ISSN 3110-7257
https://doi.org/10.61401/rabi.v2i1.464

Volume 2 Number 1, February 2026
Riset Akuntansi dan Bisnis Indonesia (RABI)
STIE KRAKATAU, Indonesia

Impact of Independent Commissioner Proportion and Leverage on Financial Performance of Indonesian Consumer Non-Cyclicals

Sonia Yudiska[1*], Erita Rosalina[2], Yanto[3]
Universitas Bangka Belitung, Kepulauan Bangka Belitung, Indonesia[1,2,3]
soniayudiska@gmail.com

ARTICLE INFO
Received: 29 December 2025;
Accepted: 26 January 2026;
Publish: 24 February 2026;

Volume 2, Number 1
February 2026, pp 51-64
https://doi.org/10.61401/rabi.v2i1.464

Coresponding author:
Sonia Yudiska
Universitas Bangka Belitung, Kepulauan Bangka Belitung, Indonesia
E-mail: soniayudiska@gmail.com

ABSTRACT
Purpose: This study examines the effect of independent commissioner proportion and leverage on the financial performance of consumer non-cyclicals companies listed on the Indonesia Stock Exchange during 2020–2024. In this study, financial performance is measured using ROE.
Methodology: This study employs a quantitative approach using secondary data from the annual financial reports of 20 companies selected through purposive sampling. Data analysis was performed using panel data regression techniques with EViews 12 software to examine the effects of the independent variables on financial performance.
Results: The findings show that leverage has a negative and significant effect on ROE, indicated by prob (0.0001). Meanwhile, the percentage of independent commissioners has no significant relationship, as shown by prob (0.8454).
Conclusions: This study concludes that leverage is an important factor affecting financial performance, while the proportion of independent commissioners has no significant influence on ROE.
Limitations: This study is limited to consumer non-cyclicals companies listed on the IDX and only examines two independent variables during the 2020–2024 period.
Contribution: This study provides empirical information about the factors influencing financial performance and contributes to the development of corporate governance and financial management literature in Indonesia.

Keywords: *Financial Performance, Independent Commissioners, Leverage, ROE*

How to Cite: Yudiska, S., Rosalina, E. R., & Yanto. (2026). Impact of independent commissioner proportion and leverage on financial performance of Indonesian consumer non-cyclicals. *Riset Akuntansi dan Bisnis Indonesia, 2*(1), 51-64.

1. Introduction

Financial performance is an essential measure for assessing how effectively and efficiently a company manages and utilizes its available resources. In evaluating financial performance, companies generally employ several financial ratios, including the equity profitability indicator, which indicates the firm's capability to produce earnings from the equity invested by shareholders (Tarigan & Yuliansyah, 2025).

A high ROE indicates that management is effective in utilizing equity to create profits, whereas a low ROE suggests that the company has not optimally managed its capital. In the consumer non-cyclicals sector, financial performance serves a crucial function because this sector is directly related to the provision of essential products and services provided for society. Therefore, companies in this sector are expected to maintain stable performance, even during periods of economic uncertainty. However, each company has different characteristics, strategies, and internal conditions, resulting in differences in profitability and financial performance (Siregar et al., 2020). Consequently, empirical studies are necessary to understand the patterns and fluctuations of financial conditions in the consumer essentials industry sector.

The financial capability of consumer non-cyclicals companies during 2020–2024 shows fluctuating trends. During 2020–2021, several companies experienced improvements in their financial performance, indicating early recovery and the ability to adapt to economic pressures. In the following period, 2021–2022, financial performance varied, with some companies continuing to improve while others experienced declines in profitability. Between 2022 and 2023, fluctuations became more apparent, with some companies showing decreased financial performance, although several companies were still able maintained or improved their performance. Furthermore, during 2023–2024, financial performance trends remained uneven, with some companies improving while others experienced further declines. These circumstances suggest that, despite the relatively stable nature of the consumer non-cyclicals sector, the financial performance achieved by each company is affected by a range of factors within and outside the sector (Latifah, Nurdin, & Hazma, 2021).

The fluctuating conditions imply that variations in financial performance are influenced not only by external circumstances but also by factors originating within the company itself. One of the most significant internal factors is the corporate management system. An effective governance system enables companies to operate in a transparent, accountable, and responsible manner while reducing possible disagreements of interest between company executives and shareholders (Mandasari & Rikumahu, 2025). In this regard, the level of independent commissioner representation is regarded as a crucial indicator for evaluating the effectiveness of managerial oversight in the board. Independent commissioners are expected to carry out supervisory functions in an objective and independent manner, which can support more effective and appropriate decision-making processes within the company (Ummah, Aini, & Sumriyah, 2024).

According to agency theory, an increased proportion of independent commissioners enhances monitoring mechanisms within the company, making supervisory functions more effective. In addition, a company's financial structure, reflected by leverage, is another important factor affecting financial performance. Leverage represents the extent to which a company utilizes borrowed funds as a source of financing to sustain and carry out its business operations (Qin, Zhou, Gamito, Jovanovic, & Gervais, 2021). The optimal use of debt can provide benefits, such as tax savings and increased shareholder returns. However, excessive debt use may increase financial risk, particularly during unstable economic conditions. The experience during the pandemic demonstrated that companies with high leverage were generally more vulnerable to liquidity pressures and declining performance than companies with lower leverage levels.

