The Implementation of Good Corporate Governance on Company Financial Performance

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ABSTRACT

Purpose: This study aims to obtain empirical evidence on the effect of good corporate governance implementation on the financial performance of companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2022 period.

Methodology/approach: Using the purposive sampling method as a sampling technique, so that a population of 37 companies was obtained. To determine the magnitude of the influence of good corporate governance on the company's financial performance, regression analysis, correlation analysis of the F test and t test and analysis of the coefficient of determination are used.

Results/findings: The results of this study indicate that the variables of good corporate governance do not have a significant effect on company value.

Conclusions: This study is a review of several journals that aim to examine the influence of independent boards of commissioners, managerial ownership, institutional ownership, foreign ownership, and audit committees on financial performance. This study took a sample of manufacturing companies in the consumer goods sector during the period 2018-2022.

Limitations: The limitations of this study are that there are only two fundamental factors, namely, total asset turnover and corporate governance, and the sample used is processed food industry companies that do not represent all sub-sectors of other companies.

Contribution: This study can be used as a reference for future research, especially research corporate governance.

Keywords: *Company Value, Earnings Management, Financial Performance*

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1. Introduction

In the current era of globalization, economic competition is becoming increasingly fierce. If a company performs well, investors may consider continuing to invest in it. If a company can set corporate goals, it will improve employee performance and increase employee engagement in the workplace, meaning that a well-managed company has a greater chance of remaining sustainable or performing well.

Financial performance is a crucial aspect of an entity as a benchmark for assessing the extent to which a company achieves its goals. According to Anandamaya and Hermanto (2021), financial performance reflects the results achieved by a company in managing assets according to established standards. A company's financial performance can be measured through its financial development by utilizing its resources. A company is considered successful if it achieves certain performance goals. A competitive world with rapid growth encourages companies to compete to improve their performance. Fierce competition demands that managers implement appropriate business strategies to improve company performance and maintain healthy competition (Algifari, 2021).

Effective and efficient company management is crucial for achieving its goals. Companies naturally desire business growth, strong financial performance, and continued expansion. In 2019-2020, manufacturing companies in the consumer goods and miscellaneous industries experienced a decline. When measured using ROA, companies in the consumer goods sector experienced a -0.318. Compared to other industries, the performance of companies in the consumer goods sector is considered to have declined more significantly. The decline in company financial performance can be attributed to the weak implementation of Good Corporate Governance (GCG). This weakening of GCG implementation is due to a weak legal framework and inadequate oversight of activities by the board of commissioners and auditors (Prayanthi & Laurens, 2020).

The decline in company financial performance has prompted companies to place greater emphasis on GCG implementation to improve business processes and profits, which had previously decreased. The decline in financial performance was due to restrictions on public mobility due to the pandemic (Pratiwi, Nurulrahmatia, & Muniarty, 2020). These activity restrictions impacted oversight by the board of commissioners, and the adoption of remote working practices has become a new approach to effective communication to improve financial performance through stakeholder engagement. The implementation of GCG is a crucial concern for companies in Indonesia because it is necessary to build trust between stakeholders and the international community. Capital structure, profitability, and GCG implementation influence financial performance. GCG implementation is another component that influences financial performance.

GCG is a system used to ensure the sustainability of a company's relationship with its stakeholders. Given the increasing risks and challenges faced by industrial companies, the implementation of GCG is crucial. This is because GCG is key to increasing efficiency through relationships between management, the board of commissioners, shareholders, and other stakeholders (Siska & Faliany, 2021). In this study, GCG is proxied by board of commissioners accountability, transparency and disclosure, and the audit committee. Board accountability refers to the board's ability to be accountable for the company's strategic decisions, performance monitoring, and other responsibilities. Transparency and disclosure reflect the extent to which a company conveys important and useful information to investors, shareholders, and the general public, which impacts financial performance. The audit committee ensures the accuracy of financial reports, internal control systems, and quality of the company's internal and external audits. The implementation of GCG can create optimal financial performance and help companies compete in the long term.

