Effect of Company Performance on GCG and Control of Operation Cost

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ABSTRACT

Aims: The research aims to investigate and analyze the relationship between state equity involvement, corporate strategy, and the application of good corporate governance principles, as well as the relationship between operating cost control and firm success.
Study design: Research design this is Explanatory Research by doing analysis Descriptive analysis and Verification.
Place and Duration of Study: The information utilized includes both primary data gathered through questionnaires and secondary data gathered from SEO Businesses in Indonesia receiving SEP.
Methodology: State Equity Participation, Business Strategy, Good Corporate Governance, Operational Cost Control, and Company Performance are the Subjects of This Study. The company secretary, internal control unit, and finance department are the study's units of observation. Structural equation modeling is the research methodology employed (SEM). Research design this is Explanatory Research by doing analysis Descriptive analysis and Verification.
Results: The findings of this study indicate that there is an influence between the variables of State Equity Participation (SEP) and Business Strategy (BS) on Good Corporate Governance (GCG). There is an influence between the variables of State Equity Participation (SEP), Business Strategy (BS), and Good Corporate Governance (GCG) on Operational Cost Control (OCC). However, there is no influence between the variables of Good Corporate Governance (GCG), Operational Cost Control (OCC), and State Equity Participation (SEP) on Company Performance (CP). But there is an influence between the variables of Business Strategy (BS) on Company Performance (CP).
Conclusion: The investigation revealed that there is a connection between State Equity Participation (SEP) and Good Corporate Governance (GCG). The variable state equity participation (SEP) has an impact, as well, on the operational cost control (OCC). The findings of the research on the Business Strategy (BS) variable also have an impact on Good Corporate Governance (GCG). The Business Strategy Variable (BS) is also related to Operational Cost Control in a meaningful way (OCC), and there was no correlation between the components of Good Corporate Governance (GCG) and Company Performance (CP).

Keywords: SEO; Good Corporate Governance; Company Performance; Operational Cost Control; State Equity Participation; Business Strategy.

1. INTRODUCTION

The government should maintain the viability of state-owned enterprises. State Owned Enterprise (SOE) require a large amount of effort, especially in terms of funding sources. Not all SOEs have sufficient capital. To overcome this, the government can establish several policies. One of the policies implemented by the government is the addition of capital. This addition of capital to SOEs is formally called State Equity Participation (SEP) [1].

The capital structure reflects the financial health of the organization, because capital is a very important thing that needs to be considered to build and develop a business. With a good capital structure, of course, the company will be in a going concern condition. The entity will not be dissolved or liquidated, as this assumption believes the corporation will continue to function indefinitely into the future. Therefore, a firm with an unfavorable capital structure and an enormous debt will be heavily burdened, namely the appearance of financial disturbances resulting from an imbalance between the amount of available capital and the amount of necessary capital. The fairness of SOE financial statements is based on the going concern idea, which refers to SOE restructuring for business continuity [2].

The provision of SEP is carried out only in circumstances where capital restructuring must be carried out and the SOE concerned has a strategic position, its products and services are very influential for the lives of many people, carry out special assignments, or are supported by law. The use of SEP is one of the main elements of the restructuring of SOEs (KemenSEO, 2017). The supply of SEP to SOEs is anticipated to have a good effect on the business capacity of SOEs (PP No. 44 of 2005, article 7), allowing SOEs to contribute optimally to the national economy.

Cash (new money) and convertible securities are two types of SEP provided to SOEs (non-cash). SEP's financial value to SOEs is derived from the SOE/Ministry of SOEs' extra SEP proposal and the Ministry of Finance's review. In the meanwhile, convertible SEPs to SOEs might result from the conversion of main debt into ongoing loans, the conversion of dividends, and the issuance of shares.

