned Enterprise in Medan city as many as 285 companies and 166 samples taken. The sampling technique in this research is done

by random sample of proportion or proportional random sampling. The method used for data analysis is the path analysis equipment that is the direct development of multiple regressions with the aim to provide an estimate of the magnitude and significance of the hypothetical causal relationship in a set of variables.

The two-lane diagram model consists of two structural equations with two substructures, namely X1, X2 as exogenous variables and Y1 and Y2 as endogenous variables with structural equations, namely:

Sub-structural equation model 1:
$Y_1 = PY_1X_1 + PY_1X_2 + \varepsilon_1$
Sub-structural equation model 2:
$Y_2 = PY_2X_1 + PY_2X_2 + PY_1Y_2 + \varepsilon_2$
Where:
Y_1 = Corporate Governance
Y_2 = Company Performance
X_1 = Internal Control
X_2 = Manager Behaviour
ε = *Term of Error*

FINDINGS AND DISCUSSION

After the data is collected and analyzed, the output is obtained as can be seen in the following diagram:

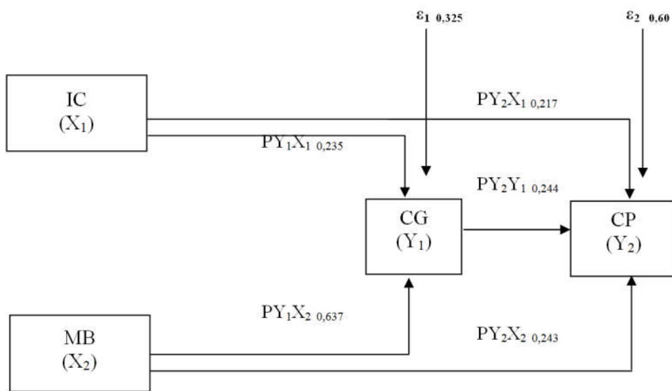

Figure 1 Path Diagram

The model can explain the value of determination coefficient of 0.9619 shows that 96.19% of information contained in the data, while the remaining 3.81% is explained by error and other variables outside the model. The coefficient number in this model is relatively large so it is worthy of further interpretation. In the path analysis image shows the direct influence of internal control, managerial behavior, corporate governance, and company performance consisting of:

1. Internal control of corporate governance of 0.235
2. Manager behavior towards corporate governance of 0.637
3. Internal control on company performance of 0.217
4. The behavior of managers on the performance of the company of 0.243
5. Corporate governance on corporate performance of 0.244

While the indirect influence through corporate governance on corporate performance is for variables:

1. Internal control of corporate governance and corporate performance of 0.0573
2. Manager behavior on corporate governance and corporate performance amounted to 0.15542

Effect of Direct Internal Control on Corporate Governance

The first hypothesis statement which states that internal control variables directly have a positive and significant effect on corporate governance. The magnitude of the direct influence of internal control over corporate governance is 0.235. Significant value for internal control is 0.001 < alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that internal control gives a positive and significant impact on corporate governance, meaning that the better internal control will affect corporate governance corporate managers in the city of Medan. Internal Control Affects the Implementation of GCG Principles. This indicates that in order to implement GCG principles it is necessary to be encouraged by Internal Control.

Effect of Manager Behavior Directly to Corporate Governance

The second third hypothesis that Manager behavior variables directly have a positive and significant effect on corporate governance. The magnitude of indirect influence Manager behavior on corporate governance is 0.637. Significant value for the price of 0.000 < alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that the behavior of managers gives a positive and significant impact on corporate governance, meaning that the better behavior of managers will affect corporate governance corporate managers in the city of Medan. Agency theory reveals that managers as agents of shareholders do not always act on behalf of shareholders because their goals are different. On the one hand the shareholder's welfare depends solely on the market value of the enterprise; on the other hand, the welfare of the manager depends heavily on the size and risk of corporate bankruptcy. As a result managers are interested in investing in order to increase growth and decrease corporate risk through diversification, although this may not necessarily improve shareholder wealth (Bethel and Julia: 1993). Good manager behavior will create good corporate governance.

Effect of Direct Internal Control on Company Performance

The third hypothesis states that internal control variables directly have a positive and significant impact on company performance. Magnitude of direct influence Internal control on the performance of respondents companies is 0.217. Significant value for Internal Control of 0.026 < alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that the internal control gives a positive and significant impact on the performance of the company, which means the better internal control will affect the performance of company manager in Medan City. Internal control is a system of shared meanings shared by members who distinguish the organization from other organizations. Meanwhile, according to Furnham and Gunter (1993) internal control as a belief, attitudes and values generally owned, which arise in an organization put forward with more simple, culture is "the way we do something around here". From various studies on internal control influential in organizational aspects such as: improvement of company performance. McKinnon et.al (2003) in his research indicate that internal controls measured through clarity of organizational goals and work autonomy have a significant

positive effect on the performance of companies both in private companies and government companies.

