

Analysis of Corporate Financial Performance in Indonesia's Transportation and Logistic Sector

ABSTRACT

Aims: To examine the effect of the board of directors, board of commissioners, independent board of commissioners, capital structure, liquidity, and sales growth on the company's profitability.

Study Design: Dependent variable: profitability; independent variables: board of directors, board of commissioners, independent board of commissioners, capital structure, liquidity, and sales growth.

Place and Duration of Study: The research was conducted on transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2022.

Methodology: The method used in data collection is study uses purposive sampling that produce 56 company data from 148 data by calculating them using several tests: descriptive statistical, chow, hausman, lagrange multiplier, and regression using the Eviews 12 analysis tool.

Results: The analysis test showed the results chow test with values of $0.009 < 0.05$ (FEM), the results of hausman test of $0.627 > 0.05$ (REM), and the LM test of $0.149 > 0.05$ (CEM) and the results of regression test in the hypothesis test on the variables of the board of directors resulted in a probability value of $0.000 < 0.05$ (accepted) can affect the profitability, on the variables of the board of commissioners (0.710), independent board of commissioners (0.119), Capital Structure (0.200), liquidity (0.196), sales growth (0.218) and showing probability value > 0.05 (not accepted) do not affect the company's profitability.

Conclusion: The result showed that transportation and logistic sector at company's profit level can be affected by the management of directors which affects the increase in profitability. However, with the increase in the number of commissioners, independent commissioners, the many burdens and obligations borne, the company cannot achieve maximum profits. The increase in sales growth doesn't affect the company's profits because of the enormous debt and operating costs that must be paid to meet its operational needs. Thus the company can provide signals or information according to signaling theory to investors to compare and make investment decisions in the company.

Keywords: Profitability; Directors; Commissioner; Capital Structure; Liquidity; Sales Growth.

1. INTRODUCTION

The era of globalization affects the business world's progress in the life structure, and companies compete with other companies in managing essential functions. The company uses a strategy to show its existence in the industrial world to compete and run well financially and non-financially. There are various goals to be achieved by the company, one of which is maximum profit following the set target (Febiyanti & Hersugondo, 2022).

Companies achieving profits or profitability can calculate with the financial ratios used, namely, Return On Asset (ROA), which will later be used to evaluate whether management performance has

worked optimally and effectively or not. The ROA ratio has the advantage of being the basis for taking comprehensive measurements in financial statements so that they are easy to calculate and understand and can be applied to each organizational unit in Profitability (Aprilya et al., 2021).

In achieving the target, the company has procedures or management of a company where there is a relationship between company participants that aims to direct good performance in the company called Corporate Governance (CG). To create good CG, the companies has internal and external mechanisms, including matters such as the size of the Board of Directors (BD), Board of Commissioners (BC), and Independent Board of Commissioners (IBC). In implementing the existence of CG, the company will have improved performance due to the process or implementation of decision-making for each company stakeholder. In this case, CG has a relationship to increase company profits called Profitability (Febiyanti & Hersugondo, 2022). The BD the company, such as the existence of a financial reporting decision, risk assessment, and corporate governance system as a way to protect and promote the interests of shareholders who invest in each company (Pratama et al., 2020, p. 229). A company's BD and IBC panel of commissioners is an essential function in corporate governance. In this case, the commissioner is responsible for supervising the company's directors to ensure that the directors have implemented good CG.

The achievement of targets in the company is undoubtedly not avoided from funding through a Capital Structure (CS) that has a permanent nature, including short-term debt and company equity. This funding is carried out by companies in the form of long and short-term financing related to dividends taken by the company (Fransisca & Widjaja, 2019).

Profitability can be affected by Liquidity related to the way the company fulfills its obligations. The company's strength in paying its debts through the number of payment instruments/liquid instruments it owns. A company that has the power to pay its obligations is a company that can be said to be liquid (MPOC et al., 2020).