Based on data from the Performance Report of the Ministry of SOEs, in 2017 there was a very significant increase in the distribution of SEP to SOEs from Rp 2 trillion in 2019 to Rp 41.17 trillion in 2019 as follows:

Table 1. SOE Recipient of SEP in Fiscal Year 2019

No.	SOE name	SEP Value (Rp billion)
1	PT Perkebunan Nusantara III	3.150
2	PT Perkebunan Nusantara VII	17.5
3	PT Perkebunan Nusantara IX	100

4	PT Perkebunan Nusantara X	97.5
5	PT Perkebunan Nusantara XI	65
6	PT Perkebunan Nusantara XII	70
7	PT PAL Indonesia	1,500
8	PT Angkasa Pura II	2,000
9	PT ASDP	1,000
10	PT PELNI	500
11	PT Djakarta Lloyd	350
12	PT Hutama Karya	3,600
13	Perum Perumnas	1,000
14	PT Waskita Karya, Tbk.	3,500
15	PT Adhi Karya, Tbk.	1,400
16	PT Dok Perkapalan Surabaya	200
17	PT Dok Perkapalan Kodja Bahari	900
18	PT Industri Kapal Indonesia	200
19	PT Dirgantara Indonesia	400
20	PT ANTAM, Tbk.	3,500
21	PT PINDAD	700
22	PT KAI	2,000
23	PT Pelindo IV	2,000
24	PT Pengembangan Pariwisata Indonesia	250
25	PT PLN	5,000
26	Perum Bulog	3,000
27	PT PPA	1,000
28	PT Pertani	470
29	PT SHS	400
30	PT Periknus	200
31	Perum Perindo	300
32	PT Garam	300
33	PT PNM	1,000
34	PT Askrindo	500
35	Perum Jamkrindo	500
36	PT Bahana PUI *)	250
TOTAL CASH		**41,170**
TOTAL NON CASH *)		250

Source: SOE Performance Report (Ministry of SOE, 2015)

In the research conducted by Sudarno et al. [3] said that capital investment utilized for investment will increase financial performance. Capital investment increases the company's operational operations and performance if used for investment. This is consistent with study by Iswahyudi [4] which argues that the management of capital investment will provide a productive and effective rate of return if realized in the form of productive investment in a firm. SOE performance can be improved by lowering operational and non-operational (efficient) expenses, increasing revenues, and making productive investments.

The problem is that many SOEs have not performed well in managing SEP. There are a number of state-owned businesses that lose money after receiving capital injections (SEP). There are SOEs that after receiving SEP, their net profit declines, even more worrying is that their net losses actually increase/lose even more. This indicates that the provision of SEP repeatedly to SOEs does not guarantee that their financial performance will improve [5].

Disclosed that expenditures are a source of difficulty in SEO. The cost of income, operational expenditures, and other expenses incurred by SOEs has surpassed the budget to date. The impacted SOEs lose. Management's lack of control over this expense budget is shown by its execution flaws.

In addition to unavoidable external circumstances, a portion of the poor performance of a number of state-owned enterprises is also attributable to their lack of competitiveness. This shortcoming originates from the sluggish speed of business anticipating as a result of the environment's changing dynamics, the inadequacy of human resources and leaders, and maybe too much bureaucracy in decision-making. In addition, Corporate Governance helps corporation management balance profit and continuity. It is anticipated that the use of GCG in SEO would eliminate these issues and boost the efficacy and efficiency of firm management, particularly the capacity to create profits [6].

Poor-performing SOEs face several issues, including: (1) Limited capital has yet to support the achievement of economic scale and stable performance; (2) Management issues can be caused by either (a) the corporate governance system or (b) management factors, such as strategic and managerial competence and management integrity; (3) Unpredictable competitive dynamics. Legal, political, and societal issues might prevent SOEs from achieving corporate goals [7]. It is necessary for the government, which is the owner of SOEs, to restructure SOEs in order to carry out management in accordance with the principles of Good Corporate Governance. This would allow the government to revitalize SOEs that have poor management performance.