Effect of Manager Behavior Directly to Company Performance

Fourth hypothesis states that the variable behavior of managers directly has a positive and significant impact on company performance. Directly Behavior manager has positive and significant effect to company performance. The magnitude of the direct influence of the manager's behavior on company performance is 0.243. Significant value for manager behavior is 0.040 < alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that the behavior of managers gives a positive and significant impact on the performance of the company, meaning the better behavior of managers will affect the performance of company manager in Medan City.

The influence of corporate governance directly on company performance

Corporate governance directly affects positively and significantly to company performance. The magnitude of the direct influence of corporate governance on corporate performance is 0.244. The significant value for the product is 0.032 <alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that Corporate Governance gives a positive and significant impact on the Performance of the company, which means the better Corporate Governance will affect the performance of company manager in Medan City. Khan, Rehman, Dost, and Mumtaz (2011) in his research mentioned that corporate governance influences corporate performance, then Sheikh (2013) states that corporate performance is influenced by corporate governance. Similarly, the results of this study are supported by the research of Switzera, and Mingjun (2009), Aljifri, and Moustafa, (2007) and Boniface (2009), that corporate governance influences corporate performance.

The Influence of Internal Control Indirectly to Company Performance through Corporate Governance

The sixth hypothesis states that internal control variables indirectly have a positive and significant impact on corporate performance through corporate governance. Indirectly, internal control affects positively and significantly to corporate performance through corporate governance. The amount of indirect influence of internal control on corporate performance through corporate governance is 0.0573. Significant value for internal control is 0.026 <alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that the internal controls give a positive and significant impact on corporate performance through corporate governance, which means the better Internal control will affect the performance of the company manager with if corporate governance is also good at SOE companies in the city of Medan.

The Influence of Manager Behavior Indirectly to Corporate Performance through Corporate Governance

The eleventh hypothesis states that the variable behavior of managers indirectly has a positive and significant impact corporate performance through corporate governance. Indirectly Behavior managers have a positive and significant impact on corporate performance through corporate governance. The magnitude of indirect influence Manager behavior on corporate performance through corporate governance is 0.15542. Significant value for Manager behavior is 0.040 < alpha 0.05, thus the hypothesis is accepted. Thus it can be concluded that the behavior of managers gives a positive and significant impact on corporate performance through corporate governance, which means the better Behavior managers will affect the performance of the company manager with if corporate governance is also good at state-owned companies in the city of Medan.

CONLUSSION AND RECOMMENDATION

Internal control directly influences positive and significant to Corporate Governance. Manager's behavior has a direct positive and significant effect on Corporate Governance. Internal Control has a direct positive and significant effect on Company Performance. Manager's behavior has a direct positive and significant effect on Company Performance. Corporate Governance directly and positively affects the Company's performance. Internal Control has a positive and significant impact on Corporate Performance through Corporate Governance. Manager's behavior has a positive and significant impact on Corporate Performance through Corporate Governance. Internal control, manager behavior, corporate governance, and corporate performance are factors that affect the performance of state-owned enterprises in Medan. It can be used by state-owned enterprises in Medan City to improve company performance for the development of state-owned enterprises in Medan City in the future. In addition to internal control, manager behavior, corporate governance, and company performance, there are still other factors beyond this research model that affect the performance of the company. Therefore, this research can be developed to be able to know other influences that affect company performance.

References

Aljifri, K., & Moustafa, M. (2007). The Impact of Corporate Governance Mechanisms on the Performance of UAE Firms: An Empirical Analysis. *Journal of Economic & Administrative Sciences, 23*(2), 71-93. http://dx.doi.org/10.1108/10264116200700008

Bathala, C.T., K.P. Moon, dan R.P. Rao. 1994. Managerial Ownership, Debt Policy, and the Impact of Institusional Holdings: An Agency Perspective. Financial Management. Vol. 23, No. 3.

Bethel, J.E. dan Julia Liebeskind (1993), "The Effect of Ownership Structure on Corporate Structuring". *Strategi management Journal*, Vol. 14: pp. 15 – 31.

Birnberg, J. G., Shields, M. D., & Young, S. M. (1990). The case for multiple methods in empirical management accounting research (with an illustration from budget setting). *Journal of Management Accounting Research, 2*, 33-66.

