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THE IMPACT OF GOOD CORPORATE GOVERNANCE (GCG) ON MANUFACTURING FINANCIAL PERFORMANCE: EVIDENCE OF LISTED COMPANIES ON THE STOCK EXCHANGE (IDX)

Hosam Alden Riyadh[A], Maher A. Al-Shmam[B], Muhammad Rifauddien Rifqi[C]

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ABSTRACT

The purpose: This research is to scrutinize the impact of the board of directors (BoD), the board of commissioners (BoC), the proportion of independent commissioners (PoIC), managerial ownership (MO), and the audit committee (AC) on the company's financial performance manufacturing financial performance from 2015 to 2019.

The theoretical framework: Composition from several variables which are Board of Directors (BoD), Board of Commissioners(BoC), Proportion of Independent Commissioner(PoIC), Managerial Ownership (MO), and Audit Committee (AC).

Design/Methodology/Approach: In this research, secondary data was used with a purposive sampling method to determine the number of samples. The number of samples obtained was 98 company data. Then, this study employed the multiple linear techniques. The tool utilized in this research were the Microsoft excel program and SPSS version 21.

The Findings: research revealed that BoD, BoC, and MO variables significantly influenced the company's financial performance, whereas PoIC and AC did not significantly impact financial performance.

Research, practical and social implications: This study attempted to highlight the impact of excellent corporate governance on company financial performance at (Indonesia stock exchange manufacturing listed companies) in latest years as well as to show things that can be done in improving the quality of the company by improving the financial performance of the company. Therefore,

Originality/value: The value of the study every company is competing to improve the quality of the company to achieve its goals and be able to compete with other companies through the GCG is a rule of good governance for a firm between various participants by managing resources economically, productively, effectively, and efficiently to achieve the organization's goals.

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O IMPACTO DA BOA GOVERNANÇA CORPORATIVA (GCG) NO DESEMPENHO FINANCEIRO DA MANUFATURA: EVIDÊNCIAS DE EMPRESAS LISTADAS NA BOLSA DE VALORES (IDX)

RESUMO

Objetivo: esta pesquisa tem como objetivo examinar o impacto do conselho de administração (CA), do conselho de comissários (CA), da proporção de comissários independentes (PoIC), da propriedade gerencial (MO) e do comitê de auditoria (CA) no desempenho financeiro da empresa no setor de manufatura de 2015 a 2019.

[A] *Department of Accounting, Universitas Muhammadiyah Yogyakarta. Yogyakarta City, Indonesia. E-mail: hussam_19860@yahoo.com Orcid: https://orcid.org/0000-0002-9426-5282*
[B] *Department of Accounting, University of Mosul. Mosul, Iraq. E-mail: dr.maher_shmam@yahoo.com Orcid: https://orcid.org/0000-0003-3610-5077*
[C] *Department of Accounting, Universitas Muhammadiyah Yogyakarta. Yogyakarta city, Indonesia. E-mail: mrifauddienrifqi13@gmail.com Orcid: https://orcid.org/my-orcid?orcid=0000-0003-1500-5202*

A estrutura teórica: Composição a partir de diversas variáveis que são Conselho de Administração (CA), Conselho de Comissários (CA), Proporção de Comissários Independentes (PoIC), Propriedade Gerencial (MO) e Comitê de Auditoria (CA).
Projeto/Metodologia/Abordagem: Nesta pesquisa, foram usados dados secundários com um método de amostragem intencional para determinar o número de amostras. O número de amostras obtidas foi de 98 dados da empresa. Em seguida, este estudo empregou as técnicas lineares múltiplas. As ferramentas utilizadas nesta pesquisa foram o programa Microsoft Excel e o SPSS versão 21.
Resultados: a pesquisa revelou que as variáveis BoD, BoC e MO influenciaram significativamente o desempenho financeiro da empresa, ao passo que PoIC e AC não afetaram significativamente o desempenho financeiro.
Implicações para a pesquisa, práticas e sociais: Este estudo procurou destacar o impacto da excelente governança corporativa no desempenho financeiro da empresa (empresas listadas na bolsa de valores da Indonésia) nos últimos anos, bem como mostrar o que pode ser feito para melhorar a qualidade da empresa por meio da melhoria do desempenho financeiro da empresa. Portanto,
Originalidade/valor: O valor do estudo é que toda empresa está competindo para melhorar a qualidade da empresa a fim de atingir suas metas e poder competir com outras empresas por meio da GCG, que é uma regra de boa governança para uma empresa entre vários participantes, gerenciando recursos de forma econômica, produtiva, eficaz e eficiente para atingir as metas da organização.

