



Investment Strategy, Manager Characteristics, and Corporate Governance Effects on Mutual Fund Performance: A Study of PT Asuransi Jiwasraya (Persero) During Period of 2013-2018

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ABSTRACT: This study aims to examine the relationships between investment strategies, investment manager characteristics, and corporate governance on the investment performance of PT Asuransi Jiwasraya (Persero)'s mutual funds investment from 2013 to 2018. The year 2013 marked the introduction of a new bancassurance product, which necessitated PT AJI to generate higher returns on investment in a short-term period. The sudden change in management in 2018 brought the mismanagement case to public attention. The analysis utilized a cross-sectional multilinear regression approach, allowing for the examination of multiple independent variables and their relationship with the dependent variable. Data for the study is collected from various sources, including annual reports, financial reports, prospectuses, and court documents. The relationships are assessed using seven regression models, with measures such as mean return, standard deviation, beta, Sharpe ratio, Treynor ratio, Jensen's Alpha, and state loss as the dependent variables. The regression models are estimated using SPSS software, and assumptions of linearity, independence of errors, homoscedasticity, and absence of multicollinearity are checked to ensure the validity of the analysis. Hypothesis testing is conducted to determine the statistical significance of the relationships, and measures such as R-squared, adjusted R-squared, and F-statistic are used to assess the overall goodness-of-fit of the models. The findings indicate that the models for mean return, Treynor ratio, Jensen's Alpha, and state loss are statistically significant, demonstrating a strong correlation and high explanatory power. The results suggest that value investing and smaller market capitalization of constituent stocks have a positive association with investment performance. Additionally, reducing the presence of dividend-paying and suspect stocks is beneficial for investment performance. Factors such as management fees, education background, and years of experience show significant positive relationships, while investment horizon, asset size, and past performance have significant negative relationships with investment performance. The age of the investment manager does not exhibit a significant relationship. Furthermore, corporate governance demonstrates a negative relationship with investment performance. These findings provide valuable insights for improving investment performance and offer important lessons to prevent similar cases of mismanagement of investment funds in the future.

KEYWORDS: Corporate Governance, Investment Performance, Investment Strategy, Mutual Funds, Manager Characteristics.

INTRODUCTION

PT Asuransi Jiwasraya (Persero), one of the oldest Indonesian state-owned insurance companies, introduced a new bancassurance product in 2013. This product offered a high fixed return ranging from 9% to 13% annually, with the flexibility of annual withdrawals throughout the contract period (Gusti, 2020). The product quickly gained popularity among policyholders, resulting in an impressive 652% increase in insurance premiums within three years of its release (Mahkamah Agung, 2020). To meet the demands of the high-return and flexible nature of the product, PT Asuransi Jiwasraya (Persero) had to generate higher returns than the product itself in a short-term period. As a result, the company's management decided to allocate the investment funds into different asset classes, including cash & deposits (<5%), government bonds (>15%), corporate bonds and state-owned enterprise bonds (>15%), property (20%), and stocks and equity mutual funds (>50%) (Azhar and Hidayat, 2021). This asset allocation strategy indicated a high-risk profile due to the majority of funds being invested in stocks and equity mutual funds. To manage the investment funds, PT Asuransi Jiwasraya (Persero) collaborated with several third-party company executives who, in turn, engaged 13 investment managers, collectively offering 21 mutual funds for investment purposes. However, in 2018, a change in management revealed a corruption scandal involving former acting executives of PT Asuransi Jiwasraya (Persero). The investigation exposed market manipulation, functional bribing, and corruption within the investment management process. The state incurred a significant loss, amounting to approximately IDR 16.8 trillion, with specifically IDR 12 trillion attributed to the mutual fund investments. The corruption case



triggered mass withdrawals by policyholders, resulting in liquidity issues for the company and leaving around 20,000 policyholders unable to access their savings. The purpose of this study is to examine the effects of the investment strategy, investment manager characteristics, and corporate governance of PT Asuransi Jiwasraya (Persero) towards the mutual funds' performance during the period of 2013 – 2018 in order to evaluate and identify ways to improve the investment performance, while also serving as a lesson to prevent similar cases in the future.