Another factor that affects profitability is Sales Growth (SG). A company is said to have good profitability if it also has good sales growth. Sales growth, often referred to as sales growth, is the amount or total of sales increases owned by the company calculated from year to year (Pratiwi et al., 2021).

Companies are based on profit or profit every year in applying factors that affect profitability. There are various sectors in Indonesia, one of which is the transportation and logistics sector, where the company list in industry have an increase and decrease in profits every year, but if it is associated with the era of globalization and in modern times like today a lot of transportation and logistics are done through e-commerce which can improve the country's economy. The transportation and logistics sector is also penetrating the international world, which can attract investors to invest in the industry, such as many developments in ports, airports, highways, train projects, and others.

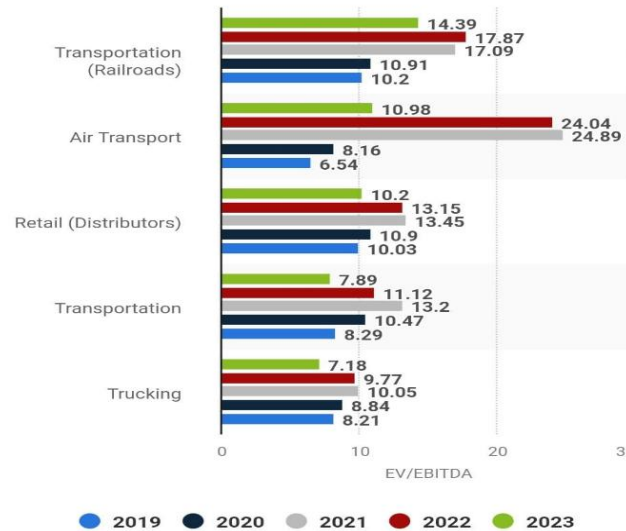


Figure 1. EV/EBITDA of Transport and Logistics sector 2019 – 2023
(Statista Research Department, 2023)

The company should have high profits with so many developments to improve facilities. Still, the transportation and logistics sector has yields that fluctuate and are unstable every year researchers conduct development research (Febiyanti & Hersugondo, 2022). By adding financial ratios, researchers wanted to know the relationship CG and financial ratios to profitability in transportation and logistics sector because the previous study only discussed corporate governance. Thus, researchers choose these measurements through the BD, BC, IBC, capital structure, liquidity, and sales growth.

LITERATURE REVIEW

Signaling Theory

Signaling Theory or signal theory, discovered by Spence (1973), states that an information owner will provide information in the form of a signal that describes the condition of a company that is beneficial to investors. The company offers signals to investors regarding the manager's performance information. The signals provided are in the form of reliable financial information from outside and within the company. In addition, signals can also be an attraction for investors. Information or signals provided by the company can be in the form of good signals or wrong signals, where when there is a good signal, there is an increase in stock distribution by investors, which shows that companies is very good prospect in the future (Rahmawati et al., 2023).

Based on this, it can be said that signaling theory is a theory that has the availability of information for investors or shareholders about the existence of sound signals from company is financial statements, which very useful in conducting fundamental analysis that can be done through financial ratio analysis so that investors can decide related to the existence of this information whether the company has a reasonable prospect of an increased profit or profitability of the enterprise.

Profitability

Profitability through Return On Asset (ROA) is used for bank operations in measuring the maximum level of profit/profit of the company. ROA is important for companies to measure the effectiveness of financial performance and can take into account management's ability to generate profits effectively and efficiently (Nuryanto et al., 2020).

The profitability ratio use by companies to measure for the effectiveness the performance of management. It analyzes the company's increasing profits through revenue levels that describe its ability to make profits (Subiyanti & Zannati, 2019). The profit of company is obtained through indicators in measuring company's operations in the financial statements. In this case, an investor can see and analyze the company regarding the return on invested funds (Purnama & Trisnarningsih, 2021). In addition to measuring ROA in profitability, there are several levels of profitability measurement that can be used by companies in measuring profitability ratios, such as Gross Profit Margin (GPM), Net Profit Margin (NPM), Return on Equity (ROE), Return on Investment (ROI), and Earning Power (EP). The ROE ratio is focused on calculating profitability on the company's equity in increasing profits (Sastra, 2019).