Palavras-chave: Conselho de Administração, Conselho de Comissários, Proporção de Comissários Independentes, Propriedade Gerencial, Comitê de Auditoria.

EL IMPACTO DEL BUEN GOBIERNO CORPORATIVO (BGC) EN LOS RESULTADOS FINANCIEROS DE LA INDUSTRIA MANUFACTURERA: DATOS DE LAS EMPRESAS QUE COTIZAN EN BOLSA (IDX)

RESUMEN
Propósito: Esta investigación tiene como objetivo examinar el impacto de la junta directiva (BoD), la junta de comisionados (BoC), la proporción de comisionados independientes (PoIC), la propiedad gerencial (MO) y el comité de auditoría (AC) en el desempeño financiero de la empresa en el sector manufacturero de 2015 a 2019.
Marco teórico: Composición a partir de diversas variables que son Consejo de Administración (CdD), Consejo de Comisarios (CdC), Proporción de Comisarios Independientes (PoIC), Propiedad Gerencial (PD) y Comité de Auditoría (CA).
Diseño/metodología/enfoque: En esta investigación se utilizaron datos secundarios con un método de muestreo intencional para determinar el número de muestras. El número de muestras obtenido fue de 98 datos de empresas. A continuación, este estudio empleó las técnicas lineales múltiples. Las herramientas utilizadas en esta investigación fueron el programa Microsoft Excel y el SPSS versión 21.
Resultados: la investigación reveló que las variables BoD, BoC y MO influyeron significativamente en el rendimiento financiero de la empresa, mientras que PoIC y AC no afectaron significativamente al rendimiento financiero.
Consecuencias para la investigación, la práctica y la sociedad: este estudio pretendía poner de relieve el impacto de un gobierno corporativo excelente en el rendimiento financiero de la empresa (empresas que cotizan en la bolsa de Indonesia) en los últimos años, así como mostrar qué se puede hacer para mejorar la calidad de la empresa a través de la mejora del rendimiento financiero de la empresa. Por lo tanto,
Originalidad/valor: El valor del estudio es que todas las empresas compiten por mejorar la calidad de la empresa para alcanzar sus objetivos y poder competir con otras empresas a través de la GCG, que es una norma de buen gobierno para una empresa entre múltiples partes interesadas, gestionando los recursos de forma económica, productiva, eficaz y eficiente para alcanzar los objetivos de la organización.

Palabras clave: Consejo de Administración, Consejo de Comisarios, Proporción de Comisarios Independientes, Propiedad Gerencial, Comité de Auditoría.

INTRODUCTION

In this era that continues to run, competition between companies is getting tougher. Therefore, every company is competing to improve its quality to achieve its goals and compete with other companies. For this reason, the thing that can be done to enhance the company's quality is to improve its financial performance. Thus, one of the efforts that can also be done to increase the company's quality is to get as much profit as possible. Profits earned successfully can be used to gauge a company's level of achievement. The higher the profit earned, the better the corporation's economic performance, It will then attract more investors to heavily invest their capital. Investors will put their trust in funds kept in secure environments and are projected to deliver strong returns in the future. In this case the firm's financial statements can be accessed or viewed by the broader community so that investors can see how well the firm's financial performance.