Although numerous theories have explained the relationship between the level of independent commissioner representation, leverage, and financial performance, prior empirical findings have been inconsistent and varied results. Deniza, Wahyuni, Wibowo, and Pandansari (2023) found that the proportion of independent commissioners positively affects financial performance, while Yuniwiansyah and Rahayu (2022) reported different findings. Similarly, inconsistent findings regarding leverage were shown by Annisa and Hamzah (2025), who found a positive effect of leverage on financial performance, whereas Amaliyah and Herwiyanti (2019) found a negative effect. These inconsistencies indicate the existence of a research gap that requires a deeper analysis. In addition, studies specifically examining Indonesia's consumer non-cyclicals sector over the 2020–2024 timeframe, which includes the pandemic and economic recovery phases, are limited. Therefore, further research is necessary to analyze the elements that affect financial performance in this industry.

Referring to the discussion presented previously, this study assesses the impact of the percentage of independent commissioners and leverage on the financial condition of the consumer essentials industry sector listed on the Indonesia Stock Exchange from 2020 to 2024. The findings of this study are expected to enrich the literature in the fields of accounting and finance, while also serving as a useful reference for corporate management, investors, and regulatory authorities in establishing policies associated with corporate governance practices and capital structure decisions.

2. Literature Review and Hypothesis/es Development

2.1 Agency Theory

This study adopts Agency Theory as its theoretical foundation, which describes the contractual interplay between shareholders acting as principals and management serving as agents. In this relationship, shareholders grant authority to management to operate the company and make strategic decisions on their behalf, with the primary objective of maximizing shareholder wealth and improving company value. Management is expected to manage and utilize company resources efficiently and effectively to accomplish organizational objectives and maximize financial performance. Nevertheless, in actual business practices, the interests pursued by shareholders and management may not always harmonize. Shareholders generally expect management to focus on increasing company profitability and long-term value, whereas management may prioritize personal objectives, such as obtaining higher compensation, maintaining job security, or pursuing projects that provide personal benefits. These differences in interests can create agency conflicts that potentially reduce company performance and harm shareholders' interests.

Agency conflicts can become more severe due to information asymmetry, a situation in which management has broader and more comprehensive knowledge of the company's operational activities and financial condition than shareholders. Because management has greater access to information, it may engage in opportunistic behavior, such as manipulating financial reports, making inefficient investment decisions, or utilizing company resources for personal interests. Consequently, shareholders may face difficulties in monitoring whether management actions are truly aligned with their objectives. Companies require effective monitoring and control mechanisms to minimize these agency problems. Agency theory emphasizes the necessity of implementing sound corporate governance mechanisms, including the presence of independent board commissioners, institutional ownership, audit committees, and transparent financial reporting practices.

Independent board commissioners are expected to enhance the effectiveness of oversight functions and ensure that managerial decisions are carried out objectively and aligned with the welfare of shareholders (Baidhlowi, Leonaldo, & Kusumaningtias, 2025). In addition, financial policies, such as leverage, can serve as a control mechanism because debt obligations may encourage management to operate more efficiently and discipline the use of company resources (Prasastine & Yulianto, 2022). Therefore, Agency Theory provides a strong theoretical foundation for explaining how corporate governance mechanisms and financial policies can reduce agency conflicts, improve managerial accountability, enhance transparency, and ultimately enhance a company's financial performance.

2.2 Proportion of Independent Commissioners

Independent commissioners are individuals serving on the board of commissioners who have no financial, managerial, ownership, employment, or family affiliations with company management, fellow board members, or controlling shareholders (Bakhtiar, Nurlaela, & Hendra, 2021). Their independent position allows them to perform supervisory and monitoring duties objectively and professionally, without being influenced by conflicts of interest. The proportion of independent commissioners represents the percentage of independent commissioners relative to the total number of commissioners in the governance structure of the company. This proportion reflects the extent to which independent oversight is implemented in a company's corporate governance system.

As proposed by Agency Theory, agency conflicts may arise because management, as agents, tends to have different interests from shareholders, as principals. Management may prioritize personal

objectives, such as compensation, power, or job security, rather than maximizing shareholder wealth. In addition, the disparity of information between management and shareholders may create opportunities for actions motivated by personal gain, such as inefficient decision-making, misuse of company resources, and manipulation of financial information. Therefore, companies need effective monitoring mechanisms to ensure that managerial actions remain consistent with shareholders' interests. In this regard, independent commissioners play a significant role in reinforcing the implementation of corporate governance practices. They are expected to oversee managerial activities, objectively assess company policies, monitor the execution of strategic decisions, and promote transparency and accountability in financial reporting and overall corporate operations. Their presence may also reduce the dominance of internal management in decision-making processes and minimize the possibility of actions that could harm shareholders and other stakeholders.

The rising number of independent commissioners within the board structure is believed to enhance the board's competence in performing its monitoring and supervisory duties more effectively. Stronger supervision can encourage management to operate more efficiently, comply with corporate regulations, and make decisions that support the company's future-oriented sustainability and profitability (Maulana, 2020). In addition, the role of independent commissioners may increase investor confidence because the company is considered to have better governance quality, higher transparency, and stronger protection of shareholder interests. Therefore, the representation of independent commissioners on the board within the board structure is considered an important element of good corporate governance that can help reduce agency conflicts, improve managerial accountability, strengthen oversight effectiveness, and ultimately support the enhancement of the company's financial performance.