LITERATURE REVIEW & HYPOTHESIS BUILDING

Investment strategies are essential for investors in order to be able to capitalize and achieve their profit objectives. There are various investment strategies that can be adopted by mutual funds in accordance to their investment objectives, risk tolerance and preference. Growth investing focuses on companies with exceptional earnings growth and the potential for sustained growth in the long term, irrespective of the current price. On the other hand, value investing involves identifying companies with solid fundamentals and financial health but with a market price lower than their intrinsic value. Debate have been going on whether growth investing or value investing is capable of generating better investment performance, however several researches argues that value investing outperform growth investing due to the existence of value premium (Athanasakos, 2009; Chan and Lakonishok, 2004). Income investing focuses on selecting stocks that pay dividends in order to generate cashflow. Previous research indicates that the payment of dividends become a significant variable for the allocation (Malaquias et al., 2018). Smaller market capitalization of the constituent stocks corresponds with better performance (Madden et al., 1986). The fundamental quality of the constituent stocks also matters as previous research indicates that lower quality of stocks corresponds with underperformance (Gallagher et al., 2014). The existence of several third-party executives who were given authority to manage PT Asuransi Jiwasraya (Persero) investment funds raise the issue of conflicts of interest. There are several constituent stocks of the mutual funds that were under the ownership of the several third-party company's executives. The list of stocks includes SMRU, TRAM, IIKP, MYRX, LCGP, SIMA, and RIMO, we refer to these stocks as "Suspect stocks".

The characteristics of the investment manager institution and personnel also play a significant role to influence the performance of mutual funds. These characteristics include management fees, age of the institution, investment horizon, size of assets under management, education background, years of experience, and past performance records. Research has yielded mixed findings on the impact of management fees, with some studies suggesting a positive effect (Farid and Wahba, 2022) and others finding no significant correlation (Mendoza and Sedano, 2009). The presence of a professional manager and longer-term investment periods tend to be associated with higher mutual fund performance (Sangeetha et al., 2022). However, the age of the investment manager institution has shown a negative correlation with performance (Gallagher, 2003; Howell, 2001; Webster, 2012). Fund size has generated conflicting results, with some studies indicating no relationship (Gallagher, 2003) and others suggesting a negative effect (Chen et al., 2004; Farid and Wahba, 2022). The education level of the fund manager has shown a positive influence on performance (Gottesman and Morey, 2006; Kaur, 2018; Naidenova et al., 2015), particularly during economic crises. Additionally, years of experience have been associated with better performance (Gallagher, 2003; Webster, 2012), with an inverted U-shape relationship observed (Naidenova et al., 2015). Past performance is also considered a factor in determining future performance (Kaur, 2017), with good past performance not always guaranteeing future success (Allen et al., 2003).

Corporate governance is a framework that ensures effective management by establishing relationships between stakeholders, the company's structure, and processes. It balances economic and social goals while aligning the interests of all stakeholders. Good corporate governance is characterized by transparency, accountability, responsibility, independence, and fairness. Adhering to good governance practices helps companies mitigate risks, build resilience, and enhance performance. In state-owned enterprises (BUMN) in Indonesia, specific guidelines and regulations are in place to ensure good corporate governance, including manuals for boards, risk management, internal control systems, reporting mechanisms, and a code of ethics. Periodic assessments are conducted to measure GCG implementation, identify strengths and weaknesses, and provide recommendations for improvement. The Indonesian Ministry of State-Owned Enterprises uses a comprehensive scoring index to assess various aspects of corporate governance (Secretary of the Ministry of State-Owned Enterprises Decision No. SK-16/S.MBU/2012). Previous studies suggested that good corporate governance has a positive significant relationship with company value (Kumalasari and Pratikto, 2018; Sugiarto et al., 2019; Wahyudi and Chairunesia, 2019; Yuliyanti, 2019), financial performance (Mahrani and Soewarno, 2018), and less risk taking (Boubakri, 2011; Eling and Marek, 2014).



Investment performance refers to measuring the return generated by an investment portfolio to evaluate its effectiveness. Efficient capital allocation relies on the expertise of asset managers, making accurate measurement crucial. Traditional measurement primarily influenced by the capital asset pricing model, while conditional measurement incorporates varying risk and conditions based on the state of economy. Traditional measures, more commonly implemented in Indonesia, divide excess returns by risk, assuming constant risk over the evaluation period. Return and standard deviation are key components, with risk-adjusted measures like the Sharpe ratio, Treynor ratio, and Jensen's alpha developed to account for risk. The Sharpe ratio evaluates the portfolio's return in excess of the risk-free rate relative to total risk. The Treynor ratio measures excess return per unit of systematic risk, using beta as a measure. Jensen's alpha focuses on abnormal returns compared to a market index. However, the selection of market indexes affects the results (Bodie, 2014; Marhfor, 2016; Pangestuti et al., 2017).