The authors are interested in performing a study project entitled "Based on the Phenomena that Have Been Revealed, the Literature Utilized, and the Results of Previous Research" because of the phenomena that have been disclosed, the literature that has been used, **Does GCG and Control of Operation Cost affects Company Performance?** by conducting a survey on SOEs receiving SEPs in Indonesia.

2. MATERIAL AND METHODS

2.1 The Influence of State Capital Inclusion on the Implementation of Good Corporate Governance Principles

Problems that arise in GCG are the result of agency problems that arise in an organization. state ownership is another common form of control in some countries. State enterprises are generally very inefficient because they tend to have political objectives and the resulting losses result in economic deficiencies [8].

Likewise, Setiawan et al., [8]. show that companies with high state ownership tend to pay higher cash dividends. However, Ghany [9] found a significant negative relationship between dividends and state ownership and research Al-Najjar [10] shows that state ownership has a significant negative impact on the dividend payout ratio, so that state ownership generally reduces the need for to pay dividends.

Setiawan [8] stated that transparent financial reporting will increase investor confidence. Disclosure of the overall financing policy can create an image of transparency that Good

Corporate Governance should have. Transparency has a positive impact on performance and can protect the interests of shareholders.

2.2 The Effect of State Capital Inclusion on Controlling Operational Costs

State capital participation, which constitutes government share ownership, certainly has an impact on the government's rights and obligations, especially in terms of monitoring and controlling operating costs. BUMN must automatically implement GCG [11].

Rezki [12] in their research explain that capital structure has a positive influence on real earnings management. Kurniawati [13] the government has provided State Capital Inclusion (PMN) to State-Owned Enterprises (BUMN) as an effort to restore and strengthen BUMN. however, the pmn provided cannot necessarily improve the performance of bumn in generating profits. The PMN provided by the government is also partial and does not take into account synergies between bumn. Kamil [14] explains that increasing capital participation will increase company equity and of course increase bumn assets. where the provision of pmn aims to assist bumn in organizing activities and is also given if there is a bumn that receives a special government assignment.

2.1.3 The Influence of Business Strategy on the Implementation of Good Corporate Governance Principles

The reason why a company succeeds or fails may be more due to the strategy implemented by the company. The success of a company is largely determined by the company's strategic and managerial characteristics. These strategies can also include strategies for implementing a Good Corporate Governance (GCG) system within the company. The GCG structure in a company may determine the success or failure of a company.

Research by Ma’arif [15] concluded that government control in the form of a checks-and-balances mechanism is still needed to reduce agency costs, especially for companies with weak governance. In the long term, BUMN reform can aim to build effective corporate governance mechanisms and optimal government control structures.

2.1.4 Influence of Business Strategy on Controlling Operational Costs

Mande [16] in their research stated that the variables of business strategy and Good Corporate Governance both have a significant partial and simultaneous relationship with company performance. Lippincott, [17] reveals that environmental scans encourage and strengthen government transparency. The environmental scan includes a website that is present to facilitate government transparency in various social media, where the proliferation of government data is openly available.

According to Lippincott, [17] it is known that corporate governance from an international perspective means having a global code of corporate governance. This is demonstrated by the company's strategy through involvement with larger corporate clients to ensure better monitoring of the risks that will be faced in its governance.

Which according to Mande [16] shows the company's progress in achieving targeted results. Where good corporate governance will be more attractive to companies and also more sustainable under the following conditions: corporate compliance costs are relatively high, direct and visible corporate non-compliance costs are relatively high, and external party compliance monitoring costs are relatively high.

2.1.5 Effect of Implementing Good Corporate Governance Principles on Controlling Operational Costs

Mande [16] Budget is a tool for controlling operational costs that assesses the company's efficiency in spending costs. The budget is also a guideline in implementing activities as well as a limitation for budget users in proposing budget realization (transparency). According to Iswahyudi, Triyuwono [18] transparency means openness in providing information related to resource management activities to parties who need information.