2.3 Leverage

Leverage describes the magnitude of a company's reliance on debt financing for its operational activities, business expansion, and investment decisions (Nurcholis & Triyani, 2024). Leverage reflects a company's financing structure and indicates the proportion of total assets financed through liabilities compared to shareholders' funds. Companies generally use debt financing to obtain additional funds for business development, increase their operational capacity, and support long-term growth without relying solely on internal financing sources. The level of leverage is commonly measured using debt ratios, such as the debt-to-equity proportion and the debt-to-asset ratio (DAR), which describe the company's ability to fulfill its financial obligations.

From the perspective of Agency Theory, leverage may serve as a monitoring instrument capable of minimizing conflicts arising from agency relationships between shareholders who serve as principals and management functioning as agents. Agency conflicts may arise when management prioritizes personal interests over maximizing shareholder wealth. In this context, the utilization of debt gives rise to mandatory commitments in the form of interest payments and principal repayments that companies must fulfill periodically. These obligations can indirectly pressure management to improve efficiency, optimize company performance, and avoid unproductive expenditures because the inability to fulfill debt obligations may negatively affect the company's financial condition and corporate reputation. The presence of debt may also strengthen external monitoring by creditors and financial institutions. Creditors generally require companies to maintain financial discipline, provide transparent financial reports, and comply with certain financial agreements and covenants. Consequently, leverage can encourage management to act more carefully when making financial and investment decisions. Through this mechanism, leverage is expected to reduce management's opportunistic behavior and improve accountability in the use of company resources.

However, although leverage may provide benefits as a disciplinary mechanism, Agency Theory also explains that excessive debt usage can create additional financial risks for the company. High leverage increases a company's financial burden due to rising interest expenses and repayment obligations. When debt levels become excessively high, companies may experience financial pressure that reduces profitability and operational flexibility (Andriani & Dewi, 2024). A substantial amount of debt may also increase the risk of financial distress, particularly during periods of economic instability, declining

sales or unfavorable market conditions. In such situations, a significant portion of company earnings must be allocated to debt payments rather than to business development or shareholder returns.

Furthermore, high leverage can limit management's ability to make strategic decisions because the company must prioritize debt obligations over expansion opportunities or investment projects. If a company fails to manage its debt effectively, excessive leverage may negatively affect its financial performance, reduce investor confidence, and threaten its long-term sustainability. Therefore, leverage has both favorable and unfavorable consequences for company performance, depending on how effectively the company manages its debt structure. Appropriate and controlled leverage can improve operational efficiency, strengthen managerial discipline, and support growth. Conversely, excessive leverage may lead to higher financial risk, reduced profitability, and weakened financial performance.

2.4 Financial Performance

Financial performance portrays a company's capability to utilize and manage its resources properly and efficiently to generate profits, maintain operational stability, and achieve organizational objectives (Rudiwantoro, 2020). Financial performance is a crucial metric for assessing the effectiveness of company management in operating business activities and managing corporate assets and capital. By analyzing financial performance, stakeholders, including investors, creditors, management, and regulators, can evaluate the company's financial position, level of profitability, operational efficiency, and potential for future growth. In this study, financial performance is proxied by Return on Equity (ROE). ROE is a profitability ratio used to determine a company's capability to generate net profit from shareholders' equity. This ratio illustrates how efficiently the management utilizes the capital contributed by shareholders to generate profits. A higher ROE reflects greater efficiency in utilizing shareholders' equity and generating returns for shareholders, whereas a lower ROE may indicate inefficiency in resource utilization or weak profitability performance. Therefore, ROE is widely used by investors and researchers as an important indicator of evaluating company performance and managerial effectiveness.

Consistent with Agency Theory, financial performance reflects the extent to which management, as agents, successfully fulfills its responsibilities to shareholders as principals. Shareholders delegate authority to management to operate the company and maximize its value. Consequently, management is expected to utilize company resources efficiently, make appropriate strategic decisions, and improve profitability to enhance shareholder wealth. Good financial performance indicates that management has been successful in managing company operations effectively and aligning its actions with shareholders' interests. Strong profitability demonstrates that a company can generate optimal returns from the resources and capital entrusted by investors. In addition, good financial performance may increase investor confidence, strengthen the company's reputation, attract potential investors, and support long-term business sustainability (Utami, Muhtadin, Zuyyina, & Firmansyah, 2025).

Conversely, poor financial performance may indicate inefficiency in operational activities, ineffective management decisions, weak internal supervision, or the existence of agency conflicts within the company (Setyowati, 2019). Agency conflicts occur when management prioritizes personal interests over shareholders' interests, resulting in inefficient use of company resources and declining profitability. Information asymmetry between company management and shareholders may also make it difficult for principals to fully monitor managerial actions, potentially leading to opportunistic behavior that negatively affects company performance. Therefore, Agency Theory emphasizes the importance of implementing effective monitoring mechanisms and proper financial management to improve financial performance. Corporate oversight mechanisms, such as independent commissioners, institutional ownership, audit committees, and transparent financial reporting, are expected to reduce agency conflicts and strengthen managerial accountability. In addition, effective financial policies, including appropriate debt management and efficient resource allocation, can support improved profitability and enhance a company's capability to produce sustainable profits for shareholders.

2.5 Hypothesis Development

2.5.1 The Effect of Independent Commissioners Proportion on Financial Performance

Agency theory argues that conflicts may arise between equity holders and company management because managers tend to prioritize their interests over shareholders. Therefore, companies require an effective monitoring mechanism to reduce agency conflicts and ensure that management complies with corporate objectives. One important mechanism of corporate governance is the presence of independent commissioners on the board. Independent commissioners are board members who are not linked to management by financial interests, managerial positions, ownership, family ties, or controlling shareholders, thereby allowing them to carry out supervisory responsibilities objectively and independently.