Based on the literature review, the following hypothesis were proposed:

- H₁: There is negative effect of size contribution of the suspect stock on mutual funds' performance.
- H₂: Value investing gave a positive effect on mutual funds' performance.
- H₃: There is a positive effect of percentage of stocks that pays out dividends on mutual funds' performance.
- H₄: There is an inverse relationship between market capitalization and mutual funds' performance.
- H₅: There is positive effect of management fee on mutual funds' performance.
- H₆: There is positive effect of investment period on mutual funds' performance.
- H₇: There is negative effect of Investment Manager institution age on mutual funds' performance.
- H₈: There is negative effect of asset size on mutual funds' performance.
- H₉: There is positive effect of higher education on mutual funds' performance.
- H₁₀: There is positive effect of longer year of experience on mutual funds' performance.
- H₁₁: There is positive effect of past performance on mutual funds' performance.
- H₁₂: There is positive effect of GCG score on mutual funds' performance.

RESEARCH METHODOLOGY

The data for this study was collected through secondary sources that are publicly accessible. The data covers the period from 2013 to 2018 and was obtained from various sources, including annual reports, financial reports, prospectuses, corporate governance guidelines, supreme court decisions documents, and various websites. Hypotheses were formulated based on the existing literature and previous research. The relationships between investment strategy, investment manager characteristics, and corporate governance with mutual fund performance were examined using cross-sectional multilinear regression analysis. This analysis method allows for the examination of multiple independent variables and their relationship with a dependent variable in a cross-sectional dataset. It enables simultaneous analysis of data points taken at a specific point in time (Montgomery et al., 2012). Certain limitations are associated with the analysis method. It only implies associations between variables and does not establish causality. Omitted variables and model misspecification can introduce bias in the analysis, and the results of cross-sectional analysis may only be applicable to the specific sample and population from which the data were collected (Wooldridge, 2013).

The mutual funds were categorized based on market capitalization, dividend payments, the presence of suspect stocks, and their value, core, or growth investing approach. A modified version of the Morningstar Style Box Framework was used to categorize the stocks based on market capitalization and investing orientation. The education background of the investment managers was represented numerically, taking into account their educational level, field of study, and study location. The years of experience of the investment managers were calculated based on the duration since they obtained the Investment Manager Representative license granted by the Financial Service Authority (OJK). Other characteristics of the investment managers were collected and analyzed as recorded. Corporate governance was represented by the GCG assessment score of PT Asuransi Jiwasraya (Persero) based on the Secretary of the Ministry of State-Owned Enterprises Decision No. SK-16/S.MBU/2012.

To measure investment performance, various metrics such as mean return, standard deviation, beta, Sharpe ratio, Treynor ratio, Jensen's Alpha, and state loss incurred were used. The regression models outlined in equations (i) to (vii) were employed to assess the relationships between the variables of interest.



$$\begin{aligned}
 \text{MeanRet} &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (i) \\
 StdDev &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (ii) \\
 Beta &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (iii) \\
 SharpeRatio &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (iv) \\
 TreynorRatio &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (v) \\
 JensenAlpha &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (vi) \\
 StateLoss &= \beta_0 + \beta_{1.1}VCGScore + \beta_{1.2}MCapScore + \beta_{1.3}Dividend + \beta_{1.4}SuspectStock + \beta_{1.5}MngFee + \beta_{1.6}InvPeriod + \beta_{1.7}Age + \beta_{1.8}AssetSize + \beta_{1.9}EduScore + \beta_{1.10}ExpYears + \beta_{1.11}PastSharpe + \beta_{1.12}PastStdDev + \beta_2CorpGov + \epsilon \quad (vii)
 \end{aligned}$$

Assumptions of multilinear regression, including linearity, independence of errors, homoscedasticity, and absence of multicollinearity, were checked to ensure the validity of the analysis (Wooldridge, 2013). The regression models were estimated using SPSS statistical software. Hypothesis testing was conducted to determine the statistical significance of the relationships, and p-values associated with the regression coefficients were evaluated. Measures such as R-squared, adjusted R-squared, and F-statistic were used to assess the overall goodness-of-fit of the regression models.