Kung'u [19] found that there is a positive and significant relationship between director ownership and agency costs of manufacturing and allied companies listed on the Nairobi Securities Exchange. Director ownership is significant in explaining the agency costs of manufacturing and allied companies listed on the Nairobi Securities Exchange. Likewise, Kung'u [19] in their research also said that there is a significant positive relationship between director ownership and agency costs, in other words, there is a relationship between Good Corporate Governance (GCG) and Operational Cost Control (PBO).

2.1.6 The Effect of Implementing Good Corporate Governance Principles on Company Performance

Mbalwa et al [20] findings reveal that corporate governance practices are positively related to the performance of sugar manufacturing companies in western Kenya, not very strongly ($r = 0.587$, $p < 0.05$). This means that corporate governance practices involving board characteristics, board size, top management characteristics and shareholder communication policies and others have an ongoing impact on the performance of Sugar companies in Western Kenya. This study recommends that there are other factors that influence the performance of sugar manufacturing companies such as trade permits and government intervention which usually introduce new variables that influence the performance of Sugar companies in Western Kenya.

The research results used ROA to measure operational performance and included company size as a control variable and showed the results that corporate governance would be better if it was associated with higher operational performance. Meanwhile, the test results of Nurmaria Rahmatica, Qi [21] show that measures of transparency, independence, accountability, responsibility and fairness have a significant positive effect on the financial performance of BUMN PT Angkasa Pura II. Companies that are considered capable of implementing corporate governance well will provide positive signals to consumers and investors.

2.1.7 The Effect of Operating Cost Control on Company Performance

Revealed that problems in BUMN can be seen in the realization of expenses. The realization of the cost of revenue, operating expenses and other expenses of BUMN has so far been at a level that exceeds the budget. This condition causes losses for the BUMN concerned. The causes of problems in implementing the expense budget indicate weak control carried out by management in the budget, especially the expense budget used. Through control, management in particular will be able to monitor the realization of expenses and investment expenditure. Management will review compliance with the budget if there are unbudgeted expenses [22].

Looking at the final goal that every company wants to achieve, in general, it is maximum profit. In an effort to achieve maximum profit levels, cost levels need to be planned very carefully, especially in relation to cash outflow projections and cost control. Good cost planning should focus on the relationship between these levels of output. Management needs to study accounting reports and other related reports and then compare these reports with previously established plans. This comparison can show whether the implementation of activities has been carried out effectively and efficiently. Effectiveness is the achievement of predetermined targets, after considering the alternatives in question [23].

2.1.8 The Effect of State Capital Inclusion on Company Performance

The research results of Assagaf [24] found that the government subsidy variable and had a significant negative effect on financial performance with an alpha of 0.01, which means that it is difficult for BUMN to manage the company independently if the government continues to implement subsidy and additional capital programs every year. The capital structure variable shows a positive and insignificant influence on financial performance for BUMN investment decisions. Government subsidies are used as a moderator variable. This research finds that government subsidies strengthen the relationship between capital structure and financial performance.

Companies with low levels of government ownership tend to have low total liability ratios and low debt ratios. Adhikari [25] examined the positive influence between government ownership and capital structure. The research results reveal that there is a positive influence of government ownership on the use of debt in SME companies in Vietnam. Also found a positive relationship between government ownership and capital structure. A similar opinion was expressed by Akmalia [26] that when the government injects direct subsidies, it is possible for BUMN to maintain their performance.

A different statement in research by Assagaf et al [24] states that government subsidies have a significant negative impact on financial strength, meaning that it is difficult for state-owned companies to manage the company independently if the government continues to provide subsidies or additional capital. Research Naseem et al., [27] states a negative relationship between return on assets (ROA) and debt to equity ratio shows that companies obtain higher returns by relying on internal financing, a strong negative relationship has been found between liquidity and debt to the extent that the relationship with size the company is observed to be negative and not significant.

2.1.9 Influence of Business Strategy on Company Performance

For company performance, information on the success of strategy achievement is manifested in financial reports, where the barometer is:

1) The income that has been achieved is in accordance with the budget and is in accordance with the available market potential, and the expenses incurred to obtain income are in accordance with the policy and level of efficiency.