The success of adopting financial functions within the organization is measured in part by the success of the business. On the other hand, one of the main objectives of establishment a firm is to provide financial return to stakeholders through improved performance. Thus, the management is responsible for making information concerning the firm's performance or condition available to shareholders. As proposed by (Mirdianti, 2018) in this concept, two things must be considered and highlighted: *first,* the importance of shareholders in receiving timely and precise data, and *second*, the firm's obligation to disclose transparently, accurately, as well as timely manner on all the performance of the firm, its stakeholders, and its owners. Therefore, information about the firms' condition is essential due, later, it will be utilized as the basis for investors' assessment of the company. However, sometimes, in providing this information, the management provides information that is not in accordance with reality, indicating that the management carries out a practice that only benefits itself. It then results in a battle of interest between management and stockholders, called the agency problem. To reduce agency problems, a company's monitoring or management mechanism is required, in which each company must meet standards or good governance. Good governance standards are usually known as good corporate governance (GCG).

GCG is a rule of good governance for a firm between various participants by managing resources economically, productively, effectively, and efficiently to achieve the organization's goals. According to (Hanafi et al., 2018), to be better at business management, a company must comply with existing governance principles. Here, management within the company is expected to improve professionalism and abilities, thereby accomplishing the targets previously set by the company (Yuliana, 2019). It is intended so that the company meets the applicable standards and governance and can compete with other companies. In this regard, one main objective of applying GCG is tasked with resolving the issue of conflicting shareholder and management interests. According to (Mirdianti, 2018) most entrepreneurs in Indonesia interpret GCG only as a rule that has no bearing on a business's financial results. It has resulted in the less-than-optimal implementation of GCG in Indonesia. Thus, many firms have not provided maximum welfare or profit to economic actors to benefit company owners, stakeholders, employees, communities, and related parties.

LITERATURE REVIEW

The authors (Jensen and Meckling, 1976) presented agency theory as a means of connecting agencies. that can be used as a contract between principals (business owners) who have involvement with other people, namely agents (management of a business) who have the aim of being able to provide a variety of offerings on behalf of the principal, which contains transferring some authorities of decision-making to them. This theory is related to solving problems caused by differences in interests between two parties. (Fatimah, Mardani, & Wahono, 2019) stated each party (principal and agent) always wants to do and get the best for themselves. Therefore, a conflict can arise due to differences in interests between the two parties. Despite the differences in interests, each party must continue to perform its duties.

The Number of the BoD Impacts the Firm's Financial Performance

According to (Mirdianti, 2018, Gurdyanto, Titisari, and Wijayanti, A. 2019, Mahrani, M. and Soewarno, N. 2018), the larger of board directors (BoD), the larger the possibility that the firm can provide input in solving various problems. Based on agency theory, separation of interests exists between the principal and the agent. However, the agent has more significant control over the company than the principal. In this case, BoD serves a role in determining the firm policies or strategies to be used, either in the short or long term.

Research by (Chouaibi et al., 2022, and Simon and Kurnia, 2017) uncovered that BoD significantly and positively impacted financial performance. Therefore, this study's hypothesis formulated is:

H1: The large number of the BoD has a positive effect on financial performance.

The Number of BoC Impacts the Firm's Financial Performance

The BoC is tasked with evaluating the progress of GCG and has the right to make changes if they are judged necessary. However, the representative and the principal have competing interests., according to agency theory this conflict is based on the assignment of responsibility by the principal to the agent in managing the firm so that the agent understands it better than the principal. It reduces the principal's role in supervising the manager's performance, and the agent's decisions are not in accordance with the head's wishes. Therefore, (Mahrani, M. and Soewarno, N., 2018 and H.A. Riyadh, E. G. Sukoharsono & S.A. Alfaiza, 2019), the company that has carried out GCG needs BoC to the monitoring function (Putri and Muid 2017, Kazemian, S., Djajadikerta, Rahmawati et al., 2017) All discovered that the board's decision-making had such a considerable appearance on the organization's business. Thus, the hypothesis is as follows:

H2: The number of BoC has a positive effect on the financial performance.