RESULTS & DISCUSSION

A. Classic Assumptions Test

Table 1. Normality Test

Kolmogorov-Smirnov	Mean Return	Standard Deviation	Beta	Sharpe Ratio	Treynor Ratio	Jensen's Alpha	State Loss
N	21	21	21	21	21	21	21
Mean	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Std. Dev	0.768	0.030	0.037	5.649	0.877	0.632	0.181
Absolute	0.130	0.086	0.182	0.146	0.137	0.148	0.158
Positive	0.089	0.064	0.182	0.086	0.094	0.121	0.158
Negative	-0.130	-0.086	-0.120	-0.146	-0.137	-0.148	-0.074
Test Stats	0.130	0.086	0.182	0.146	0.137	0.148	0.158
Asymp. Sig. (2-tailed)	0.200	0.200	0.066	0.200	0.200	0.200	0.188



Table 2. Multicollinearity Test

<i>Independent Var.</i>	<i>Tolerance</i>	<i>VIF</i>
VCG Score (X1.1)	0.217	4.609
Market Cap Score (X1.2)	0.364	2.747
Dividend% Score (X1.3)	0.284	3.521
Suspect Stock (X1.4)	0.445	2.247
Management Fee (X1.5)	0.425	2.355
Investment Period (X1.6)	0.380	2.631
IM Age (X1.7)	0.492	2.032
Education Score (X1.8)	0.461	2.167
Indv Yrs Exp (X1.9)	0.477	2.096
PP_Sharpe Ratio (X1.10)	0.352	2.843
PP_Std (X1.11)	0.385	2.598
Asset Size (X1.12)	0.395	2.529
GCG (X2)	0.774	1.292

Table 3. Heteroscedasticity Test

<i>Glejser Test (Sig.)</i>	<i>Mean Return</i>	<i>Standard Deviation</i>	<i>Beta</i>	<i>Sharpe Ratio</i>	<i>Treynor Ratio</i>	<i>Jensen's Alpha</i>	<i>State Loss</i>
VCG Score (X1.1)	0.242	0.266	0.658	0.616	0.474	0.431	0.658
Market Cap Score (X1.2)	0.824	0.797	0.451	0.764	0.359	0.457	0.380
Dividend% Score (X1.3)	0.933	0.949	0.439	0.845	0.310	0.479	0.682
Suspect Stock (X1.4)	0.564	0.521	0.882	0.421	0.693	0.887	0.983
Management Fee (X1.5)	0.919	0.651	0.994	0.833	0.801	0.887	0.319
Investment Period (X1.6)	0.734	0.092	0.581	0.378	0.066	0.222	0.692
IM Age (X1.7)	0.489	0.988	0.192	0.560	0.584	0.912	0.530
Education Score (X1.8)	0.131	0.235	0.249	0.137	0.092	0.182	0.998
Indv Yrs Exp (X1.9)	0.497	0.584	0.221	0.207	0.218	0.823	0.107
PP_Sharpe Ratio (X1.10)	0.127	0.236	0.668	0.101	0.853	0.390	0.262
PP_Std (X1.11)	0.757	0.381	0.648	0.294	0.723	0.783	0.718
Asset Size (X1.12)	0.970	0.458	0.665	0.905	0.479	0.608	0.798
GCG (X2)	0.980	0.998	0.715	0.555	0.958	0.719	0.529

The normality assumption was evaluated by using the Kolmogorov-Smirnov test. The Kolmogorov-Smirnov test assesses whether the distribution of the residuals follows a normal distribution. A p-value lower than 0.05 indicates that the residuals are not distributed normally. The multicollinearity was evaluated using the Tolerance-VIF test. The Tolerance-VIF (Variance Inflation Factor) test is used to detect multicollinearity, with VIF values of above 10 and tolerance values below 0.1 indicating the presence of multicollinearity. The heteroscedasticity was evaluated using the Glejser test. The Glejser test examined the relationship between the absolute values of the residuals and the predicted values. A p-value lower than 0.05 indicates the presence of heteroscedasticity. These results indicate that the residuals are normally distributed, no strong correlation between the independent variables, and no presence of heteroscedasticity. Therefore, increasing the validity and reliability of the analysis result.