2) Management of state-owned companies in carrying out their business needs to design and implement effective business strategies in order to improve performance and bring profits to the company and its shareholders. States that strategy formulation and implementation has a positive and significant influence on financial performance, both partially and simultaneously.

Buana [28] stated that environmental costs are costs incurred by companies to prevent environmental damage or repair environmental damage resulting from business activities carried out by the company. In this research, it is known that environmental scanning has a positive influence on company performance.

3. RESULTS AND DISCUSSION

The purpose of descriptive analysis is to provide a broad account of the ways in which respondents responded to the statements that were included in the questionnaire. The researcher will describe in detail the replies of the 56 respondents, which will be gathered together as descriptive statistics, based on the outcomes of the responses the respondents provided concerning the factors that were researched by the researcher. The submission of an overview of the data used in descriptive statistical research is the percentage number of agreement levels and other answer ranges using a scale that goes from 1 to 5.

Equity capital Country

No	Dimensi	Rata-Rata
1	*Financing Policy*	3.7
2	*Debt to Equity Ratio*	3.59
3	*Equity to Asset Ratio*	2.96
4	Intensitas Modal	4.01
Total Rata-Rata		3.565 (baik)

Prncipal Good Corporate

No	Dimensi	Rata-Rata
1	*Transparency*	2.82
2	*Accountability*	3.52
3	*Responsibility*	4.33
4	*Independency*	3.86
5	*Fairness*	4.27
Total Rata-Rata		3.76 (baik)

Company Performance

No	Dimensi	Rata-Rata
1	Perspektif Keuangan	3.65
2	Perspektif Non Keuangan	3.85
Total Rata-Rata		3.75 (baik)

Business Strategy

No	Dimensi	Rata-Rata
1	*Cost Leadership Strategy*	3.68
2	*Differentiation Strategy*	3.74
3	*Focus Strategy*	3.71
Total Rata-Rata		3.71 (baik)

Operating Cost Control

No	Dimensi	Rata-Rata
1	Efisien	3.99
2	Efektif	4.3
3	Ekonomis	4.03
Total Rata-Rata		4.167 (baik)

Figure 1. Descriptive Analysis

It falls into the "good" category since its average number is within the range of 3.5 to 4,167, indicating that its State Equity Participation, Business Strategy, Good Corporate Governance, Operational Cost Control, and Company Performance scores are all above average.

The following is an image of a path diagram consisting of State Equity Participation (SEP), Business Strategy (BS), Good Corporate Governance (GCG), Operational Cost Control (OCC) and Company Performance (CP). Based on Figures 2 and 3, it can be seen the magnitude of the influence between variables and their significance. Based on Figure 3, it can be seen that the coefficient of determination (R2) of the Company Performance (CP) model is 0.691. These results state that the variation in the effect of all exogenous variables on the Company's Performance variable can be explained by 69.1%. The remaining 30.9% was explained by other unidentified variables. R2 of 69.1 % according to (Chin, 2000) in social research is good. The determination of the exogenous latent variable on GCG is only 31.5%, while the OCC is 73.2%.