The PoIC Affects the Firm's Financial Performance

The independent commissioner's (IC) existence will increase the level of quality of supervision within the company (Fatimah, et al., 2019). Its relationship with agency theory is the same as that of the BoC. If a firm feels that the monitoring function carried out by the BoC is not sufficient, an independent board of commissioners (IBoC) is needed. It is because the members of the BoC may come from the shareholders or the BoD, while the members of the IBoC do not come from the shareholders or the BoD. Thus, the IBoC becomes the separator of interests between the principal and the agent (Mahrani, M. and Soewarno, N. 2018, Hanafi et al., 2018 and Gurdyanto et al., 2019) conducted a study that exhibited that the PoIC positively affected financial performance, reflected in return on equity. hence on the previous studies' results, the assumption hypothesis is:

H3: The PoIC has a positive effect on the financial performance.

Managerial Ownership (MO) Affects the Firm's Financial Performance

MO compares the number of shares possessed by the executive leadership team and the number of shares outstanding generally. Based on agency theory, with managerial ownership, the manager's position (agent) is as a shareholder and controlling company. It will make managers work harder to improve company performance so that later, managers will also get higher returns, (Laurent and Salim, 2019 and Saad, S. M., & Yaaqoob, I. I., 2022) found that the MO of stock significantly affected firm performance. Therefore, on the supporting studies, the hypothesis formulated is:

H4: MO has a positive effect on the financial performance.

The Number of Audit Committees (AC) Impacts the Firm's Financial Performance

According to (Chouaibi et al., 2022) an audit committee is beneficial for ensuring clarity, disclosure of financial reports, fairness for all stakeholders, and disclosure of all information carried out by management. (Mahrani, M. and Soewarno, N., 2018) stated that, based on agency theory, the basis for forming an audit committee is one way to overcome agency problems. It is because the audit committee has the main role/function to review or supervise internal controls within the company, check the clarity of annual disclosures, and help improve the effectiveness of the audit function.

Studies by (Hermiyetti and Katlanis, 2017 and Hosam. R. et al., 2019) revealed audit committee that have positively affected financial performance. From earlier studies' outcomes, the hypothesis put forward is:

H5: The number of AC has a positive effect on the financial performance.

METHODOLOGY

The object utilized in this research were the Indonesia Stock Exchange (IDX) manufacturing companies. The year used was between 2015 and 2019. The data used were sourced from secondary data, and the data type was quantitative. Sampling was performed by the purposive sampling technique. Meanwhile, data collection in this study employed documentation techniques, where this technique was carried out by taking secondary data attained from a second party. The data analysis technique included descriptive tests, classical assumptions, multiple linear regression, and hypothesis testing using Microsoft Excel and SPSS programs.

According to (Mahrani, M., and Soewarno, N., 2018 and Hanafi and Halim, 2009), if using ROA analysis, ideally, the company will estimate its ability to make profits utilizing all of its wealth after accustoming to expenditures to fund this wealth.

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Assets}$$

BoD is an organ within a firm authorized as well as responsible fully for its management for its benefit, in agreement with its aims and objectives, and acts for the firm either inside or outside the court, following the articles of association provision.

Number of BoD= $\sum$ M of BoD in the company the BoC is at the heart of GCG, and it is mission with ensuring that corporate strategy is implemented, outer management's administration of the firm, and requiring accountability.

