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THE EFFECT OF IMPLEMENTING CORPORATE GOVERNANCE AND HUMAN RESOURCES COMPETENCE ON FINANCIAL LACKS

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ABSTRACT
Companies need to make efforts to organize the company to avoid a decline in the company's financial condition which causes bankruptcy, including the implementation of Good Corporate Governance and the existence of qualified human resource competencies in the company. This study aims to determine the effect of implementing good corporate governance and human resource competence on financial lacks. This study uses a quantitative research method with a descriptive approach. Data collection techniques in this study used questionnaires and literature studies. The research data were then analyzed using the SPSS program. The results of the study show that the implementation of good corporate governance has a negative effect on financial lacks and the competence of human resources has a negative effect on financial lacks

INTRODUCTION

A company definitely wants a longlife cycle. In the midst of increasingly fierce global competition, every company must have a way to survive and compete in the market. Based on the new concept of the business world, a company is not only profit-oriented, more than that, the company's main goal is to create value or value in order to achieve a competitive advantage (Nasution, 2021). Therefore, the role of managers in managing a company is very important because it is related to the sustainability and success of a company.

In a company it is important to have the role of corporate governance or corporate governance (CG) which affects the quality of the company. According to Yeh and Lee in (Fajaryati, 2017) it also shows that a weak corporate governance relationship is a company that has a condition of financial lacks, the possibility of a company going bankrupt and a company that has a healthy financial status condition has strong corporate governance. Akmal in (Aryani, 2019) his research shows that the low commitment to implementing the principles of Good Corporate Governance (GCG) is also closely related to the level of risk faced by the company. Companies that have good information systems can even be faced with failure if the principles of governance do not work properly. This reflects that risk and GCG implementation are closely related. This means that the two components, GCG and risk require synergistic steps in implementing and overcoming them.

Competence of Human Resources (HR) in this case also needs to be considered because it plays an important role in the sustainability of the company.

Therefore, human resources who have high competence are needed because high competence will be able to support increased employee performance (Fadhil, 2016). This is supported by the statement of Brigham and Daves (2003) in (Sopyan, L. A. N., Dadan Soekardan, 2022) which states that inaccurate decisions and interconnected weaknesses can affect both directly and indirectly the company's management as well as a lack of monitoring efforts against financial condition so that the use of company funds is not in accordance with what is needed. Companies need to make efforts to organize the company to avoid a decline in the company's financial condition which causes bankruptcy, including the implementation of Good Corporate Governance and the existence of qualified human resource competencies in the company. Based on this research background, researchers are interested in conducting research with the title " The Effect of Implementing Corporate Governance and Human Resources Competence On Financial Lacks".

Good Corporate Governance

In a company it is important to have the role of corporate governance or corporate governance (CG) which affects the quality of the company. The implementation of good CG commitments is hereinafter referred to as Good Corporate Governance (GCG). According to Kaihatu in (Romdhoni, 2015) Good corporate governance (GCG) is definitively a system that regulates and controls companies that create added value (value added) for all stakeholders (Monks, 2013). There are two things that are emphasized in this concept, first, the importance of the rights of shareholders to obtain information correctly and in a timely manner and, secondly, the company's obligation to disclose accurately, on time, transparently on all information on company performance, ownership, and stakeholders. GCG has five basic principles that are strengthened in the Regulation of the State Minister for State-Owned Enterprises Number: PER-01/MBU/2011 including transparency, accountability, responsibility, independence and fairness which are considered to be able to create a business ecosystem that is clean and with integrity (Arif, 2020).

Human Resource Competency

The need for skilled workers in various fields is a global world demand that cannot be postponed, and are required to have the ability to plan quality human resource development by making internal improvements through human resource development. This improvement in internal conditions also aims to strengthen itself and increase resilience in facing increasingly fierce competition. This means that agencies must improve the performance of their agencies through improving the performance of their employees. Therefore, human resources who have high competence are needed because high competence will be able to support increased employee performance (Fadhil, 2016). According to Dobois in (Azmy, 2015) competence is a characteristic that individuals have abilities and are used in a consistent manner appropriate to achieve the desired performance. These characteristics include knowledge, skills, aspects of self-image, social motives, traits, mindset and way of thinking, feeling, and implementation. Human resources are very important in carrying out tasks and carrying out organizational functions. Human resources can affect the success of a management within an organization, as stated by Mathis who stated that the value of human resources is influenced by the use of abilities or skills (competencies) possessed by humans when carrying out a job to the maximum extent possible regardless of background to develop competence. them (Umaira & Adnan).

Financial lacks

Financial lacks is a stage of decline in the company's financial condition. Bad financial lacks will result in company bankruptcy (Putri & Merkusiwati, 2014). According to Ramadhani and Lukviam in (Silanno & Loupatty, 2021) Financial lacks can be experienced by all companies, especially if the economic conditions in the country where the company operates experience an economic crisis. To overcome or minimize the occurrence of bankruptcy in the company, management must supervise the company's financial condition by using financial statement analysis. Financial statement analysis is an important tool for obtaining information about a company's financial condition. Financial analysis has 2 main tools that can be used, namely: ratio analysis and cash flow analysis. (Pongoh, 2013). Both of these tools can be used by management and other interested parties in the company to assess the extent to which the success achieved by the company from the strategies implemented and also what failures have occurred. If the company's financial condition appears to be declining, management should start being careful, because such conditions can lead to financial lacks.

RESEARCH METHOD

A. Methods

This research uses quantitative research methods. The quantitative research method is a research method that is based on positivistic (concrete data), research data in the form of numbers that will be measured using statistics as a calculation test tool, related to the problem under study to produce a conclusion (Sugiyono, 2019).