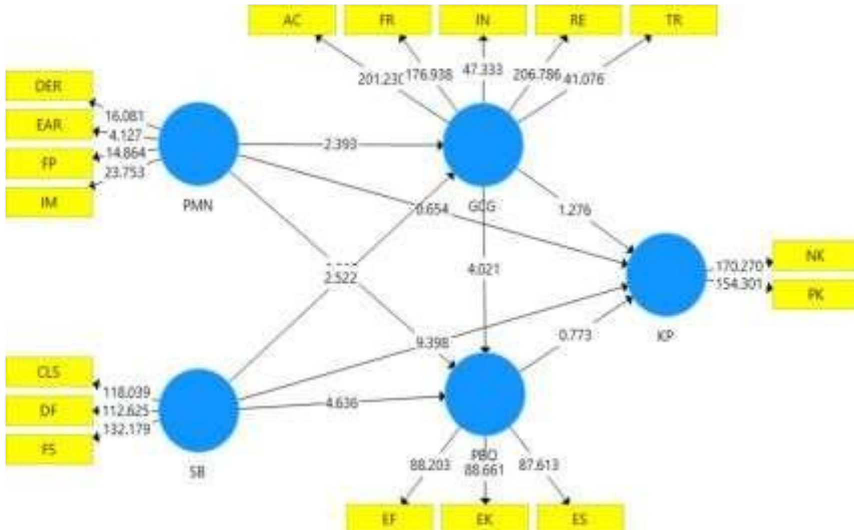

Figure 2. Measurement Model

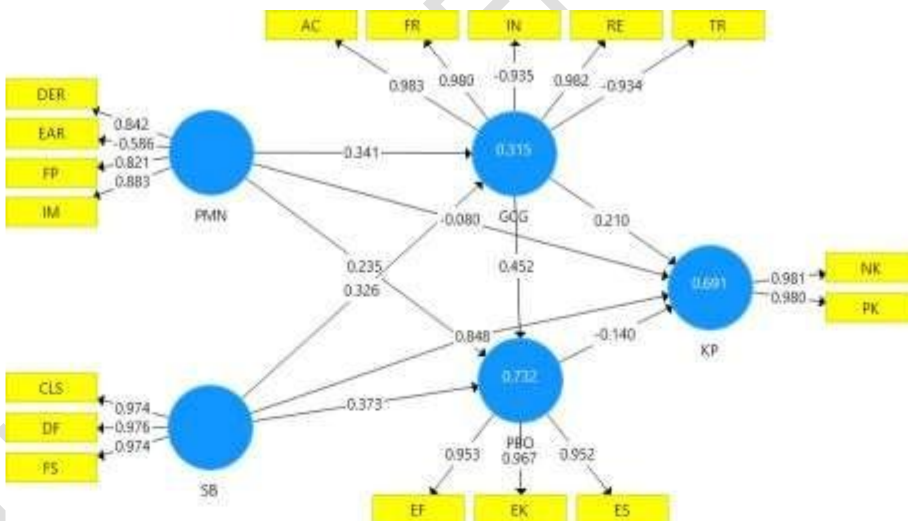

Figure 3. Structure Model

Meanwhile, the hypothesis testing results can be seen in Table 2 where six out of nine hypotheses were accepted. The rejected hypotheses were Hypothesis 6 (GCG), Hypothesis 7 (OCC and Hypothesis 8 (SEP). The hypothesis testing step in this study is to compare the t-count value with the t-table at a confidence level of 0.1 alpha which is 1.64, where if the t-count value > t-table then the hypothesis is accepted with the following calculation results:

Table 2. SEO Recipient of SEP in Fiscal Year 2019

Hypothesis	Path (Relationship)	Score t count (≥1.64)	P-Value	Direct Influence	Hypothesis Conclusion
H1	SEP→GCG	2.393	0.022	0.341	Received
H2	SEP→OCC	2.616	0.009	0.235	Received
H3	BS→GCG	2.522	0.015	0.326	Received
H4	BS→OCC	4.636	0.000	0.373	Received
H5	GCG→OCC	4.021	0.000	0.452	Received
H6	GCG→CP	1.276	0.213	0.210	Rejected
H7	OCC→CP	0.773	0.472	-0.140	Rejected
H8	SEP→CP	0.654	0.470	-0.080	Rejected
H9	BS→CP	9.938	0.000	0.848	Received

The test results show that the first hypothesis shows that State Equity Participation (SEP) has an effect on Good Corporate Governance (GCG) of 0.341 with a t-value of 2.393> 1.64 (real level 10%), then hypothesis 1 is proven. SEP has an influence on GCG because State Equity Participation (SEP) which is financing from the state will certainly look for companies with good Good Corporate Governance (GCG) that will be selected for State Equity Participation (SEP). It is acceptable to assume that there is a favorable connection between the participation of state capital and good corporate governance. The Minister of SOE Regulation Number Per-1/MBU/03/2021 concerning Guidelines for Proposing, Reporting, Monitoring, and Changes in the Use of Additional State Equity Participation to SEO and Limited Liability Companies requires all SEO-regulated companies to be accountable and transparent. This element affects SOE corporate governance.