B. Regression Results

Table 4. Model Summary

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
Mean Return (I)	0.938	0.880	0.658	1.298
Standard Deviation (II)	0.874	0.764	0.326	0.051
Beta (III)	0.856	0.733	0.236	0.062
Sharpe Ratioa (IV)	0.902	0.814	0.469	9.548
Treynor Ratio (V)	0.943	0.889	0.683	1.483
Jensen's Alpha (VI)	0.962	0.926	0.789	1.069
State Loss (VII)	0.976	0.953	0.867	0.306

The model summaries provide a comprehensive overview of the relationships between the independent variables and each dependent variable, including mean return, standard deviation, beta, Sharpe ratio, Treynor ratio, Jensen's Alpha, and state loss. The analysis reveals consistent and noteworthy correlations between the independent and dependent variables across the models. Specifically, the mean return model demonstrates a strong positive correlation ($R = 0.938$) and high explanatory power ($R^2 = 88\%$). The standard deviation model indicates a moderate positive correlation ($R = 0.874$) and moderate explanatory power ($R^2 = 76.4\%$). Similarly, the beta model exhibits a reasonable relationship ($R = 0.856$) and moderate explanatory power ($R^2 = 73.3\%$). The Sharpe ratio model showcases a robust relationship ($R = 0.902$) and high explanatory power ($R^2 = 81.4\%$). Moreover, the Treynor ratio model presents a very strong correlation ($R = 0.943$) and high explanatory power ($R^2 = 88.9\%$). The Jensen's alpha model reveals a very strong correlation ($R = 0.962$) and high explanatory power ($R^2 = 92.6\%$), while the state loss model indicates a very strong correlation ($R = 0.976$) and high explanatory power ($R^2 = 95.3\%$). Overall, these models exhibit substantial explanatory power and demonstrate strong to very strong correlations. However, the adjusted R^2 values suggest the potential influence of other variables not included in the models, which might contribute to the variability in the dependent variables. The standard error of the estimate provided an indication of varying levels of precision.

Table 5. F-test Results

<i>Model</i>		<i>Sum Squares</i>	<i>of df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
I	Regression	86.798	13	6.677	3.965	0.038
	Residual	11.788	7	1.684		
	Total	98.585	20			
II	Regression	0.058	13	0.004	1.743	0.235
	Residual	0.018	7	0.003		
	Total	0.076	20			
III	Regression	0.073	13	0.006	1.476	0.311
	Residual	0.027	7	0.004		
	Total	0.100	20			
IV	Regression	2798.203	13	215.246	2.361	0.129
	Residual	638.149	7	91.164		
	Total	3436.352	20			
V	Regression	123.492	13	9.499	4.319	0.03
	Residual	15.397	7	2.200		
	Total	138.889	20			
VI	Regression	100.191	13	7.707	6.744	0.009
	Residual	8.000	7	1.143		



	Total	108.191	20			
VII	Regression	13.413	13	1.032	11.001	0.002
	Residual	0.657	7	0.094		
	Total	14.070	20			

The statistical significance of the regression models was assessed for each dependent variable. The analysis revealed that the model for mean return (Y1), Treynor ratio (Y5), Jensen's alpha (Y6), and state loss (Y7) were statistically significant. This indicates that the independent variables have a significant relationship, providing meaningful and reliable results. However, the models for standard deviation (Y2), portfolio's beta (Y3), and Sharpe ratio (Y4) were not statistically significant, suggesting that the predictor variables, as a group, may not have a significant relationship with these variables.