A larger percentage of independent commissioners is believed to enhance and reinforce the oversight of managerial activities, improve transparency, and encourage accountability in decision-making processes. Effective oversight can minimize opportunistic actions undertaken by management and promote more efficient operational activities within the company, which may enhance financial performance. In this study, financial performance is assessed using equity profitability indicator, a profitability measure that represents the company's capability to generate earnings from shareholders' equity. Companies with effective supervision through independent commissioners are expected to achieve better profitability and operational efficiency than those without. Several studies support this argument.

Research conducted by Haryani and Susilawati (2023) revealed that independent commissioners exert a positive and statistically significant influence on financial performance, as stronger supervisory mechanisms enhance managerial effectiveness and develop stronger corporate governance mechanisms. Furthermore, Darma, Ratnasari, and Tan (2021) argued that companies with a greater proportion of independent commissioners are more likely to achieve superior financial performance because higher transparency and accountability can be maintained in the corporate policy-making process. From the agency theory perspective, discussion, and results of prior empirical research, the hypothesis developed in this study is formulated as follows:

H_1: The proportion of independent commissioners has a positive effect on financial performance.

2.5.2 The Effect of Leverage on Financial Performance

Leverage describes the extent to which a company uses debt for financing its operational and investment activities. According to agency theory, debt can function as a monitoring mechanism because companies are obliged to fulfill loan principal and interest payment obligations, thereby encouraging management to work more efficiently and reduce wasteful spending. Nevertheless, excessive dependence on debt financing may lead to higher financial risk and increased interest burdens for the company. A greater degree of leverage demonstrates a company's substantial reliance on external sources of funding to support its operations. The greater the amount of debt, the larger the fixed financial commitments that must be fulfilled through interest payments.

Such obligations may reduce a company's net profit and limit its ability to provide optimal returns to shareholders. Furthermore, companies with elevated leverage levels tend to face a greater possibility of financial difficulties, especially during times of economic instability or when revenues decrease. In this study, leverage is proxied by the debt-to-equity proportion, which compares the amount of total debt with shareholders' equity. A higher debt-to-equity proportion indicates that the company depends more heavily on debt financing in its capital structure. Excessive use of leverage can adversely influence profitability because a considerable portion of company earnings must be allocated toward servicing debt obligations instead of maximizing shareholder returns.

This argument is supported by the findings of several previous empirical studies. Research conducted by Kurniawan and Samhaji (2020) demonstrated that leverage negatively and significantly influences financial performance, as higher debt utilization increases the company's financial burden and ultimately suppresses profitability. Similarly, Saputra and Abdi (2022) concluded that financial

leverage exerts a negative and significant impact on financial performance, suggesting that excessive reliance on debt financing may diminish a company's capability to yield returns. From the agency theory perspective, the discussion and results of prior empirical research, the following hypothesis is proposed in this study formulated as follows:

H_2: Leverage has a negative effect on financial performance.

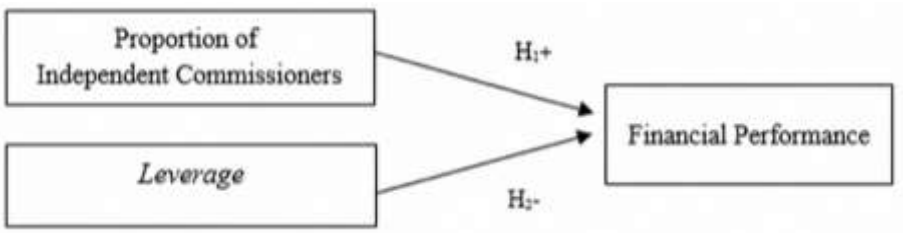


Figure 1. Research model

3. Methodology

3.1 Research Approach

The research was conducted using an empirical quantitative study design and a causal associative approach to investigate the influence of the proportion of independent commissioners and leverage on financial performance (Sugiyono, 2017). This study used secondary data collected from the annual reports of companies in the consumer essentials industry sector listed on the Indonesia Stock Exchange (IDX) over the 2020–2024 observation period. The analytical process utilized panel data regression techniques analyzed with the help of EViews 12. To identify the most suitable regression model, model selection procedures were conducted using the Chow and Lagrange Multiplier (LM) tests, which were used to compare the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Furthermore, hypothesis testing was performed using both the t-test and F-test at a 5% significance level. The coefficient of explanatory power (R^2) was employed to evaluate the model's capability in explaining the variation of the dependent variable.

3.2 Population and Sample

The population examined in this study comprised 128 companies in the consumer essentials industry sector traded on the IDX throughout the 2020–2024 period. The research sample was chosen through purposive sampling by applying several predetermined criteria relevant to the research objectives. As a result of the selection process, 20 companies fulfilled the required criteria and were chosen as the research sample for this study. As the observation period covered five years, the study generated 100 panel data observations.

3.3 Data Collection Techniques

This study employed documentation methods to gather the non-primary data required for the analysis. The sources of data consisted of annual and financial reports released by consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. These reports were collected through the official IDX platform and the official websites of each respective company. The data obtained contained information on the proportion of independent commissioners, leverage, and financial performance variables. Subsequently, the collected data were processed and analyzed using panel data regression methods to examine and test the hypotheses formulated in this study.