Boniface, Brian G. dan Chris Cooper. (2005). *Worldwide Destination: The Geography of Travel and Tourism (fourth edoition).* Oxford: Elisevier Butterworth Heinemann.

Eccles, R., Krzus, M., and Serafeim, G. (2011). Market Interest in Nonfinancial Information. Harvard Business School Working Paper, No. 12-018.

Eisenhardt, K.M, (1989), 'Agency Theory: An Assesment and Review'. *Academy of Management Review.* January. Pp.: 57 - 74.

El-Gammal, W., and Showeiry, M. (2012). "Corporate governance and quality of accounting information: Case of lebanon". The Business Review, Cambridge, 19(2): 310-315. http://search.proquest.com.

Fama, E.F. and Jensen, M.C, (1983), '*Separation of Ownership and Control*'. *Journal of Law and Economic*. June. pp. 301-325.

FCGI, (2000), C*orporate governance*. *Forum for Corporate governance in Indonesia*. Jakarta.

Furnham, A. & Gunter, B. (1993). *Corporate Assessment: Auditing a Company's Personality*. Routledge, London.

Gitman, L.J, (2000), "Principle of Management Finance," 9th d, Addison Wasler, Massachussets.

Jensen, M.C. and Meckling, W.H, (1976), '*Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure'*. *Journal of Financial Economics*. October. Vol. 3. pp. 305-360, 1976.

Keputusan Menteri Badan Usaha Milik Negara (BUMN) Nomor: KEP-117/M-MBU/2002, 31 Juli 2002.

Kaplan, R., and Norton D., (2000). "*The Strategy Focused Organizations: How Balanced Scorecard Companies Thrive in The New BusinessEnvironment*", Boston: Harvard Business School Press.

Lawler, E.E. (2001). *The ultimate advantage: creating the high involvement organization*. San Francisco, Jossey-Bass.

Leng, dan Ding (2011), *Internal Control Disclosure and Corporate Governance: Empirical Research from Chinese Listed Companies*, School of Business, Hohai University, Nanjing, China, Technology and Investment, 2011, 2, 286-294.

McKinnon, J. L., Harrison, G. L., Chow, C. W., & Wu, A. (2003). Organizational culture: Association with commitment, job satisfaction, propensity to remain, and information sharing in Taiwan. International Journal of Business Studies, 11(1), 25-44.

OECD (2004), "*Principles of Corporate Governance*," Paris, France, OECD Publications Services.

Peraturan Bank Indonesia Nomor 8/4/PBI/2006 tentang Pelaksanaan Good *Corporate governance* bagi Bank Umum, LNRI Tahun 2006 Nomor 6 DPNP.

Peraturan Bank Indonesia Nomor 8/14/PBI/2006 tentang Perubahan atas Peraturan Bank Indonesia 8/14/PBI/2006 tentang Pelaksanaan Good *Corporate governance* bagi Bank Umum, LNRI Tahun 2006 Nomor 71 DPNP.

Peraturan Menteri Badan Usaha Milik Negara No: PER-05/M-MBU/2008.

Shields, M., and S. M. Young. (1989), A behavioral model for implementing cost management systems. *Journal of Cost Management* (Winter): 17-27.

Surat Keputusan Menteri Negara/Kepala Badan Penanaman Modal dan Pembinaan BUMN No. 23/M PM/BUMN/2000 tentang: *Pengembangan Praktik Good Corporate governance dalam Perusahaan Perseroan (PERSERO).*

Surat Edaran, No. 9/12/DPNP/2007 Tahun 2007 Tentang Pelaksanaan Good *Corporate governance* Bagi Bank Umum.

Switzera, dan Mingjun (2009), *The Impact of Corporate Governance on the Performance of U.S. Small-Cap Firms*, International Journal of Business.

Undang-Undang Dasar Negara Republik Indonesia Tahun 1945. Berita Republik Indonesia Tahun II Nomor 7.

Undang-Undang Republik Indonesia Nomor 19 Tahun 2003 tentang Badan Usaha Milik Negara, LNRI Nomor 4297.

Undang-Undang Republik Indonesia Nomor 40 Tahun 2007 tentang Perseroan Terbatas, LNRI Tahun 2007 Nomor 106.

World Bank (1999), "*Corporate Governance: A Framework for Implementation*".

How to cite this article:

Maya Sari.2017, Performance of Soe's Company In Medan City (A Perspective of Corporate Governance In Context Internal Control And Manager Behavior). *Int J Recent Sci Res.* 8(10), pp. 21036-21042.

DOI: http://dx.doi.org/10.24327/ijrsr.2017.0810.1003

****