Table 6. t-Test Results

<i>t-Statistic Results</i>		<i>Mean Return</i>	<i>Standard Deviation</i>	<i>Beta</i>	<i>Sharpe Ratio</i>	<i>Treynor Ratio</i>	<i>Jensen's Alpha</i>	<i>State Loss</i>
VCG Score (X1.1)	B	-0.251	-0.008	0.002	-1.896	-0.236	-0.221	0.010
	t	-3.594	-2.813	0.610	-3.691	-2.958	-3.834	0.596
	Sig.	0.009	0.026	0.561	0.008	0.021	0.006	0.570
Market Cap Score (X1.2)	B	-0.200	-0.010	0.005	-1.696	-0.124	-0.134	-0.038
	t	-2.366	-2.883	1.263	-2.727	-1.286	-1.918	-1.924
	Sig.	0.050	0.024	0.247	0.029	0.239	0.097	0.096
Dividend% Score (X1.3)	B	-0.096	-0.006	0.005	-1.112	-0.002	-0.030	0.009
	t	-2.155	-3.528	2.447	-3.402	-0.049	-0.812	0.816
	Sig.	0.068	0.010	0.044	0.011	0.962	0.444	0.442
Suspect Stock (X1.4)	B	-0.076	-0.001	0.003	-0.519	-0.037	-0.042	0.010
	t	-2.519	-1.218	1.776	-2.353	-1.094	-1.720	1.399
	Sig.	0.040	0.263	0.119	0.051	0.310	0.129	0.205
Management Fee (X1.5)	B	1.445	-0.032	0.066	1.570	2.803	2.286	0.209
	t	1.798	-1.031	1.722	0.266	3.053	3.454	1.101
	Sig.	0.115	0.337	0.129	0.798	0.019	0.011	0.307
Investment Period (X1.6)	B	-1.662	-0.040	-0.041	-10.007	-2.688	-2.148	-0.072
	t	-2.863	-1.768	-1.471	-2.343	-4.052	-4.492	-0.524
	Sig.	0.024	0.120	0.185	0.052	0.005	0.003	0.617
IM Age (X1.7)	B	-0.004	-0.007	-0.006	-0.734	-0.131	-0.066	-0.015
	t	-0.040	-1.775	-1.205	-1.039	-1.195	-0.833	-0.640
	Sig.	0.969	0.119	0.267	0.333	0.271	0.432	0.542
Education Score (X1.8)	B	0.072	0.002	-0.001	0.430	0.042	0.056	-0.002
	t	2.877	1.974	-1.154	2.335	1.467	2.713	-0.344
	Sig.	0.024	0.089	0.286	0.052	0.186	0.030	0.741
Indv Yrs Exp (X1.9)	B	0.126	-0.002	-0.002	0.415	0.091	0.100	0.000
	t	1.982	-0.719	-0.668	0.884	1.245	1.900	-0.014
	Sig.	0.088	0.495	0.526	0.406	0.253	0.099	0.989
PP_Sharpe Ratio (X1.10)	B	-0.728	-0.004	-0.045	-3.061	-1.647	-1.301	0.014
	t	-1.938	-0.286	-2.496	-1.108	-3.839	-4.205	0.160
	Sig.	0.094	0.784	0.041	0.304	0.006	0.004	0.877
PP_Std (X1.11)	B	1.314	0.005	-0.015	6.623	1.113	1.111	-0.098
	t	5.090	0.481	-1.218	3.486	3.770	5.224	-1.612



	Sig.	0.001	0.645	0.263	0.010	0.007	0.001	0.151
Asset Size (X1.12)	B	0.302	0.026	0.054	2.625	1.407	0.995	1.033
	t	0.553	1.201	2.097	0.654	2.257	2.215	8.023
	Sig.	0.597	0.269	0.074	0.534	0.059	0.062	0.000
GCG (X2)	B	-0.550	-0.031	0.019	-6.004	-0.233	-0.295	-0.036
	t	-1.529	-2.205	1.107	-2.267	-0.567	-0.995	-0.418
	Sig.	0.170	0.063	0.305	0.058	0.588	0.353	0.688

The analysis revealed that suspect stock (X1.4) exhibits a negative relationship with the mean return (-0.076) at 0.05 significance level and exhibits a negative relationship with Sharpe ratio (-0.519) at 0.1 significance level. The coefficient value for the mean return and Sharpe ratio are negative, which means that the reduce presence of the suspect stocks in the mutual funds corresponds with an increase of both mean return and risk-adjusted return. These results demonstrated a negative relationship between the composition of the suspect stock and mutual funds' performance. Therefore, the hypothesis H₁ is accepted. This is in alignment with previous research by Gallagher et al. (2014) whom suggested that mutual funds that hold the lowest quality stocks demonstrate significant underperformance.

The analysis revealed that VCG score (X1.1) exhibits a negative relationship with the Sharpe ratio (-1.896), mean return (-0.251), Treynor ratio (-0.236), Jensen's alpha (-0.221), and standard deviation (-0.008) at 0.05 significance level. Lower VCG score would more orientation to value investing, while higher VCG would indicate more orientation to growth type of investing. The coefficient value for the mean return, Sharpe ratio, Treynor ratio and Jensen's alpha are negative, which means that the decrease of the VCG score corresponds with an increase of both mean return and risk-adjusted return. The coefficient value for standard deviation is also negative, which means that the decrease of the VCG score corresponds with an increase of the potential risk. These results demonstrated a positive relationship between orientation to value investing and mutual funds' performance, therefore the hypothesis H₂ is accepted. The acceptance of the hypothesis is in alignment and supported by the previous study conducted by Athanassakos (2009) and Chan and Lakonishok (2004). Both suggested that forming portfolios based on the value investing approach constantly outperforms the growth investing approach possibly due to the presence of value premium.