3.4 Operational Definitions

Table 1. Operational definitions

Variable	Definition	Measurement/Indicator	Ratio
Financial Performance (*Y*)	M. Kusuma, Assih, and Zuhroh (2021) stated that the term financial performance can be understood as the company's capability to generate	ROE = (Net Income ÷ Total Equity) × 100	Ratio

	earnings and efficiently manage its financial resources over a particular period.		
Proportion of Independent Commissioners (X_1)	Setiawan, Rahmah, and Thamrin (2025) state that the number proportion of independent commissioners represents the percentage of independent commissioners on the board of commissioners who are not affiliated with management, ownership, or other parties related to the company.	PCI = (Number of Independent Commissioners ÷ Total Number of Commissioners) × 100	Ratio
Leverage (X_2)	Karmiyati and Lukito (2023) stated that leverage describes the magnitude of debt financing utilized by a company to fund its assets and operations.	DER = (Total Liabilities ÷ Total Equity) × 100	Ratio

4. Results and Discussion

4.1 Model Selection Test

The appraisal of the appropriate panel data regression testing process was conducted using the Chow test, Hausman test, and Lagrange Multiplier (LM) test to identify the estimation model that best fit the research data among the common-effect, fixed-effect, and random-effect models (Indrasetianingsih & Wasik, 2020).

4.1.1 Chow Test

The panel data Chow test was applied to determine the most suitable panel data regression approach between the CEM and FEM panel regression models. The purpose of this test is to examine whether differences in company characteristics among the observed firms influence the regression estimation results. Under the Common Effect Model, all companies are assumed to share an identical intercept value, whereas the Fixed Effect Model permits each company to possess distinct characteristics and intercepts.

The selection criterion in the Chow test is based on the probability value obtained from the results. When the probability value is below the significance threshold of 0.05, the fixed-effect model is preferable to the common-effect model. Referring to the results shown in Table 2, the probability value of the Cross-section F statistic is 0.0483, which is lower than 0.05. Likewise, the probability value generated by the Cross-section Chi-square statistic is 0.0133, also below the 0.05 significance level. Consequently, the findings supported the use of the Fixed Effect Model (FEM) over the Common Effect Model (CEM), thereby rejecting the null hypothesis.

Table 2. Chow test

Effects Test	Statistic	d.f	Prob.
Cross-section F	1.731033	(19.78)	0.0483
Cross-section Chi-square	35.182661	19	0.0133

4.1.2 Hausman Test

The specification test proposed by Hausman was employed to assess the most suitable panel regression technique between the Fixed Effect and Random Effect approaches. This testing method aims to assess whether the unobservable individual effects are related to the explanatory variables incorporated in the regression model. Under the Fixed Effects approach, every firm is presumed to have distinct characteristics that may influence the estimation results. Meanwhile, the Random Effects approach assumes that such entity-specific effects arise randomly and are not connected to the explanatory variables. The most suitable model was determined based on the probability value produced by the

Hausman test. If the resulting probability value is greater than the 0.05 significance criterion, the random-effects model is regarded as more appropriate than the fixed-effects model. Based on the findings presented in Table 3, the probability value obtained from the Hausman test was 0.5146, which exceeded the 0.05 significance level. Therefore, H_0 (null hypothesis) was not rejected, signifying that the Random Effects Model (REM) was considered more suitable for this study than the Fixed Effects Model (FEM).

Table 3. Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.328556	2	0.5146

4.1.3 Lagrange Multiplier Test

The LM approach examination was conducted to assess the most suitable panel regression framework between the Common Effects Model (CEM) and the Random Effects Model (REM). This testing procedure is intended to evaluate whether the Random Effects approach provides a more efficient estimation than the Common Effects approach by identifying the presence of random disturbances within the panel dataset. In the Common Effects Model, the data are assumed to be homogeneous and free from entity-specific and period-specific influences. Conversely, the Random Effects Model assumes that differences across firms occur randomly and may contribute to variations in the estimation results.

The preferred model in the Lagrange Multiplier test is determined based on the probability value produced from the testing output. When the probability value is higher than the 0.05 significance criterion, the Common Effects Model is considered more appropriate than the Random Effects Model. Referring to the findings presented in Table 4, the probability value obtained from the cross-sectional Breusch–Pagan procedure test was 0.1300, which exceeded the 0.05 significance threshold. Therefore, H t (nulnull hypothesis (was not rejected, revealing that the Common Effects Model (CEM) was the most appropriate regression model used in this study.

Table 4. Lagrange multiplier test

	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	2.292610	1.160144	3.452753
	(0.1300)	(0.2814)	(0.0631)

4.2 Classical Assumption Tests

Classical regression assumption testing was performed to determine whether the panel data regression model satisfied the underlying statistical assumptions necessary for generating consistent and dependable estimation outcomes. In this study, the classical assumption tests applied included the multicollinearity and heteroscedasticity tests (Cui, Hayakawa, Nagata, & Yamagata, 2023).

4.2.1 Multicollinearity Test

Multicollinearity assessment was used to determine whether substantial correlations were present among the independent variables incorporated into the regression equation. A proper regression model is expected to avoid strong linear associations between explanatory variables because excessively high correlations may weaken the accuracy and reliability of estimation outcomes. The assessment was carried out by examining the matrix showing variable correlations for the independent variables, in which a correlation coefficient below 0.80 suggests the absence of multicollinearity problems. Based on the results presented in Table 5, the correlation coefficient between X_1 and X_2 was -0.010236, which is considerably lower than the critical limit of 0.80. These findings indicate that no evidence of multicollinearity was observed among the variables. Therefore, all variables employed in this study were regarded as appropriate for subsequent regression estimation procedures.