Board of Directors and Profitability

According to (Rahmawati et al., 2023), Corporate Governance (CG) is the relationship between company management to achieve the company's goals and as a performance monitoring tool determined by the companies through the BD and all stakeholders. Implementation of CG can reduce costs borne by shareholders. It can reduce for cost of capital and increase company's value in creating support from stakeholders (Wardani Isma et al., 2020).

The board of directors has responsibility for the essential functions of supervising strategic decision-making within the company, such as financial reporting, risk assessment, and corporate governance systems that are used as a way to protect and promote the interests of shareholders who invest in each company (Pratama et al., 2020).

According to previous research by (Ariandhini, 2019) (Febiyanti & Hersugondo, 2022), The board of directors positively affects profitability. Based on this description, hypotheses can be drawn in this study as follows:

H₁: Board of Directors affects profitability

Board of Commissioners and Profitability

The BC has control in supervising implementation of company operation. In company's management, the office holder of the BC makes representatives in the company's internal and external environment. In this case, the number of BC and commissioners will influence the company's profits or company profitability, thus in line with the research by (Fitriyani, 2021) (Lumbanraja, 2021) (Febiyanti & Hersugondo, 2022). Based on this description, hypotheses can be drawn in this study as follows:

H₂: Board of Commissioners affects profitability

Independent Board of Commissioners and Profitability

The IBC is a supervisor in company, similar to the BC, but the independent commission of commissioners does not directly deal with shareholders. The IBC has the function or authority to protect and supervise the protection of shareholders in the decision-making process within the company through the BC. A company minimizes fraud by implementing supervision from an independent board of commissioners; the more independent the BC, the better the supervisory function will be (Intia & Azizah, 2021).

In this case, implementing CG will increase the company's profits by measuring the IBC and in line with research (Intia & Azizah, 2021), (Febiyanti & Hersugondo, 2022). Based on this description, hypotheses can be drawn in this study as follows:

H₃: Independent Board of Commissioners influences profitability

Capital Structure and Profitability

(Pratiwi et al., 2021) The CS is permanent funding consist of long-term the equity and debt. According to (Faridhatus Sholihah, 2020), the more outstanding or higher the Equity Ratio (DER), the higher the company's financial ratio.

In this case, when the company has a high profit, it is able and more flexible in paying its operational costs; when a company has a high capacity to pay its expenses and debts, investors will be interested, and this can increase the company's profits, in this case, the capital structure affects profitability according to research (Mudjijah et al., 2019), (Sari & Dwirandra, 2019). Based on this description, hypotheses can be drawn in this study as follows:

H₄: Capital Structure Affects Profitability

Liquidity and Profitability

According to (Amin et al., 2022), The liquidity ratio describe the company's power to shell out its obligations, one of which is the current ratio to meet short-term obligations. This ratio is essential for external parties, such as investors, and is a signal to measure the company's profitability. The more the company has liquidity, the more it can pay its short-term debt using its current assets. That is, companies with liquid conditions can generate profits well. (Nainggolan & Abdullah, 2019), (Sastra, 2019), (Cahyani & Sitohang, 2020), (Sembiring, 2020) It also says that liquidity affects profitability. Thus, the following hypothesis can be drawn:

H₅: Liquidity affects profitability

Sales Growth and Profitability

Research (Pratiwi et al., 2021) said that sales growth, commonly referred to as sales growth, is the intensify in sales get by a company from year to year. SG describes the company's financial situation, and sales growth will increase the company's profits. This sales growth, when from year to year, experiences an increase in profits or profits, will also increase profitability. According to research, sales growth affects profitability (Fransisca & Widjaja, 2019). Thus, the following hypothesis can be drawn:

H₆: Sales Growth Affects Profitability

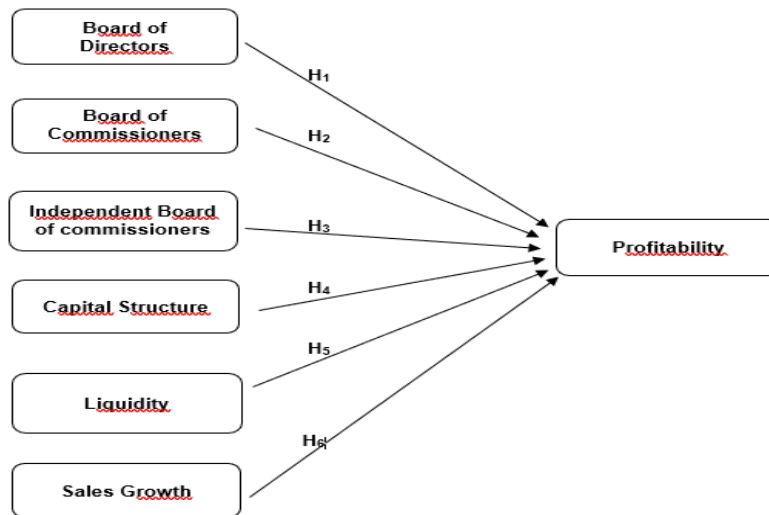


Figure 2. Research Framework

2. METHODS

This quantitative research uses a population of 148 transportation and logistics sector companies in Indonesia Stock Exchange (IDX) since 2019 to 2022. The samples used in this study were transportation and logistics sector companies selected through purposive sampling techniques. In this

study, The companies that were sampled were 56 companies. There are several criteria for sampling, which are as follows:

1. Transportation and logistics sector companies listed on the IDX for the period 2019 to 2022
2. Comprehensive and consistent annual report on transportation and logistics sector companies for the period 2018 to 2022
3. Profitable transport and logistics sector companies between 2019 and 2022.

In this study, researchers used rupiah currency from taking annual reports, because rupiah currency is the Indonesian currency used by the public in daily transactions and this is contained in the annual report in the form of financial statements of each company in Indonesia (Ashshiddiqie et al., 2022).

The approach taken to data collection in this study is secondary data. Techniques used in data collection through collection is financial statements in the form of annual company reports available www.idx.co.id (Bursa Efek Indonesia, n.d.) the website of the Indonesia Stock Exchange. The dependent variable in this study is profitability through the measurement of Return on Assets (ROA), for the independent variable, namely CG, which is measured using the size of the BD, BC and IBC, and financial ratios, namely CS using Debt to Equity Ratio (DER) measurement, liquidity using Current Ratio (CR) measurement, and SG using Sales Growth with a comparison of sales each year.

2.1. Dependents Variable

Companies use profitability to determine how a company implements its finances and in accordance with financial performance in achieving its Profitability (Giavinny & Ugut, 2022). The formula used in this study to measure the dependent variable of profitability using Return on Asset (ROA) is as follows:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}}$$

2.2. Independent Variable

The basis of corporate governance is to direct management of the company to act by the provisions in calculating corporate governance variables using the BD, BC and IBC.

a. Board of Directors (X_1)

The BD has a very vital role in the company, the spread of more members of the BC will lead to conflicts, but it's also provide diverse problem-solving alternatives to homogeneous board members (Samhudi & Hersugondo, 2022), calculated by the formula:

$$B_Size = \Sigma \text{ Board of Directors}$$

b. Board of Commissioner (X_2)

Judging from the large number of members of the BC, the BC's led by a president or leager of the commissioner in company (Frumentius & Christiawan, 2020) calculated by the formula:

$$B_Com = \Sigma \text{ Board of Commissioners}$$

c. Independent Board of Commissioner (X_3)

Measuring the IBS's done by dividing the number of the BC by the total of BC. The independent members of the BC to provide better oversight of management to improve and good company performance in company (Chabachib et al., 2020), calculated by the formula:

$$Indp_Com = \frac{\text{Independent Commissioner}}{\text{Board of Commissioners}}$$

d. Capital Structure (X_4)