Several previous studies have shown inconsistent conclusions and research gaps. According to Syadeli and Sa'adah (2021), CSRD, directors, institutional ownership, and independent boards of commissioners have no impact on financial performance, whereas the audit committee has a positive impact. Sitanggang (2021) research indicates that the influence of GCG, measured by the audit committee and board of commissioners, has a positive impact on financial performance. Other findings from studies by Listyawati and Kristiana (2018) and Nugrahani and Yuniarti (2021) indicate that financial performance is not influenced by the audit committee and independent board of commissioners. Sumartini (2020) found that the board of commissioners has a positive impact, while financial performance is not significantly affected by the audit committee. Farooque, Buachoom, and Sun (2020) found that financial performance is influenced by the audit committee and board of commissioners. Sanah and Mukhzarudfa (2021) found that transparency does not significantly affect financial performance. In contrast, (Holly & Lukman, 2021) found that internal control systems,

accountability, and transparency improve financial performance. Transparency is a principle that ensures that external parties can access the information they require.

2. Literature review and hypothesis/es development

2.1 Agency Theory

Agency theory is the basis for comprehending corporate governance. Michael Johnson created this notion of agency. Instead of acting as prudent and equitable representatives of shareholders, Michael Johnson believes that firm managers (agents) are fully cognizant of their own interests. A business where one or more clients designate others (agents) to perform services and give agents decision-making authority, or where this could occur. In businesses, information asymmetry that results in disputes between authorities may be inevitable, but it can be avoided by implementing sound corporate governance. This is because, for instance, stakeholders can be sure that strong financial performance will be attained when financial reports are submitted on time. As a result, the asymmetry between agents and clients is reduced.

2.2 Financial Performance

Financial statements are reports that provide financial information about a company over a period and are used to explain a company's performance with a focus on profits. Financial performance analysis is conducted to determine how accurately and appropriately a company implements financial management rules. A company's profitability is measured by the return on investment in its annual financial statement. Profitability ratios can be used as a suitable tool to measure a company's financial performance in terms of its ability to generate profit. A company's financial performance can be measured using return on assets (ROA). Return on assets measures a company's ability to generate profits from its assets. It is also used to estimate the expected returns on investments. Company performance reflects a company's financial position, which is analyzed using financial analysis tools, and reflects the company's performance over a specific period, enabling an assessment of whether the company's financial position is good or bad. This is crucial for optimizing resource utilization in response to environmental change. Financial performance can be assessed by analyzing annual financial statements.

2.3 Good Corporate Governance

Good Corporate Governance is a principle that underlies the processes and mechanisms for conducting business in accordance with laws, regulations, and business ethics. Good Corporate Governance, which encompasses many relationships between management, the board of directors, shareholders, and other stakeholders, is important for improving economic efficiency. Good Corporate Governance results from the separation of ownership and control of a company (also known as the agency problem). The objective of GCG is to reduce conflicts of interest between managers and owners of the company. GCG stands for Good Corporate Governance and refers to the relationships between various stakeholders of a company that determine the direction of the company's financial performance.

Good Corporate Governance is a method or process for regulating, implementing, and verifying the management of all activities with the aim of optimizing company profits while considering the responsibilities and obligations of decision-makers, and can be interpreted as aiming to achieve harmony between the two. The structure of Good Corporate Governance describes the division of rights and obligations of all parties involved in the company: directors, executive board, shareholders, other stakeholders, and related parties. In addition, the structure of Good Corporate Governance explains the rules and procedures for establishing and terminating businesses. policies, so that company objectives and performance monitoring can be accurately calculated and implemented.

2.4 Hypothesis Development

2.4.1 Independent Board of Commissioners (X1) on financial performance (Y)

An independent board of commissioners is a board of commissioners that is independent and impartial, and it is responsible for promoting the implementation of good corporate governance principles. According to agency theory, an independent board of commissioners should be able to monitor and control conflicts that lead to efficient management, which will ultimately influence decisions made in

line with the company's objectives of maximizing financial performance, which lowers the risk of non-transparent management actions.

H1: The size of the independent board of commissioners has a positive effect on company performance

2.4.2 Managerial Ownership (X2) on Financial Performance (Y)

According to the agency theory of managerial ownership, companies can use it to align the interests of managers and shareholders, and managers will benefit directly from every decision they make. Thus, managers become more motivated to work actively to improve company performance. Since managers who own shares in the company have a stake in the company, managerial ownership positively influences financial performance.

H2: The size of managerial ownership has a positive influence on company performance

2.4.3 Institutional Ownership (X3) on Financial Performance (Y)

According to agency theory, institutional ownership increases financial performance because more supervision and ownership means more supervision, which means more agency costs that arise and are borne by shareholders to minimize agency problems and maximize shareholder value.