Number of the BoC = ∑ Members of the BoC in the company

According to (Rimardhani et al., 2016), in their journal, the PoIC is a group not allowed to associate with the firm’s management. It aims to maintain the independence of the IC.

$$PoIC = \frac{N\ of\ independent\ commissioners}{N\ of\ members\ of\ the\ board\ of\ commissioners}$$

(Sujoko, 2009 in Tertius, 2015) concluded that MO is the number of shareholdings owned by owners, executive boards, and management.

$$MO = \frac{Number\ of\ shares\ owned}{Number\ of\ shares\ outstanding}\ x\ 100\%$$

(Kautsar and Kusumaningrum, 2015) asserted that AC is a group constituted by the BoC and tasked with assisting the BoC in its tasks, such as checking or auditing tasks.

Number of AC = ∑ Members of the AC in the company

RESULTS AND DISCUSSION

the sampling was performed by purposive sampling, i.e., the sampling method with specific criteria. The sample obtained using this method was 98 data.

Table 1. 1 Overview

No	Description	2015	2016	2017	2018	2019	Total
1	Companies listed on the IDX	143	145	157	167	183	795
2	Companies using the dollar currency	29	29	30	31	32	151
3	Companies experiencing profit losses	27	15	22	23	23	110
4	Companies that were not complete in presenting financial statements	17	27	30	39	48	161
5	Companies that did not present managerial ownership	44	48	49	48	54	243
6	Outliers	4	6	7	7	8	32
	Total	**22**	**20**	**19**	**19**	**18**	**98**

Source: Prepared by the authors (2023)

Descriptive Statistics Test

Descriptive statistics is a test that displays the number of observations, median value, lowest values, max value, average value (mean), and standard deviation of all variables, both independent and dependent.

Table 1. 2 Descriptive Statistical Test Before Transformation

	n	minimum	maximum	mean	std. deviation
Board of directors	98	2.00	15.00	5.3980	2.46936
Board of Commissioners	98	1.00	8.00	2.2143	1.40140
The proportion of independent commissioners	98	0.50	2.33	1.5519	0.51431
Managerial ownership	98	0.04	11.59	2.5712	3.27375
Audit Committee	98	3.00	4.00	3.0714	0.25886
Financial performance	98	0.010	0.2620	0.061888	0.0508987
Valid N (listwise)	98				

Source: Prepared by the authors (2023)

Normality Test

A normality test is used to govern whether the information has a normal distribution. In this study, the one-sample Kolmogorov-Smirnov test was used to determine normality.

Table 1.3 Normality Test

		Unstandardized Residual
N		98
Normal Parameters [a, b]	Mean	0.0000000
	Std. Deviation	0.80426561
Most Extreme Differences	Absolute	0.088
	Positive	0.084
	Negative	-0.88
Kolmogorov – Smirnov Z		0.873
Asymp . sig . (2 – tailed)		0.431

Source: Prepared by the authors (2023)

the Asymp. sig value was 0.431. The result was more than 0.05. As a result, the data were found to be normally distributed.

Multicollinearity Test

The multicollinearity test determines if one independent variable and another in the regression model are comparable (collinear). If no relationship exists between the explanatory variables, the outcome is excellent. Each independent variable's variance inflation factor (VIF) and tolerance value (TV) are commonly calculated using this test. There is no multicollinearity, according to Azizah (2019), in case of the variance inflation factor (VIF) is less than 10 as well as the tolerance value (TV) of more than 0.10.

Table 1. 4 Multicollinearity Test

Model	Collinearity Statistics		Description
(Constant)	Tolerance	VIF	
Board of directors	0.702	1.424	No multicollinearity
Board of Commissioners	0.710	1.408	No multicollinearity
The proportion of independent commissioners	0.898	1.114	No multicollinearity
Managerial ownership	0.913	1.096	No multicollinearity
Audit Committee	0.784	1.276	No multicollinearity

Source: Prepared by the authors (2023)

All independent variables in this study had a VIF value larger than 10 and a tolerance value greater than 0.10, as shown in the table above. In conclusion, in this study, none of the independent variables showed signs of multicollinearity.