Capital structure is a ratio calculated using the Debt to Equity Ratio, used to calculate the ratio between total debt to total equity (Yasmine & Dillak, 2021), calculated by the formula:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Equity}}$$

e. Likuiditas (X₅)

Company liquidity shows the company's liability to fulfill its maturing obligations, both obligations to external and internal parties, through the current ratio (Cahyani & Sitohang, 2020), calculated by the formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

f. Sales Growth (X₆)

Sales growth is a calculation made to measure the company's sales growth rate this year minus the previous year, divided by the last year's sales (Fransisca & Widjaja, 2019), calculated by the formula:

$$\text{Sales Growth} = \frac{\text{Sales}_i - \text{Sales}_{i-1}}{\text{Sales}_{i-1}}$$

3. RESULTS AND DISCUSSION

The results of this analysis are broken down into several steps outlined accordingly in the research procedure. After all the data has been collected, the next step is the process of processing the data of each variable, including all results interpreted through descriptive statistics, as follows:

	Profitability	BD	BC	IBC	CS	Liquidity	SG
Mean	0.065	3.071	1.643	0.857	1.288	1.822	0.221
Median	0.029	3.000	1.000	1.000	0.509	1.286	0.129
Maximum	0.060	7.000	5.000	2.000	41.648	7.861	1.705
Minimum	0.005	2.000	1.000	0.333	-7.904	0.084	-0.739
Std. Dev.	0.098	1.042	0.903	0.400	5.917	1.642	0.471
Skewness	3.417	1.025	2.025	1.413	5.689	1.731	0.960
Kurtosis	17.368	4.776	4.776	5.240	40.283	6.055	5.037
Jarque-Bera	590.704	17.160	103.874	30.361	3545.501	49.745	18.268
Probability	0.000	0.000	0.000	0.0000	0.000	0.000	0.000
Sum	3.623	172.000	92.000	47.983	72.107	102.040	12.363
Sum Sq. Dev.	0.533	59.714	44.857	8.809	1925.694	148.319	12.201
Observations	56	56	56	56	56	56	56

Table 1. Descriptive Analysis Results

Source: Processed data (Eviews 12)

Table 2. Chow Test Results

The model used in this study is the Chow Test, which can distinguish performance from general and fixed effect models. The test results in the Chow Test show that the probability value of cross-section $0,009 < 0,05$, then the Fixed Effect Model (FEM) is chosen, which is as follows:

Redundant Fixed Effects Tests
Equation: Untitled

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.775	(13,36)	0.086
Cross-section Chi-square	27.742	13	0.009

Source: Processed data (Eviews 12)

Table 3. Hausman Test Results

The Hausman test was used in this study to compare the FEM with the Random Effect Model (REM). Table 3 of the Hausman Test results shows that the probability value of cross-section 0,627 > 0,05, then the REM is chosen, which is as follows:

Correlated Random Effects – Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.370	6	0.627

Source: Processed data (Eviews 12)

Table 4. Lagrange Multiplier (LM) Test Results

The LM test tests whether the REM model is superior to CEM and whether the results from previous trials are consistent. The results of the LM test have a probability value of 0,149 > 0,05; then, the Common Effect Model (CEM) is chosen. It can be produced as follows:

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypothesis: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Cross-section	Test Hypothesis	
		Time	Both
Breusch-Pagan	1.390 (0.238)	0.688 (0.407)	2.078 (0.149)

Source: Processed data (Eviews 12)

Table 5. Regression Test Results

The next test is a regression test, based on the test states the results of the six variables X, namely:

Estimation Equation:

$$Y = C(1) + C(2)*X1 + C(3)*X2 + C(4)*X3 + C(5)*X4 + C(6)*X5 + C(7)*X6$$

Substituted Coefficients:

$$Y = -0,141 + 0,048*X1 - 0,006*X2 + 0,056*X3 - 0,003*X4 + 0,010*X5 + 0,031*X6$$

t table = 2,005

- The t-test results on the board of directors variable (X1) obtained a t count of 4,011 > t table, which is 2,005 and the value of sig. 0,000 < 0,05, then Ho is rejected, and Ha is accepted, meaning that the variables of the board of directors affect profitability.
- The t-test results on the commissioners variable (X2) obtained a t count of -0,375 < t table, which is 2,005 and sig value. 0,709 > 0,05, then Ha is rejected, and Ho is accepted, meaning that the variables of the board of commissioners do not affect profitability.
- The t-test results on the independent board of commissioners variable (X3) obtained a t count of 1,586 < t table, which is 2,005 and sig value. 0,119 > 0,05, then Ha is rejected, and Ho is accepted, meaning that the variables of the board of commissioners do not affect profitability.
- The t-test results on the capital structure variable (X4) obtained a t count of -1,297 < t table, 2,005 and the sig value. 0,201 < 0,05, then Ha is rejected, and Ho is accepted, meaning that capital structure variables do not affect profitability.
- The t-test results on the liquidity variable (X5) obtained a t count of 1,312 < t table, 2,005 and sig value. 0,196 > 0,05, then Ha is rejected, and Ho is accepted, meaning that liquidity variables do not affect profitability.
- The t-test results on the sales growth variable (X6) obtained a t count of 1,246 < t table, which is 2,005 and sig value. 0,219 > 0,05, then Ha is rejected, and Ho is accepted, meaning that the variable sales growth does not affect profitability.

Variable	Coefficient	Std. Error	t-Statistic	Prob.	
C	-0.141	0.064	-2.195	0.033	
BD	0.048	0.012	4.011	0.000	Accepted
BC	-0.006	0.015	-0.374	0.710	Not Accepted
IBC	0.056	0.035	1.586	0.119	Not Accepted
CS	-0.003	0.002	-1.297	0.200	Not Accepted
Liquidity	0.010	0.007	1.311	0.196	Not Accepted
SG	0.031	0.025	1.246	0.218	Not Accepted

Source: Processed data (Eviews 12)

The based on analysis results above, discussions can held that provide information related to each variable that affects other variables. Here is an explanation of each variable based on theory:

The Effect of the Board of Directors on Profitability

Base the test results, it shows that the variables of the board of directors affect the profitability of the company. In this case, the board of directors has responsibility for the critical function of supervision in strategic decision-making within the company, such as the existence of a financial reporting decision, risk assessment, and corporate governance system, which is carried out as a way to protect and promote the interests of shareholders who invest in each company (Pratama et al., 2020, p. 229).

The BD also has control over the managerial potential of the company. In this case, it can be said that an increase and decrease in the company's BD will affect the profits of company. The existence of a BD makes signals and informers for shareholders to decide on investment decisions and makes signs both by signal theory and shows that the 1st hypothesis is accepted. According to research (Fitriyani, 2021),(Febiyanti & Hersugondo, 2022).

The Effect of the Board of Commissioners on Profitability

Base the testing results, the data shows that the variables of BC do not affect profitability. This means that any increase or decrease of the BC cannot affect the increase in profitability or profits of the company. Commissioners hold the company's internal control, which is responsible for overseeing the directors that have been determined by the company (Fitriyani, 2021).

In this case, there is no influence in the form of information or signals provided by the company on the board of commissioners on profitability, which cannot offer good signs for investors in making decisions. This is to the signal theory underlying this study and shows that the 2nd hypothesis is rejected, based on which this research fits the study (Ariandhini, 2019), (Katutari & Yuyetta, 2019), (Pangestu & Santoso, 2021), (Fitriyani, 2021).

The Effect of the Independent Board of Commissioners on Profitability

Base the test results, it shows that the variables of IBC do not affect the profitability of the company. The larger size of IBC's panel in the company cannot affect the increase in profits or profitability. (Intia & Azizah, 2021) It was said that the IBC has the authority and responsibility to supervise the company, such as the Board of Commissioners, but is not close to shareholders who have the function or power to protect and oversee the protection of shareholders in the decision-making process within the company.