H3: The size of institutional ownership has a positive effect on company performance

2.4.4 The influence of foreign ownership (X4) has a positive effect on financial performance (Y)

According to agency theory, information asymmetry caused by the separation of a company's ownership and control results in agency costs. According to agency theory, foreign ownership can reduce agency issues between managers and shareholders. The term "foreign ownership" describes the percentage of shares held by foreign organizations, individuals, or entities that are anticipated to influence the development of fresh approaches, viewpoints, and concepts that will improve the financial performance of the business. The company's economic results are improved by looking at the profits accumulated from its total equity, and in terms of foreign participation, the company is thought to be involved in improving management and reducing problems through incentives from agencies.

H4: The foreign ownership has a positive effect on company performance

2.4.5 The audit committee (X5) has a positive impact on financial performance (Y)

According to agency theory, the establishment of an audit committee is one solution to agency issues. This is because the audit committee is responsible for evaluating internal control systems, financial reporting, and external audits.

H5: The performance of the company is positively impacted by the size of the independent audit committee

3. Methodology

This study used a quantitative method. This study used secondary data. The subjects of this study are consumer goods manufacturers in the processed food sector listed on the Indonesia Stock Exchange (IDX), with a total of 37 samples. The sampling technique used was purposive sampling with the following criteria:

1. Manufacturing companies in the consumer goods industry are listed on the IDX from 2018 to 2022.
2. Manufacturing companies in the consumer goods sector that did not publish annual reports or financial statements from 2018 to 2022.

Because Eviews uses cross-sectional and time-series data, classical assumption tests are used.

1. Data Normality Test
   The normality test was used to determine whether the independent and dependent variables in the regression model had a normal distribution. A regression model functions well when the data distribution is normal. To determine whether the data were normally distributed, the Jarque-Bera (Sijbom, Koen, Peijen, & Preenen) statistical test was used. A probability value greater than 5% indicates a normal distribution of the data. Conversely, a probability value of less than 5% indicates a normal distribution of the data.

2. Multicollinearity Test

The multicollinearity test was used to determine whether the regression model found a correlation between the independent variables; a good regression model does not find a correlation. A correlation test between the two variables was used to identify whether there was a multicollinearity problem in the study. If the correlation value of each independent variable is greater than 0.80, the research model exhibits multicollinearity. However, if the correlation value is less than 0.80, the research model does not experience multicollinearity.

3. Heteroscedasticity Test

In a regression model, the heteroscedasticity test is used to determine whether there is inequality in the residual differences between observations. If the difference between the residuals from one observation to another remains unchanged, the result is called homoscedasticity; otherwise, it is not. Homoscedasticity, or the absence of heteroscedasticity, is a sign of a good regression model. The Glejser test was used in this study to regress the absolute value of the residuals against the independent variables. Heteroscedasticity is absent if there is a correlation between the independent variables and the residual significance value is greater than 0.05. Heteroscedasticity occurs if there is a relationship between the independent variables and a residual significance value below 0.05.

4. Autocorrelation Test

Using the t-error (previous), the autocorrelation test was used to determine whether there was a relationship between the confounding errors in period t in the multiple regression model. If du <4, then there is no autocorrelation; the Durbin Watson test is used to determine whether or not there is autocorrelation (Ghozali, 2018).

4. Results and discussion

4.1 Research Result

4.1.1 Descriptive Statistics

Table 1. Research Data

Sample: 2018- 2022						
	ROA	DKI	KM	KI	KA	KODIT
Mean	0.070387	0.428057	0.055789	0.673634	0.236891	2.989189
Median	0.066914	0.400000	0.001224	0.805329	0.035284	3.000000
Maximum	0.526704	1.000000	0.682759	0.999675	0.999431	4.000000
Minimum	-0.5649	0.250000	0.000000	0.000000	0.000000	2.000000
Std. Dev.	0.115693	0.137770	0.138388	0.327115	0.341976	0.312584
Skewness	-0.1183	2.133869	3.180223	-0.840691	1.216582	-0,02527
Kurtosis	9.817812	9.041080	13.08280	2.229685	2.852925	10.26023
Jarque-Bera	358.7353	421.7093	1095.94	26.36585	45.80227	408.2838
Probability	0.000000	0.000000	0.000000	0.000002	0.000000	0.000000
Sum	13.02153	79.19048	10.32098	124.6224	43.82488	553.0000
Sum Sq. Dev	2.462813	3.492414	3.523825	19.68883	21.51833	17.97838
Observations	185	185	185	185	185	185

Source: Data processed by the researcher (2025)

Based on the table above, it can be seen that the total research data consists of 185 data points. This was obtained from the sample size of 37 manufacturing companies in the consumer goods industry listed on the Indonesia Stock Exchange (IDX) multiplied by the observation period of 5 years, namely 2018-2022. The results were interpreted as follows:

From the data in the table above, the following conclusions can be drawn:

1. The value of the Y variable, proxied by ROA, has a minimum value of -0.564%, a maximum value of 0.526%, and an average value of 0.070. The average was 0.070, with a standard deviation of 0.115. A standard deviation larger than the average value indicates high data dispersion or significant gaps in financial performance. Therefore, the sample used may not adequately represent the entire data set.