Based on the analysis results, it is known that the variable State Equity Participation (SEP) has an effect on Operational Cost Control (OCC) of 0.235 with a t-value of 2.616> 1.64 (real level 10%), thus Hypothesis 2 is proven. SEP can affect the OCC because to run its business, SOEs certainly need capital. This equity participation will be part of the SOE's equity represented in the SOE's shares. This means that with increased capital participation, SOEs can carry out their operational, business and investment activities properly without having to worry about lack of capital. Whereas a growth in capital participation will lead to an increase in the company's equity portion, which would, in turn, lead to an increase in SEO's assets [29].

It has been determined via the findings of the study that the variable labeled "Business Strategy" (BS) has an influence on "Good Corporate Governance" (GCG) with a value of 0.326 and a t-value that is more than 1.64 (at a real level of 10%), proving that Hypothesis 3 is correct. This is due to the fact that the long-term objective of SOE reform is to provide an efficient system for corporate governance as well as an ideal framework for government oversight. In order to ensure that the established strategies can be effectively executed and to demonstrate the extent to which the organization has progressed toward reaching the desired outcomes. Considering how crucial it is to put a plan into action in order to reach one's objectives, it is vital to do research on the impact that such action has on the values that underpin good corporate governance.

Based on the analysis results, it is known that the Business Strategy (BS) variable has an effect on Operational Cost Control (OCC) of 0.373 with a t-value of 4.636> 1.64 (real level 10%), thus Hypothesis 4 is proven. Cost control is one of the most important elements in earnings management. However, good and controlled costs do not always refer to efficient costs. In general company operations, management of course always tries to achieve low costs Xue S [30] therefore the right strategy is needed so that management can control the company's operating costs.

Based on the analysis, it is known that the Good Corporate Governance (GCG) variable has an effect on Operational Cost Control (OCC) of 0.452 with a t-value of 4.021> 1.64 (real level 10%), thus Hypothesis 5 is proven. GCG has an effect on the control of operating costs because the performance of an organization is deemed to be good when the administration and provision of services by the organization in question are carried out at an economical, efficient, and effective level. This means that there is a connection between the two. Good Corporate Governance influence on operating cost control can be caused by the openness of the government in the decision-making process or policies or reports on its work so that it can be seen that there is control of operational activities so as not to deviate from the predetermined plan.

Based on the analysis results, it is known that the Good Corporate Governance (GCG) variable has no effect on the Company's Performance (CP) of 0.21 with a t-value of 1.276<1.64 (real level 10%), thus Hypothesis 6 is not proven. The research (Dwiridotjahjono, 2009) states that the practice of Corporate Governance is only a form of compliance (conformance) to regulations/stipulations, not as a system needed by companies to improve performance. This results in the implementation of Good Corporate Governance not being implemented wholeheartedly so that its effectiveness is reduced. Likewise, a culture that considers it normal for fraud and insider transactions.

Based on the analysis results, it is known that the Operating Cost Control (OCC) variable has no effect on Company Performance (CP) of -0.14 with a t-value of 0.773 <1.64 (real level 10%), thus Hypothesis 7 is not proven. This is reinforced by a descriptive statement where the aspect with the smallest average score is the efficient dimension (3.99). These results are also supported by the description of the research model where the operating cost control factor that has the least influence is the efficient dimension. An indicator that needs to be considered in improving the efficiency aspect is for the company to further increase the utilization of all available resources according to their needs and maximally, so as to encourage increased company performance.