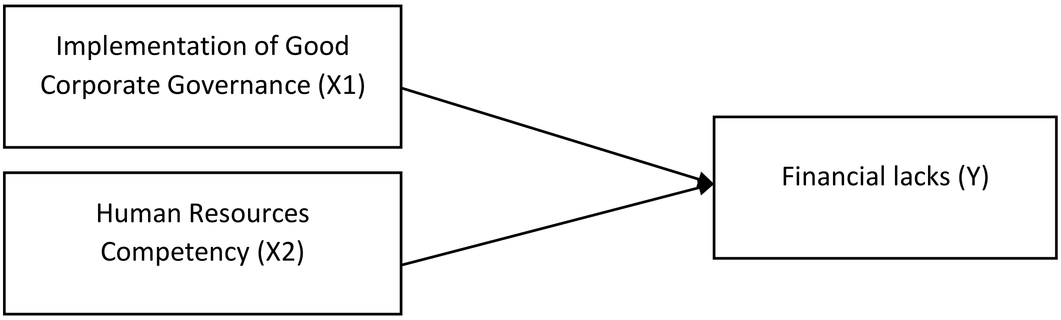
B. Population and Sample

The population in this study were all employees at the Syntax Corporation Indonesia office. This study took 30 samples from the population based on advice from (Kerlinger, 2016) which suggested a minimum sample size of 30. The sampling technique is random sampling, which is sampling members of the population on a regular basis regardless of the strata in the population. This method is carried out when members of the population are considered homogeneous (Garaika & Darmanah, 2002).

C. Data Collection Techniques

The data collection technique was carried out in this study using a questionnaire in the form of Google Docs which was distributed to the sample. While the instrument testing in this study used the validity and reliability tests using the help of IBM SPSS software. Because of this, it allows researchers to obtain respondents according to the amount generated.

D. Thinking Framework



E. Research Hypothesis

H1: Implementation of Good Corporate Governance has a negative effect on financial lacks

H2: Human Resource Competence has a negative effect on Financial lacks

H3: Implementation of Good Corporate Governance and Competence of Human Resources together have a negative effect on Financial lacks.

RESULTS AND DISCUSSION

Validity test

The validity test is intended to test how well the research instrument measures the concept that should be measured. The validity test was carried out by calculating the correlation between the score of each item and the total score so that the Pearson Correlation value was obtained (Matondang, 2009). The results of the validity test can be seen in Figure 1:

Correlations

		X1	X2	Y	TOTAL
X1	Pearson Correlation	1	.536**	.267	.831**
	Sig. (2-tailed)		.002	.153	.000
	N	30	30	30	30
X2	Pearson Correlation	.536**	1	.387*	.868**
	Sig. (2-tailed)	.002		.035	.000
	N	30	30	30	30
Y	Pearson Correlation	.267	.387*	1	.589**
	Sig. (2-tailed)	.153	.035		.001
	N	30	30	30	30
TOTAL	Pearson Correlation	.831**	.868**	.589**	1
	Sig. (2-tailed)	.000	.000	.001	
	N	30	30	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Figure 1
Validity test

Based on the data in Figure 1, it can be seen that all instruments have a Pearson correlation value greater than r Table = 0.361 (N=30) and a Sig. (2-tailed) the correlation for all items is less than 0.05 so it can be concluded that all statement items are declared valid.

Reliability Test

Reliability is an index that shows the extent to which a measuring device can be trusted or relied on. This shows the extent to which the measurement results remain consistent when done twice or more for the same symptoms, using the same measuring instrument (Widi, 2011). According to Kendra, a measuring instrument is said to be reliable if it produces the same results even though measurements are made many times (Sugiyono, 2021). The criterion used is a construct or variable that is said to be reliable if it gives a Cronbach Alpha value > 0.600. The results of the reliability test are presented in Table 1 **below**

Table 1
Uji Reliabilitas

No.	Variable	Cronbach Alpha	Information
1	Implementation of GCG (X1)	0.654	Reliable
2	HR Competence (X2)		Reliable
3	Financial lacks (Y)		Reliable

Multiple Linear Regression Test

Multiple linear regression analysis aims to find out and predict whether the independent variable (X) has an effect on the dependent variable (Y) and how much influence the three independent variables have on the dependent variable (Y) in this study (Yusuf, 2017).

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	9.810	2.722		3.603	.001
	X1	.143	.097	.267	1.469	.153

a. Dependent Variable: Y

Based on the results of this analysis, a significance value of 0.153 > 0.05 is obtained, so that partially it can be concluded that the implementation of Good Corporate Governance (X1) has a negative effect on Financial lacks (Y).

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	10.118	1.939		5.218	.000
	X2	.264	.138	.339	1.906	.067

a. Dependent Variable: Y

Based on the results of this analysis, a significance value of 0.067 > 0.05 is obtained, so that partially it can be concluded that Human Resource Competence (X2) has a negative effect on Financial lacks (Y).

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	8.806	2.092		4.210	.000
	X1	.152	.102	.292	1.491	.148
	X2	.159	.153	.204	1.039	.308

a. Dependent Variable: Y

Based on the results of this analysis, a significance value of 0.148 and 0.308 > 0.05 is obtained, so simultaneously it can be concluded that the Implementation of Good Corporate Governance (X1) and Human Resource Competence (X2) together have a negative effect on Financial lacks (Y).

CONCLUSION

Based on the background of these problems, it can be concluded as follows:

The implementation of Good Corporate Governance has a negative effect on financial lacks

Human Resource Competence has a negative effect on Financial lacks

Implementation of Good Corporate Governance and Competence of Human Resources together have a negative effect on Financial lacks.

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