2. The independent board of commissioners (DKI) has a minimum value of 0.25, a maximum of 1, and an average of 0.428. The company with the lowest value is PT Food Sejahtera Tbk 2018-2022 and PT Phapros Tbk, with an independent board of commissioners value of 0.25. The independent board of commissioners value is 1. The average value was 0.428, with a standard deviation of 0.115. If the standard deviation is smaller than the average value, it means that the data dispersion is low or there is no significant gap in the number of independent board of directors. Thus, the sample used can represent the entire population of the data well.
3. Managerial Ownership (KM) has an average of 0.0557 with a standard deviation of 0.1383, so the average value is smaller than the standard deviation, indicating that the data quality of the variable is poor. The minimum and maximum values were 0.00 and 0.682, respectively.
4. Institutional Ownership (IO) has an average of 0.673, with a standard deviation of 0.327. A standard deviation smaller than the average value indicates low data dispersion or no significant gap in institutional ownership. Thus, the sample used was representative of the population. Based on the descriptive statistical analysis above, the minimum value was 0.00 and the maximum value was 0.999.
5. Foreign ownership (KA) has a minimum value of 0.00, a maximum value of 0.999, and an average of 0.236. Thus, the average value was 0.236, with a standard deviation of 0.341. A standard deviation greater than the average value indicates a high dispersion or significant gap in foreign ownership. Therefore, the sample used was not representative of the entire dataset.
6. The audit committee value (KODIT) has a minimum value of 2, a maximum value of 4, and an average value of 2.989. The average value was 2.989, with a standard deviation of 0.312. A standard deviation smaller than the average value indicates low data dispersion or no significant gap in the audit committee. Thus, the sample used can represent the population data well.

4.1.2 Classical Assumption Test
a) Normality Test
The normality test of data aims to test whether in the regression model, the disturbance variable or residual has a normal distribution. To test whether the Financial Performance variable and the independent variables, namely managerial and institutional ownership, have a normal distribution. The easiest way to determine the normality of the residuals is to look at the histogram graph that compares the observed data with a distribution that approximates a normal distribution (Ghozali, 2018).

Table 2. Normality Test

	Unstandardized Residual
N	185
Normal Mean	1.75e-18
Parameters[a,b] Std. Deviation	
Median	0.001012
Max	0.226943
Min	-0. 430598
Skewness	-1.268109
Kurtosis	11.76342
Jarque-Bera	596.4806
Probability	0.000000

Source: Data processed by the researcher (2025)

Based on the above information, the Jarque-Bera value is 596.4806 with a probability value of 0.000, which is less than 0.05. This indicates that the data were not normally distributed.

b) Heteroscedasticity Test
The heteroscedasticity test was used to test whether there was unequal variance and residuals between observations in the regression model. A good regression model is one that does not exhibit

heteroskedasticity (Ghozali, 2018). This study uses the Glejser test. The Glejser test method was used to regress the absolute residual values against the independent variables. If the correlation between the independent variables and the residual values is significant (> 0.05), then there is no heteroscedasticity. Conversely, if the correlation between the independent variables and the residual values is significant (< 0.05), then there is heteroscedasticity (Ghozali & Ratmono, 2020).

Table 3. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser			
Null hypothesis: Homoskedasticity			
F-statistic	1.522153	Prob. F(7,164)	0.1630
Obs*R-squared	10.49309	Prob. Chi-Square(7)	0.1623
Scaled explained SS	14.71483	Prob. Chi-Square(7)	0.0398

Source: Data processed by the researcher (2025)

Table 3 shows that the R-squared probability value is 0.1623, which is greater than 0.05. This result indicates that there is no heteroscedasticity problem in the model.

c) Autocorrelation Test
The autocorrelation test is used to test whether there is a correlation between the disturbance error in period t and the disturbance error in period t-1 in the panel data regression model. A good regression model is one in which there is no autocorrelation (Ghozali, 2018).