Table 5. Multicollinearity test

Variable	X1	X2
X_1	1.000000	-0.010236
X_2	-0.010236	1.000000

4.2.2 Heteroscedasticity Test

The variance inequality issue was examined to assess whether the residual terms in the regression equation possessed non-constant variances. An appropriate regression model is expected to maintain a homogeneous residual variance because heteroscedasticity problems may diminish the reliability and robustness of the estimation findings. The testing procedure was conducted by evaluating the probability value associated with each explanatory variable, where probability values that exceed 0.05 signify that the regression framework is not affected by heteroscedasticity. Referring to the outcomes displayed in Table 6, the probability value for the independent commissioner's proportion variable reached 0.1102, whereas the leverage variable had a probability value of 0.4015. As both probability values exceeded the 0.05 significance criterion, it may be inferred that the regression framework was free of heteroscedasticity issues and therefore suitable for utilization in the subsequent analytical process.

Table 6. Heteroscedasticity test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.148992	0.198016	-0.752423	0.4536
X_1	0.721568	0.447607	1.612057	0.1102
X_2	0.037068	0.043987	0.842714	0.4015

4.3 Partial Test (t-Test)

This subsection explains the outcomes of the partial hypothesis examination (t-test) performed to investigate the effect of each explanatory variable, namely the proportion of independent commissioners and leverage on corporate financial performance. The estimation process utilized panel data regression through the Common Effects Model (CEM), which had earlier been determined as the most appropriate regression approach for the research. The t-test was implemented to determine whether each explanatory variable individually exerted a statistically significant impact on the dependent variable. The assessment of significance relied on the probability value criterion, in which a probability value below 0.05 reflected the existence of a significant effect. In light of the findings reported in Table 7, the presence of independent commissioners on the board generated a probability value of 0.8454, indicating that this variable did not significantly influence financial performance. In contrast, the leverage variable produced a probability value of 0.0001, signifying that leverage exerted a statistically significant negative effect on the company's financial performance.

Table 7. Partial test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.253197	0.222729	1.136792	0.2584
PKI	0.098447	0.503469	0.195538	0.8454
L	-0.201473	0.049477	-4.072096	0.0001

Based on the results of the partial test (t-test) presented in Table 7, the findings can be explained as follows.

4.3.1 Effect of the Proportion of Independent Commissioners on Financial Performance

The level of independent representation of members obtained a coefficient value of 0.098447 and a probability value of 0.8454, which exceeded the significance threshold of 0.05. These findings indicate that the proportion of independent commissioners does not significantly affect a company's financial performance. Although the coefficient reflects a positive relationship, the impact is statistically insignificant. This means that variations in the number of independent commissioners relative to board composition do not have a meaningful impact on financial performance.

This finding suggests that the incorporation of independent commissioners has not adequately improved the company's supervisory and monitoring functions. In practice, independent commissioners may face limitations in controlling management decisions and ensuring the implementation of effective corporate governance. The existence of independent commissioners alone is insufficient to directly improve a company's profitability-generating capability. Therefore, the effectiveness of independent commissioners may depend not only on their proportion within the board structure but also on the quality, competence, independence, and effectiveness of their oversight role in the company (Itan & Khelen, 2022).

4.3.2 Effect of Leverage on Financial Performance

The leverage variable (L) produced a coefficient value of -0.201473 and a probability value of 0.0001, which is below the required significance level of 0.05. These results demonstrate a statistically significant negative association with financial performance. The negative coefficient illustrates that increased leverage tends to decrease financial performance, particularly when measured using Return on Equity (ROE).

This finding indicates that a greater reliance on debt increases a company's financial burden through interest expenses and principal repayment obligations. As debt levels rise, companies may experience greater financial pressure, which can reduce their profitability and operational efficiency. Excessive dependence on debt financing may also increase financial risk and limit a company's flexibility in managing its operations and investments. Consequently, companies with high leverage tend to have lower financial performance because a significant portion of their earnings must be allocated to fulfilling debt obligations rather than generating returns for shareholders (M. A. Kusuma, 2023).

4.3.3 Constant Value Interpretation

The constant coefficient of 0.253197 illustrates that when the proportion of independent commissioners and leverage are assumed to be unchanged or at a zero value, the company's financial condition, as evaluated by the equity profitability indicator, is estimated at 0.253197. In other words, this constant represents the basic level of financial performance that exists, excluding the influence of the independent variables included in the regression model.

5. Conclusions

5.1 Conclusions

This study endeavored to examine the effect of the proportion of independent commissioners and leverage on the financial performance of the consumer essentials industry sector registered on the Indonesia Stock Exchange throughout the 2020–2024 period. The results of the analysis revealed several key insights. First, the proportion of independent commissioners had no substantial influence on financial performance, suggesting that the supervisory role of independent commissioners has not yet effectively improved company performance. Second, leverage demonstrates a negative and meaningful effect on financial performance, signifying that a higher level of debt usage tends to weaken a company's ability to generate profits. Therefore, leverage should be a major consideration for management in maintaining and boosting a company's profitability and financial outcomes.

5.2 Research Limitation

This study has some limitations. First, the study only examines two independent variables, namely the proportion of independent commissioners and leverage, even though financial performance may also be affected by various other factors that were not incorporated into the model. Second, the scope of the study is confined to publicly traded IDX-listed consumer non-cyclicals companies, which means that the conclusions drawn may not be universally applicable to companies in different sectors. Third, the observation period covers only 2020–2024; therefore, the study may not fully reflect long-term developments or changes in the relationship between the variables analyzed.