In this case, the IBC policymakers cannot give a good signal to investors to make decisions on the company; the increase and decrease in the number of independent commissioners as stakeholders in the company do not signal profitability, and it is not in line with the basis of signal theory. Results of the influence on this study are in line with the research conducted by (Katutari & Yuyetta, 2019), (Subiyanti & Zannati, 2019), dan hipotesis ke-3 dinyatakan ditolak.

The Effect of Capital Structure on Profitability

The results showed that capital structure variables did not affect Profitability. The higher the total debt the Company, the higher the risk of violating agreement with creditor because the large number of assets is not able to guarantee the Company's debt; in this case, the Company cannot maximize profits if the Company's inability to pay its debts. Retained earnings can be made to operating funds collected through reserve funds for the Company's strategic plan (Sastra, 2019).

In the absence of influence, of course, the Company cannot provide clues or signals that can attract stakeholders because the higher funding cannot provide a good signal because of the unstable profits of the Company; in this case, the 4th hypothesis is not accepted that the capital structure has no influence on Company's Profitability and This aligns with research (Sastra, 2019), (Pratiwi et al., 2021), (Fathoni & Syarifudin, 2021).

The Effect of Liquidity on Profitability

The results showed that liquidity variables did not affect profitability. The liquidity ratio is a measuring tool to determine whether the company can meet its short-term obligations (Rahmawati et al., 2023). A company can pay expenses but cannot meet all the finances owned by the company. In other words, a company does not be able to pay its debts, so it can be said that its ability to pay its obligations cannot affect the company's profits (MPOC et al., 2020).

Thus, the company cannot give good signals to investors because the high liabilities that the company must bear cannot affect the company's profits, and profitability does not increase. In this case, the 5th hypothesis is not accepted, with the same research (Fransisca & Widjaja, 2019), (Nuryanto et al., 2020), (Pratiwi et al., 2021).

The Effect of Sales Growth on Profitability

The measurement result show that the variable sales growth does not affect the company's profitability. Sales growth can reflect the success of investing in the past. With high growth, the company will have high profits, but when sales growth increases, it does not affect its earnings because of the burden of debt that the company must bear in fulfilling its obligations (Kurniati & Yuliana, 2022).

With no influence between sales growth and profitability, there are no signals in the form of clues can be given by the company to investors. It can be said that the 6-hypothesis is rejected, and the result of the study are same by research (Sembiring, 2020), (Faridhatus Sholihah, 2020), (Pratiwi et al., 2021).

4. CONCLUSION

The purpose of this study is to comprehensively determine the effect of corporate governance and financial ratios on profitability or profit of companies by emphasizing BD, BC, IBC, as well as the ratio of capital structure, liquidity, and sales growth in the transportation and logistics sector recorded on the IDX for 2019 to 2022. The results of hypothesis testing show that the accepted hypothesis is contained in the variables of the BD. At the same time, the idea that is not accepted is contained in BC, IBC, capital structure, liquidity, and sales growth variables.

The conclusions that can be drawn based on this study based on data analysis show that a company's profit can be influenced by how a company is managed by the number of BC that regulate financial governance in the company. However, with the increase in the number of BC, IBC and the number of obligations borne, the company cannot achieve maximum profits. The increase in sales growth cannot affect the company's profits because of the enormous debt and operating costs that must be paid to meet its operational needs. In general, the research conducted is expected to be a reference and new insight for readers and provide information that when readers invest in companies, they can find out information in the form of signals or instructions from each company to find out management by policymakers, low debt levels, high profits and assets, and stable sales growth every year.

The limitation of this study is that it only examines one sector of the company in the transportation and logistics sector and is limited to four years. The variables studied only include corporate governance and financial ratios. Based on these results and limitations, suggestions that can be given for future research can examine other sectors, add the number of periods or years, and add additional variables related to company profitability, such as dividend policy variables, to find out the company's dividend rate whether it is distributed or partially not distributed in the form of retained earnings.

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