Table 4. Autocorrelation Test Results

d	dL	dU	4- dL	4- dU	Daerah Penguji
2,088	1,666	1,835	2,333	2,164	dL<d<4-dU

Source: Data processed by the researcher (2025)

Based on Table 4, the Durbin-Watson value is 2.088. The autocorrelation test can be seen by comparing the Durbin-Watson value with the Durbin-Watson test criteria. The results of the autocorrelation test show that the Durbin-Watson value is between DU with 4-DL, which has a dU value of 1.835 and 4-dL of 2.333, while the Durbin-Watson value between the two is 2.088, indicating that there is no autocorrelation issue.

4.1.3 Hypothesis Testing
a) Partial Significance Test (t-test)

Table 5. Results of the t-test

Variable	Coefficient	Std. Error	t-Statis tic	Prob.
C	0.453375	0.183421	2.471777	0.0146
DKI	-0.037047	0.125396	-0.295443	0.7681
KM	-0.038593	0.182159	-0.211865	0.8325
KI	-0.180635	0.057248	-3.155341	0.257
KA	0.058837	0.060863	0.966712	0.3353
KODIT	-0.102927	0.053323	-1.930231	0.0556

Source: Data processed by researchers (2025)

Based on the results of the calculations shown in Table 5, the following interpretations can be made.
a. Hypothesis testing one (H1)
   The independent board of commissioners variable has a probability value of 0.76 > 0.05, meaning that it does not significantly affect financial performance.
b. Hypothesis testing two (H2)
   The managerial ownership variable has a probability value of 0.83 > 0.05, indicating that it does not significantly affect financial performance.

c. Hypothesis testing three (H3)

The institutional ownership variable has a probability value of 0.002 < 0.05, which means that it has a partial effect on the financial performance.

d. Hypothesis testing four (H4)

The foreign ownership variable has a probability value of 0.33 > 0.05, meaning that it does not significantly affect the financial performance.

e. Hypothesis Testing Five (H5)

The audit committee variable has a probability value of 0.056 > 0.05, meaning that it does not significantly affect financial performance.

b) Uji F

Table 6. Hasil Uji F

ANOVA						
Model		Sum Of Squares	df	Mean Square	F	Sig.
1	Regression	.097	4	.024	2.836	.032
	Residual	.515	60	.009		
	Total	.613	64			
a. Dependent Variable: ROA						
b. Predictors: (Constant), DKI, KM, KI, KA, KODIT						

Source: Data processed by researchers (2025)

Based on Table 6, a significant value of 0.032 was obtained. Since the significance level obtained is less than the significance level of 0.05, it is concluded that the null hypothesis is rejected, meaning that the independent variables (independent board of commissioners, commercial ownership, institutional ownership, foreign ownership, and audit committee) collectively influence the dependent variable (ROA).

c) Coefficient of Determination

Table 7. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,599[a]	,631	,519	,08019

Source: Data processed by researchers (2025)

The R^2 value reflects the proportion of the dependent variable that can be explained by the independent variable (Ismanto and Pebruary, 2021). From the table above, it can be seen that the R Square value is 0.631. This value indicates that approximately 32.2% of the total variation in Related Party Transactions around its mean can be explained by the relationship between Managerial Ownership, Institutional Ownership, and Firm Size. The remaining 67.8% was influenced by other factors that could not be explained.

4.2 Discussion

4.2.1 The Influence of the Board of Commissioners on Financial Performance

According to the first theory, financial performance is influenced by an independent board of commissioners. The findings of this study indicate a problem. The t-statistic value is -0.2954 with a coefficient value of -0.0370, and the t-test value is 0.7681 > 0.05. Based on these figures, it can be said that financial performance is unaffected by the presence of independent board of commissioners, indicating that financial performance may decline as the number of independent board members increases. Consequently, the initial hypothesis (H1) was disproved. Agency theory demonstrates that increasing the number of independent board members in a company can reduce conflicts of interest between principals and agents. This is because independent board members, by overseeing policies and implementing good corporate governance, can improve a company's financial performance (Marietza, Wijayanti, & Agusrina, 2020).

According to Rahmatin and Kristanti (2020), independent boards of commissioners have no effect on financial performance. This means that a company's size cannot ensure proper governance, oversight and decision-making. According to Azis and Hartono (2017), the size of the ownership share of independent board members cannot ensure the accuracy of management, control, and decision-making functions within a company. They also claim that independent boards of commissioners have no effect on financial performance.