The analysis revealed that Dividend (%) score (X13) exhibits a negative relationship with the Sharpe ratio (-1.112) and standard deviation (-0.006), also a positive relationship with portfolio's beta (0.005) at the 0.05 significance level. At 0.1 significance, it also exhibits a negative relationship with the mean return (-0.096). The coefficient value for the mean return, standard deviation, and Sharpe ratio are negative, which means that the decrease of the dividend paying stocks corresponds with an increase of mean return, potential risk and risk-adjusted return. On the other hand, the coefficient value for portfolio's beta is positive, which means that an increase of dividend paying stocks corresponds with an increase of the systematic risk. These results demonstrated a negative relationship between the presence of dividend paying stocks on the mutual funds and mutual funds' performance, therefore the hypothesis H₃ is rejected. While it is common for funds to invest in larger companies that issue dividend payments, as suggested by Malaquias et al. (2018), in the case of PT Asuransi Jiwasraya (Persero), this relationship is negative. This negative association might be influenced by the short-term nature of the investment period of the mutual funds. The volatility of stock prices around the dividend payment might also contribute to this negative relationship.

The analysis revealed Market capitalization score (X1.2) exhibits a negative relationship with the Sharpe ratio (-1.696), mean return (-0.200), and standard deviation (-0.01) at 0.05 significance. At 0.1 significance, it also exhibits a negative relationship with the Jensen's alpha (-0.134) and state loss (-0.038). A decrease in Market Cap score indicates orientation to lower capitalization group of stocks, and vice versa. The decrease of the Market Cap score corresponds with an increase of mean return, potential risk, and the risk-adjusted return. However, it also corresponds with an increase state loss although with less significance. This might be caused by the constituent stocks of the mutual funds are not only have small market capitalization but also lower in quality. These results demonstrated a positive relationship between lower market capitalization with mutual funds' performance and is in alignment with previous study by Madden et al., (1986). Therefore, the hypothesis H₄ is accepted.

The analysis reveals that Management fee (X1.5) exhibits a positive relationship with the Treynor ratio (2.803) and the Jensen's alpha (2.286) at 0.05 significance. An increase of the management fee corresponds with an increase of the mean return and the risk-adjusted return. It also indicates that higher management fee corresponds with the willingness of the investment manager to be exposed to



more risk. This result shows that the management fee has a positive relationship with the mutual funds' performance which is in alignment with previous study (Farid and Wahba, 2022), as higher fee is associated with more effective strategies or superior access to resources results in more potential to produce better results. Therefore, the hypothesis H₅ is accepted.

The analysis revealed that Investment period (X1.6) exhibits a negative relationship with the Treynor ratio (-2.688), Jensen's alpha (-2.148), and mean return (-1.662) at 0.05 significance. It also exhibits a negative relationship with Sharpe ratio (-10.007) at 0.1 significance. The decrease of the investment horizon corresponds with an increase of mean return, risk-adjusted return, and also the total risk. This result demonstrated that the investment horizon exhibits a negative relationship with the mutual funds' performance, therefore the hypothesis H₆ is rejected. These results contradict the previous research by Sangeetha et al. (2022) and Webster (2012) whom suggested that long-term investment strategies tend to yield better results due to compounding effect. The analysis does not find significant relationship between investment manager age (X1.7) and investment performance, therefore the hypothesis H₇ cannot be approved. The analysis revealed that Asset Size (X1.12) exhibits a positive relationship with state loss (1.033) at the 0.05 significance level. It also exhibits a positive relationship with Treynor ratio (1.407), Jensen's alpha (0.995), and the portfolio's beta (0.054) at 0.1 significance level. The increase of asset size corresponds with an increase on systematic risk and the state loss, it also corresponds with higher risk-adjusted return, although at a less significance. These results shows that asset size has a negative relationship with the mutual funds' performance which is in alignment with previous studies by Farid and Wahba (2022), Chen et al. (2004) and Gallagher et al. (2014).