5.3 Suggestion and Directions for Future Research

Future research should incorporate additional variables that may influence financial performance, such as firm size, liquidity, company growth, and macroeconomic factors, to produce a more extensive

research framework. Furthermore, subsequent research is advised to widen the research framework by examining companies from different industrial sectors or extending the observation period so that the findings can offer wider insights and enhance the generalizability of the research results.

References

Amaliyah, F., & Herwiyanti, E. (2019). Pengaruh kepemilikan institusional, dewan komisaris independen, dan komite audit terhadap nilai perusahaan sektor pertambangan. *Jurnal Akuntansi ISSN, 9*(3), 45-58.

Andriani, G. A. N., & Dewi, N. W. Y. (2024). leverage, liquidity, profitabili Pengaruh Likuiditas, Leverage, Dan Ukuran Perusahaan Terhadap Profitabilitas Pada Perusahaan Sub Sektor Transportasi Yang Terdaftar Di Bursa Efek Indonesia Periode 2018-2022. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha, 15*(02), 292-304. doi:https://doi.org/10.23887/jimat.v15i02.69934

Annisa, M. L., & Hamzah, R. S. (2025). The Effect of Non-Performing Loans and Capital Adequacy Ratio on Return on Assets of Banking Institutions Listed on The Indonesia Stock Exchange (2020–2023). *Jurnal Relevansi: Ekonomi, Manajemen dan Bisnis, 9*(2), 200-217. doi:https://doi.org/10.61401/relevansi.v9i2.158

Baidhlowi, A. F., Leonaldo, L., & Kusumaningtias, R. (2025). Pengaruh Independensi Dewam Komisaris terhadap Transparansi dan Akuntabilitas Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang terdaftar di Bursa Efek Indonesia Tahun 2022–2023). *Jurnal Kolaboratif Sains, 8*(6), 3056-3061. doi:https://doi.org/10.56338/jks.v8i6.7644

Bakhtiar, H. A., Nurlaela, S., & Hendra, K. (2021). Kepemilikan manajerial, kepemilikan institusional, komisaris independen, komite audit, dan nilai perusahaan. *AFRE (Accounting and Financial Review), 3*(2), 136-142. doi:https://doi.org/10.26905/afr.v3i2.3927

Cui, G., Hayakawa, K., Nagata, S., & Yamagata, T. (2023). A robust approach to heteroscedasticity, error serial correlation and slope heterogeneity in linear models with interactive effects for large panel data. *Journal of Business & Economic Statistics, 41*(3), 862-875. doi:https://doi.org/10.1080/07350015.2022.2077349

Darma, Y. D., Ratnasari, N., & Tan, E. (2021). Penerapan Corporate Governance dan Pengaruhnyaterhadap Kinerja Keuangan Pada Perusahaan Manufaktur yang Terdaftar Di Bursa Efek Indonesia (Bei) Periode Triwulan Tahun 2016-2020. *Jurnal Manajemen Stratejik dan Simulasi Bisnis, 2*(1), 22-38. doi:https://doi.org/10.25077/mssb.2.1.22-38.2021

Deniza, R., Wahyuni, S., Wibowo, H., & Pandansari, T. (2023). Pengaruh Kepemilikan Institusional, Proporsi Dewan Komisaris Independen, Frekuensi Rapat Dewan Komisaris Dan Latar Belakang Pendidikan Dewan Komisaris Terhadap Kinerja Keuangan Perusahaan. *Juremi: Jurnal Riset Ekonomi, 2*(4), 567-578. doi:https://doi.org/10.53625/juremi.v2i4.4592

Haryani, N. I., & Susilawati, C. (2023). Pengaruh ukuran dewan komisaris, ukuran dewan direksi, ukuran perusahaan, kepemilikan institusional, dan komisaris independen terhadap kinerja keuangan. *Journal of Economic, Bussines and Accounting (COSTING), 6*(2), 2425-2435. doi:https://doi.org/10.31539/costing.v6i2.5992

Indrasetianingsih, A., & Wasik, T. K. (2020). Model Regresi Data Panel Untuk Mengetahui Faktor Yang Mempengaruhi Tingkat Kemiskinan Di Pulau Madura. *Jurnal Gaussian, 9*(3), 355-363. doi:https://doi.org/10.14710/j.gauss.v9i3.28925

Itan, I., & Khelen, K. (2022). Role of risk management in independent commissioners and audit committees on financial performance. *Global Financial Accounting Journal, 6*(2), 225-236. doi:https://doi.org/10.37253/gfa.v6i2.6877

Karmiyati, S., & Lukito, C. P. (2023). Pengaruh Likuiditas dan Leverage Terhadap Rofitabilitas (Studi Kasus Perusahaan Ritel Yang Terdaftar di Bursa Efek Indonesia Periode 2012-2021). *Jurnal Ilmiah PERKUSI, 3*(3), 466–475. doi:https://doi.org/10.32493/j.perkusi.v3i3.32380

Kurniawan, D., & Samhaji, S. (2020). Pengaruh leverage, likuiditas, dan ukuran perusahaan terhadap kinerja keuangan emiten perbankan yang terdaftar di bursa efek Indonesia. *Oikonomia: Jurnal Manajemen, 16*(2), 62-74. doi:https://doi.org/10.47313/oikonomia.v16i2.1175