4.2.2 The Influence of Managerial Ownership on Financial Performance

According to the second hypothesis, managerial ownership positively impacts financial performance. The study's findings indicate a t-statistic value of -0.211865, with a coefficient value of -0.038593 and a probability value for the t-test of 0.8325 > 0.05. The second hypothesis (H2) is rejected because it can be inferred from these values that managerial ownership has no bearing on financial success (Tanjung & Permata, 2020). According to Elisah and Utiyati (2018), managerial ownership has no effect on financial performance because managers are less than ideal in carrying out their responsibilities to enhance shareholder value, which includes enhancing financial performance, when managing ownership is limited. According to Mulya, Leo, and Anggaraini (2024), managerial ownership has no effect on financial performance because low or small managerial ownership leads to a misalignment between management and shareholder interests, which makes management less than ideal in fulfilling its responsibilities to improve financial performance and increase shareholder wealth.

4.2.3 The Effect of Institutional Ownership on Financial Performance

According to the third hypothesis, financial performance is positively impacted by institutional ownership. The study's findings indicate a t-statistic value of -3.155341, a coefficient value of -0.180635, and a t-test probability value of 0.002 <0.05. The third hypothesis (H3) is rejected in light of these data, which indicate that institutional ownership has a detrimental impact on financial performance. According to Fadillah (2017), institutional ownership has a detrimental impact on financial performance because institutional investors frequently support management and disregard shareholder interests, which lowers the company's performance. Because institutional ownership just depends on corporate management and does not participate in key policy-making, it will negatively impact firm performance the more institutional ownership there is. According to Halim and Suhartono (2021), institutional ownership has a detrimental impact on financial performance; the more institutional ownership there is, the worse the financial performance, because institutional ownership ignores management's direction, which detracts from the company's financial performance.

4.2.4 The Effect of Foreign Ownership on Financial Performance

The fourth hypothesis states that foreign ownership has a positive effect on financial performance. The research results show that the probability value of the t-test is 0.3353 > 0.05, and the t-statistic value is 0.99712, with a coefficient value of 0.058837. From these values, it can be concluded that foreign ownership does not affect financial performance, meaning that the fourth hypothesis (H4) is rejected. This study is supported by research by Zulkarnain and Kusuma (2019), who state that foreign ownership does not affect financial performance because foreign ownership has a conditional nature depending on certain conditions and requirements related to how the objectives of foreign ownership itself have different levels of influence depending on the existence of foreign directors who recommend it.

4.2.5 The Influence of the Audit Committee on Financial Performance

The fifth hypothesis states that the audit committee has a positive influence on financial performance. The research results show a t-test probability value of 0.0556 > 0.05 and a t-statistic value of -1.930231 with a coefficient value of -0.102927. Based on these values, it can be concluded that the audit committee does not influence financial performance, meaning that the fifth hypothesis (H5) is rejected. This finding is consistent with that of Rosiana and Mahardhika (2020), who claimed that the efficacy of the audit committee in monitoring financial performance is not guaranteed by its level; hence, financial performance does not improve as a result. Due to the company's adoption of sound corporate governance, the audit committee, which was established by the board of commissioners, has been unable to help the board of commissioners professionally. Aprila, Suryandari, and Arie (2022) argue

that the level of the audit committee in a company cannot influence the increase or decrease in financial performance.

5. Conclusions
5.1 Conclusion
This study, compiled from several journals, aims to examine the influence of independent boards of commissioners, managerial ownership, institutional ownership, foreign ownership, and audit committees on financial performance in Indonesia. This study sampled manufacturing companies in the consumer goods industry from 2018 to 2022. Based on the panel data regression above, the following conclusions can be drawn.
1. The number of independent commissioners in a company does not affect its financial performance, regardless of whether the company has a large or small number of commissioners.
2. The number of shares owned by managers does not affect the financial performance.
3. The number of shares owned by institutions has a negative impact; greater institutional ownership leads to reduced financial performance because they are less focused on company management.
4. The number of shares owned by foreign parties does not affect financial performance, regardless of whether the company has a large or small number of shares owned by foreign parties.
5. The number of audit committees in companies, whether large or small, does not affect their financial performance.

5.2 Suggestions
Based on these conclusions, the following recommendations can be made:
1. Academic implications:
   Issuing companies are encouraged to increase or maximize their value to attract investors to invest their capital in the company.
2. Practical Implications:
   Investors and prospective investors who wish to invest in companies listed on the Indonesia Stock Exchange are recommended to conduct thorough research by first assessing the company's conditions, both internal and external factors. Additionally, investors should consider the company's share ownership structure.

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