The analysis revealed that Education level score (X1.8) exhibits a positive relationship with the mean return (0.072) and Jensen's alpha (0.056) at 0.05 significance. At 0.1 significance, it exhibits a negative relationship with Sharpe ratio (0.430) and the standard deviation (0.002). Higher education score corresponds with an increase of mean return, risk-adjusted return, and the ability to take more risk. Therefore, the hypothesis H₉ is accepted. This is in alignment with several studies by Kaur (2017), Naidenova et al. (2015), and Gottesman and Morey (2006). The analysis also reveals that Years of experience (X1.9) exhibits a positive relationship with the mean return (0.126) and the Jensen's alpha (0.100) at 0.1 significance. Although at a less significant, this result demonstrated that longer years of experience exhibits a positive relationship with the mutual funds' performance, therefore the hypothesis is accepted. result is in alignment with several previous studies by Webster (2012), Naidenova et al. (2015), and Gallagher (2003).

The analysis revealed that past performance Sharpe ratio (X1.10) of the fund manager exhibits a negative relationship with the portfolio's beta (-0.045), Jensen's alpha (-1.301), and Treynor ratio (-1.647). While the past performance standard deviation (X1.11) of the fund manager exhibits a negative relationship with the Jensen's alpha (1.111), Treynor ratio (1.113), mean return (1.314), and the Sharpe ratio (6.623). Lower past performance risk-adjusted return corresponds with a higher risk-adjusted return, meanwhile higher past performance standard deviation corresponds with a higher risk-adjusted return. These results demonstrated that the past performance has a negative relationship with the mutual funds' performance, therefore the hypothesis H₁₁ is rejected. This is supported by Kaur (2018) whom suggested that past performance significantly affects the future performance.

The analysis revealed that GCG score (X2) exhibits a negative relationship with Sharpe ratio (-6.004) and the standard deviation (-0.031) at 0.1 significance. A lower GCG score corresponds with a willingness to take more exposure to potential risk (Eling, 2023; Boubakri, 2018). However, at a greater magnitude, a higher GCG score corresponds with a lower risk-adjusted return which shows discrepancy and contradicts previous studies (Kumalasari and Pratikto, 2018; Sugiarto et al., 2019; Yuliyanti, 2019). Therefore, the hypothesis H₁₂ is rejected. This might be caused by the ineffectiveness of the GCG assessment process, where it does not represent the actual company's implementation of good corporate governance.

CONCLUSION

The relationships between investment strategies, investment manager characteristics, and corporate governance towards the investment performance of PT Asuransi Jiwasraya (Persero) during the period of 2013 until 2018 were examined. A total of 7 models were utilized to examine the relationships. The results revealed that the models, particularly those for mean return, Treynor ratio, Jensen's Alpha, and state loss, demonstrated statistical significance based on the p-values. Furthermore, these models exhibited strong correlation coefficients and coefficient of determination, indicating a robust relationship and high explanatory power. The regression findings exhibited consistency across the models. The findings suggest that orientation towards value investing and smaller market capitalization of the constituent stocks exhibits a positive relationship with investment performance. The reduce presence of the dividend paying stocks and suspect stocks also exhibits a positive relationship with investment performance. Management fees,



education background, years of experience exhibit significant positive relationships with investment performance. Meanwhile, the investment horizon, size of assets, and past performance exhibit significant negative relationships with investment performance. The age characteristics does not exhibit significant relationships with investment performance. The corporate governance exhibits a negative relationship with investment performance.

RECOMMENDATIONS

Based on the analysis of the investment strategies, investment manager characteristics, and corporate governance towards the investment performance of PT Asuransi Jiwasraya (Persero) during the period of 2013 until 2018, it is recommended for the company to consider transitioning its investment strategy from a growth investing orientation to a value investing approach. This shift would involve focusing on undervalued stocks with solid fundamentals and attractive valuations. Mitigate risks associated with small capitalization stocks, by balancing the composition size. Reduce the prominence size of dividend paying stocks and the suspect stocks in the investment portfolio. PT Asuransi Jiwasraya (Persero) should consider selection process of the investment manager with certain characteristics. These characteristics include higher management fees, shorter investment horizons, smaller asset sizes, higher education levels, longer tenure years of experience, and lower past year performance. PT Asuransi Jiwasraya (Persero) should also strengthen the Three Lines of Defence model within its investment business division to ensure the implementation of good corporate governance in the investment decision and prevent future violations of regulations and guideline.

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