Kusuma, M., Assih, P., & Zuhroh, D. (2021). Pengukuran Kinerja Keuangan: Return on Equity (ROE) Dengan Atribusi Ekuitas. *Jurnal Ilmiah Manajemen dan Bisnis, 22*(2), 223-243. doi:https://doi.org/10.30596/jimb.v22i2.7935

Kusuma, M. A. (2023). Peran Financial Distress Risk Sebagai Variabel Moderasi Pada Pengaruh Financial Leverage Terhadap Financial Performance. *Jurnal Bisnis dan Kewirausahaan, 19*(1), 61-72. doi:https://doi.org/10.31940/jbk.v19i1.61-72

Latifah, Z., Nurdin, A. A., & Hazma, H. (2021). Pengaruh faktor internal dan faktor eksternal terhadap profitabilitas dengan mediasi NPF bank umum syariah. *Indonesian Journal of Economics and Management, 2*(1), 174-187. doi:https://doi.org/10.35313/ijem.v2i1.3588

Mandasari, R., & Rikumahu, B. (2025). The impact of capital structure, investment growth, and liquidity on financial performance of automotive companies and its components on the Indonesia Stock Exchange (2018-2022). *Global Academy of Business Studies, 1*(3), 211-224. doi:https://doi.org/10.35912/gabs.v1i3.3568

Maulana, I. (2020). Analisis Pengaruh Dewan Komisaris Independen, Kepemilikan Manajerial Dan Kepemilikan Institusional Terhadap Kinerja Perusahaan Jasa Keuangan Di Indonesia. *Jurnal REKSA: Rekayasa Keuangan, Syariah Dan Audit, 7*(1), 11. doi:https://doi.org/10.12928/j.reksa.v7i1.2455

Nurcholis, M. F., & Triyani, Y. (2024). Beberapa Faktor Yang Mempengaruhi Kebijakan Utang: Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2019-2021. *Jurnal Akuntansi, 13*(1), 85-96. doi:https://doi.org/10.46806/ja.v13i1.1074

Prasastine, S. A., & Yulianto, A. (2022). Good Corporate Governance and Leverage Control Variables at Agency Cost: Non Financial Companies in Indonesia. *Management Analysis Journal, 11*(3), 227-239.

Qin, K., Zhou, L., Gamito, P., Jovanovic, P., & Gervais, A. (2021). An empirical study of defi liquidations: Incentives, risks, and instabilities. *Proceedings of the 21st ACM internet measurement conference, 2*(4), 336-350. doi:https://doi.org/10.1145/3487552.3487811

Rudiwantoro, A. (2020). Mengukur kinerja keuangan PT. Pegadaian (Persero) dengan menggunakan rasio keuangan. *Moneter-Jurnal Akuntansi Dan Keuangan, 7*(2), 205-213. doi:https://doi.org/10.31294/moneter.v7i2.8721

Saputra, M. A., & Abdi, M. (2022). Pengaruh Efisiensi Operasional, Efektivitas Aset, dan Leverage terhadap Kinerja Keuangan Perusahaan Publik Subsektor Transportasi. *Jurnal Manajerial dan Kewirausahaan, 4*(2), 427-434. doi:https://doi.org/10.24912/jmk.v4i2.18242

Setiawan, R., Rahmah, A., & Thamrin, M. I. (2025). Proporsi Komisaris Independen, Komite Audit, Non-Family Ceo, Dan Nilai Perusahaan Pada Perusahaan Keluarga. *Media Bina Ilmiah, 19*(7), 5171-5182.

Setyowati, D. H. (2019). Analisis kinerja keuangan bank umum syariah sebagai dampak inefisiensi operasional. *Jurnal Maps (Manajemen Perbankan Syariah), 3*(1), 1-14. doi:https://doi.org/10.32627/maps.v3i1.178

Siregar, M. I., Saggaf, H. A., Sulbahri, R. A., Arifin, M. A., Hidayat, M., & Arifin, F. (2020). Financial performance of PT. Garuda Indonesia Tbk period 2018-2019. *Jurnal Akuntansi, Keuangan, dan Manajemen, 1*(4), 315-324. doi:https://doi.org/10.35912/jakman.v1i4.94

Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif dan R&D* (26 ed.).

Tarigan, B. T., & Yuliansyah, Y. (2025). The Implementation of Good Corporate Governance on Company Financial Performance. *Riset Akuntansi dan Bisnis Indonesia, 1*(4), 243-254. doi:https://doi.org/10.61401/rabi.v1i3.211

Ummah, S., Aini, E. D. N., & Sumriyah, S. (2024). Keberadaan Komisaris Independen Dalam Menerapkan Good Corporate Governance Pada Perseroan Terbatas. *Jurnal Hukum Dan Sosial Politik, 2*(1), 166-175. doi:https://doi.org/10.59581/jhsp-widyakarya.v2i1.2116

Utami, R., Muhtadin, Y., Zuyyina, & Firmansyah, A. (2025). Pengaruh Praktik Keberlanjutan Berbasis ESG terhadap Nilai Perusahaan melalui Kinerja Keuangan dan Reputasi Perusahaan: Bukti Empiris dari Perusahaan Publik Indonesia. . *Jurnal Ekonomi, Manajemen, Akuntansi Dan Keuangan, 6*(4), 14. doi:https://doi.org/10.53697/emak.v6i4.3843

Yuniwiansyah, M., & Rahayu, Y. (2022). Pengaruh good corporate governance dan firm size terhadap kinerja keuangan perusahaan. *Jurnal Ilmu dan Riset Akuntansi (JIRA), 11*(10), 1-17.