Autocorrelation Test

According to (Ghozali, 2006 in Wijayanti, 2019), the auto correlation test is used in a linear regression model to examine an association here between befuddling inaccuracy in period t and the confounding error in period t-1 (prior). The DW value determines whether or not auto-correlation exists; if it falls between the values du and 4-du (duDW4-du), no auto correlation exists.

Table 1. 5 Auto-correlation Test After Transformation

Model	Durbin Watson	Description
1	1.802	There is no auto-correlation.

Source: Prepared by the authors (2023)

There is no auto-correlation if DU< DW< 4-DU.

DU = 1.7795

DW = 1.802

4-DU = 4 -1.7795 = 2.2205

Because 1.7795 < 1.802 < 2.2205, it may be inferred that there was no auto-correlation.

Heteroscedasticity Test

The analyzes condition the residuals of one examination and the residuals of an alternative observation in the regression model differ in variance (Wijayanti, 2019). The heteroscedasticity test uses the Glejser test. If the significant value is > 0.05, the independent can be declared free of heteroscedasticity. Meanwhile, if the significant value is < 0.05, the independent can be declared to have symptoms of heteroscedasticity.

Table 1.6 Heteroscedasticity Test

Model	Sig.	Description
(Constant)	0.637	No heteroscedasticity
Board of directors	0.067	No heteroscedasticity
Board of Commissioners	0.221	No heteroscedasticity
The proportion of independent commissioners	0.308	No heteroscedasticity
Managerial ownership	0.059	No heteroscedasticity
Audit Committee	0.376	No heteroscedasticity

Source: Prepared by the authors (2023)

The significant value of all variables was more than 0.05, as shown in the table above. Hence, the variables proposed in the study did not occur in heteroscedasticity.

Multiple Linear Analysis

the linear connection exists between two independent variables or more. This study's independent variables comprised BoD, BoC, PoIC, MO, and AC on the dependent variable of the firm financial performance. This technique is vital for determining the independent and dependent variables' connection direction.

Table 1. 7 Multiple Linear Regression Test

Model	B	t	Sig.
(Constant)	-2.817	-2.258	0.011
Board of directors	0.847	4.210	0.000
Board of Commissioners	0.894	6.390	0.000
The proportion of independent commissioners	-0.426	-1.900	0.061
Managerial ownership	0.140	3.651	0.000
Audit Committee	-1.860	-1.793	0.076

Source: Prepared by the authors (2023)

The regression model test is $Y = -2.817 + 0.847X1 + 0.894X2 – 0.426X3 + 0.140X4 – 1.860X5 + e$

Hypothesis Testing

The t-test is utilized to observe if each independent variable (X) impacts the dependent variable (Y). Suppose the significance value (sig.) is less than 0.05. In that case, the hypothesis is accepted because the X variables affect Y. Otherwise if the value significance (sig.) > 0.05, the hypothesis is refused because there's no influence of the X variables on Y.

Table 1. 8 T-Test (Partial Test)

Model	t	Sig.	Description
(Constant)	-2.258	0.011	
Board of directors	4.210	0.000	H1 is accepted.
Board of commissioners	6.390	0.000	H2 is accepted.
The proportion of independent commissioners	-1.900	0.061	H3 is rejected.
Managerial ownership	3.651	0.000	H4 is accepted.
Audit Committee	-1.793	0.076	H5 is rejected.

Source: Prepared by the authors (2023)

The F-test is employed to see exactly how each independent (X) impacts the dependent (Y) at the same time. The impact of variable X on variable Y is simultaneous if the significance value (sig.) is less than 0.05. If the significance value (sig.) is greater than 0.05, there is no simultaneous impact between X and Y variables.

Table 1. 9 F-Test (Simultaneous Test)

F	Sig.
26.223	0.000

Source: Prepared by the authors (2023)

A significance value of 5% (0.000 < 0.05) was calculated from the F-test findings in the table above. In conclusion, the firm's financial performance jointly impacted by the independent variables of the BoD, VoC, PoIC, MO, and AC.