Based on the analysis results, it is known that the State Equity Participation (SEP) has no effect on Company Performance (CP) of -0.08 with a t-value of 0.654 <1.64 (real level 10%), thus Hypothesis 8 is not proven. state capital on company performance because SEP is not only intended to improve company performance. In addition, in the year the SEP was given, the growth of assets in the company did not have an effect on performance. This is because the diBSursement of SEP which was not carried out at the beginning of the year has limited SOEs in making investments and using these investments to generate income.

The findings of the study show that the variable titled "Business Strategy" (BS) has an influence on the variable titled "Company Performance" (CP) with a value of 0.848 and a t-value that is more than 1.64 (at a real level of 10%), proving that Hypothesis 9 is correct. Because business strategy is an activity that a company engages in to take integrated policies to build a competitive advantage in the process of achieving business goals for the company, there is an influence between business strategy and the performance of the company. This is because this competitive advantage will later affect the performance of the company [31].

Based on the discussion, the results of testing the indirect effect, such as hypothesis 10 to hypothesis 12, need to be tested further. Where the value of the indirect effect is described in Table 3.

Table 3. Result of Evaluation of Indirect Effect

Hypothesis	Path (Relationship)	Score t count (≥1.64)	P-Value	Direct Influence	Hypothesis Conclusion
H10	SEP→GCG→OCC	1.771	0.077	0.154	Received
H11	BS→GCG→OCC	2.058	0.040	0.147	Received
H12	GCG→OCC→CP	0.698	0.485	-0.063	Rejected

The Sobel test shows a substantial indirect benefit of State Equity Participation (SEP) on Operational Cost Control (OCC) through Good Corporate Governance (GCG). The Sobel Test output shows that the p-value is 0.038 <0.05 (t-count 5%), while the Aroian and Goodman tests indicated p-values below alpha = 5%. Hence, Good Corporate Governance (GCG) mediates the relationship between State Equity Participation (SEP) and Operational Cost Control (OCC), demonstrating complete mediation.
The Sobel test showed a substantial indirect influence of Business Strategy (BS) on Operational Cost Control (OCC) through Good Corporate Governance (GCG). This can be observed in the Sobel test output, where the p-value is 0.033<0.05 (alpha=5%), the Aroian test (0.037), and the Goodman test (0.029). Hence, GCG mediates the relationship between Business Strategy (BS) and Operational Cost Control (OCC), demonstrating complete mediation.

The Sobel test found no substantial indirect influence of Good Corporate Governance (GCG) on Company Performance (CP) through Operational Cost Control (OCC). The Sobel test output shows that the p-value is 0.483>0.05 (t-count 5%), the Aroian test (0.495), and the Goodman test (0.469) all exceed alpha = 5%. Operational Cost Control (OCC) does not mediate the effect of Good Corporate Governance (GCG) on Company Performance (CP).

4. CONCLUSION

The investigation revealed that there is a connection between State Equity Participation (SEP) and Good Corporate Governance (GCG). The variable state equity participation (SEP) has an impact, as well, on the operational cost control (OCC). The findings of the research on the Business Strategy (BS) variable also have an impact on Good Corporate Governance. [Citation needed] (GCG). The Business Strategy Variable (BS) is also related to Operational Cost Control in a meaningful way (OCC).

According to the findings, there was no correlation between the components of Good Corporate Governance (GCG) and Company Performance (CP). According to the findings of the study conducted on the operational cost control (OCC) variable, the variable does not have an intermediate influence on the performance of the company (CP). According to the findings of the study conducted on the State Equity Participation (SEP) variable, there is no correlation between the SEP and the performance of the company (CP). According to the findings of the research into Business Strategy Variables (BS), there is a correlation between the Business Strategy Variables (BS) and Company Performance (CP).

the study on state equity participation (SEP) found that good corporate governance standards indirectly affect operational cost control. research on the SEP variable led to this conclusion. the research on solid corporate governance shows that managing operating costs does not indirectly affect a firm success. These findings contradict the study's finding that business strategy factors indirectly affect operating expenses through effective corporate governance.

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