The coefficient of determination (R^2) estimates how much the independent variable (X) influences the dependent variable (Y). R^2 is a number that spans from 0 to 1. The model is more accurate if R^2 is bigger than or equal to 1.

Table 1. 10 Coefficient of Determination

R square	Adjusted R Square
0.588	0.565

Source: Prepared by the authors (2023)

The magnitude of the coefficient of determination (Adjusted R^2) was 0.565, according to the table above. Therefore, the independent variables together influenced the dependent variable by 56.5 percent, with the remaining 43.5 percent impacted by variables not included in the study model.

The Impact of the Number of the BoD on the Firm's Financial Performance

The test results stated that H1 was accepted. According to the stated hypothesis, the number of board members had a constructive and substantial effect on the firm's financial performance (ROA). The outcomes of the t-statistical (partial test) with a sig value of 0.000, where the value was less than 0.05, demonstrate this (5 percent). The greater the company's size, BoD, the easier it will be to share responsibilities. Therefore, the board of directors has many opinions and suggestions that can be considered in making decisions. The board of directors also owns a very important role in policy implementation and decision-making in a company. One of the decisions taken by the BoD is concerning the utilization of existing resources in the firm. If resources are used optimally, it will be a good company's financial performance. Then, ideally, good financial performance will generate high profits for the company.

The study results align with several previous studies, such as those by (Chouaibi et al., 2022, Simon and Kurnia, 2017 and Laurent and Salim, 2019), which discovered that the executive team had a significant and advantageous effect on the company's fiscal health.

The Impact of the Number of BoC on the Firm's Financial Performance

The test findings revealed that H2 was accepted. It denotes that the number of BoC had a positive and substantial impact on the firm's financial performance (ROA). It is seen from the t-statistic test (partial test) results with a sig value of 0.000, where the value was less than 0.05 (5%). In this case, the BoC carries out a function of supervisory or monitoring within the company to create GCG. If viewed from the agency theory perspective, BoC functions to represent the internal part of the company to monitor the management's opportunistic behavior so that they play a role in aligning the interests of the two parties. Moreover, the BoC in the firm has a role in carrying out monitoring functions, which are expected to reduce high agency costs. According to (Teklay, B., Dow, K.E., Askarany, D., Wong, J., and Shen, Y., 2023) the greater the spread of the BoC, the greater the impact on the firm, effectively limiting fraudulent actions.

This study's findings support previous research by (Rahmawati et al., 2017. & Putri Mu'id, 2017 and Priyadi 2017), which discovered that the room of commissioners had a positive and significant impact on the organization's financial performance.

The Impact of the PoIC on the Firm's Financial Performance

The test results uncovered that H3 was rejected. It denotes that the PoIC had no impact on its financial results (ROA). It aligns with the t-statistical test (partial test) results with a sig value of 0.061. The value was higher than 0.05 (5%). Hence, it can be indicated that the PoIC did not affect the firm's financial performance. Basically, independent commissioners ideally do not have any relationship with the principal and agent, such as family, management, or relatives. It aims to maintain the independence of the IC itself. If the members of the independent commissioners comply with existing regulations, they are expected to reduce agency problems. However, the evidence found when taking the sample is that several companies whose independent commissioners had concurrent positions on the main BoC. It then signifies that the appointment of the BoC Members may be merely a mandatory requirement to ensure that they meet current regulations. Indeed, it will reduce the independence level. The impact is that the surveillance carried out through independent commissioners upon the company's management is less than optimal. Realities like this might cause much fraud in the company and make shareholders less confident in the firm's performance.

The outcomes obtained from this investigation are in harmony with those of previous studies by (Wehdawati et al., 2015 and Hanafi et al., 2018), which found that the PoIC had no Strong influence on the company's economic performance.

The Impact of MO on the Firm's Financial Performance

The test results revealed that H4 was accepted. It signifies that managerial ownership positively and significantly impacted the firm's financial performance (ROA). It is verified by the t-statistical test (partial test) results with a sig value of 0.000. Thus, it can be indicated that managerial ownership had a positive and significant impact on the firm's financial presentation. This study correspondingly indicates that applying managerial ownership in the company influenced reducing agency problems between principals and agents. It is very positive for the sustainability performance, where managers are increasingly motivated and careful in taking actions that aim to enhance the firm's financial performance. Accordingly, managerial ownership makes the manager's position not only as a company manager but also as a shareholder. That way, managers will maximize performance to fulfill the interests of shareholders, including the manager himself.

This result supports several previous studies, including those by (Lestari and Juliarto 2017, Laurent and Salim, 2019) which found that managerial ownership positively and significantly influenced the business's financial results.

The Impact of the AC on the Firm's Financial Performance

The test results stated that H5 was rejected. It shows that the number of AC did not affect the financial performance of the business (ROA). It was seen from the t-statistical test (partial test) results with a sig value of 0.076. Therefore, the number of audit committees did not have a considerable impact on the profitability of the business. In fact, the existence of an AC is also to ensure the transparency and disclosure of financial statements. The greater members of an audit committee, the more effective the mentoring will be. However, the evidence found in the field when sampling revealed that many companies were incomplete and less than optimal in presenting financial statements. Thus, the number of audit committees that are too large will reduce the independence of the audit committee so that it will be followed by the low superiority of the financial statements produced. Therefore, if the formation of the audit committee is carried out only by giving a mandate, without regard to competence in accounting and finance, it will result in the audit committee being unable to carry out its duties properly. Hence, it may be stated that the number of audit committees cannot be utilized to determine whether a firm is performing well or poorly. This study's results reinforce several previous studies by (Khomsatun et al., 2021 and Eksandy, 2018 and Chouaibi et al., 2022) which uncovered that the AC had no substantial effect.

CONCLUSION

Based on the research question investigation the impact of the board of directors (BoD), the board of commissioners (BoC), the proportion of independent commissioners (PoIC), managerial ownership (MO), and the audit committee (AC) on the company's financial performance manufacturing financial performance from 2015 to 2019.findings of the investigation, the conclusions were reached: first, the size of the Board of Directors had a positive and significant impact on the firm's financial performance; thus, the first hypothesis was accepted. Second, the number of BoC influenced the firm's financial performance in a positive and significant way; as a result, the second hypothesis was accepted. Finally, because the PoIC had no effect on the firm's financial performance, the third hypothesis was denied. Fourth, because managerial ownership had a positive and significant impact on the firm's performance, the fourth hypothesis was accepted. Fifth, the number of audit committees did not have an affect on the firm's health, so the fifth hypothesis was rejected.

The study's findings would have observable consequences. The study's findings would have measurable outcomes for this research to keep focus and sustain the financial performance of a corporation's prospect or future, growth, and potential for good development for the company, as a company must supervise all its operational activities, so that it can run as it should. the companies must be monitoring carried out within a company has very important benefits, especially for the soundness of the company's financial performance. in addition, the existence of this oversight aims to safeguard the best interests of everyone involved, both internal and external to the company. In addition, the most important purpose of supervision is to improve financial performance. **The limitations of this study** can be considered. The research period was only five years, from 2015 to 2019, and the object of this paper only used manufacturing companies. And the independent variables in this study could only explain their effect on the dependent variable of 56.5%, which was relatively small. Thus, it is suggested that further research will add several variables or use other variables with a greater impact on financial performance. Therefore, based on the analysis results and discussion in this research, **The suggestions** can be given for subsequent research. Subsequent research is hoped to add other variables with a greater influence on the firm's financial performance and boost the exploration period to add samples, impacting the results obtained to be better. Even for the company management, it is hoped that they can place more emphasis on the firm's financial performance to invite investors to invest, thereby increasing firm profits.

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