# Intellectual Capital Moderates the Relationship between Good Corporate Governance and Company Performance

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**ABSTRACT:** This study empirically examines the effect of Good Corporate Governance, proxied by the Board of Commissioners, Audit Committee, and Independent Commissioner, on company performance measured using Economic Value Added (EVA), with Intellectual Capital as a moderating variable. The research focuses on state-owned enterprises listed on the Indonesia Stock Exchange for the period 2018-2022. The study employs a quantitative research method with an associative approach. Purposive sampling was used to obtain a sample of 50 data points. Secondary data was collected through documentation techniques, specifically annual reports of the state-owned enterprises for the period 2018-2022. The analysis methods include descriptive statistical analysis, classical assumption tests, panel data regression analysis, Moderated Regression Analysis (MRA), t-test, F-test, and coefficient of determination, using Eviews 9 software. The findings indicate that (1) the moderating variable does not significantly moderate the relationship between Good Corporate Governance and EVA, (2) the Adjusted R-squared value is 0.170783, indicating that the variables X1, X2, X3, M, X1M, X2M, and X3M collectively explain 17.07% of the variance in the dependent variable Y, and (3) after including the moderating variable, the influence of the independent variables on the dependent variable weakens from 25% (before moderation) to 17.07% (after moderation).

**KEYWORDS:** Good Corporate Governance, Economic Value Added, Intellectual Capital, State-Owned Enterprises, Moderated Regression Analysis (MRA)

## I. INTRODUCTION

The improvement of company performance is essential, particularly concerning corporate sustainability, which encompasses three core concepts: planet, people, and profit, with profit being the primary objective for most companies. Enhancing performance should be achieved by maximizing economic activities that support this improvement. Economic Value Added (EVA) is a performance measurement method based on the value generated by shareholders' equity, whether it increases or decreases. According to Rosiana and Mahardika (2020), financial performance reflects the company's success, measured through its financial statements, which indicate the company's condition over a period. Financial performance is a manifestation of the principles of good corporate governance.

Improving performance is a challenge for both state-owned and private enterprises, which strive to achieve good performance every period. Consistent implementation of sustainability concepts, including good corporate governance, resource utilization, and product quality, positively impacts performance. However, challenges and obstacles often arise. A notable example is the corruption case involving PT. Adhi Karya, where poor internal control and lack of oversight by the audit committee led to significant financial misconduct. In the case of PT. Adhi Karya, the Corruption Eradication Commission (KPK) uncovered corruption related to the construction of IPDN campus buildings in Sulawesi. The investigation revealed significant financial losses due to fraudulent activities. This case highlights the critical role of the audit committee in monitoring and preventing such misconduct. The lack of effective communication and control within the company facilitated these fraudulent activities.

The audit committee's role is crucial in ensuring good corporate governance, particularly in overseeing financial reporting, internal control systems, and audit processes. Weak oversight and control can lead to significant negative impacts on a company's sustainability. Effective communication and robust internal controls are essential for preventing fraud and ensuring compliance with laws and regulations. Based on these observations, this study measures Good Corporate Governance using three proxies: the Board of Commissioners, the Audit Committee, and Independent Commissioners. The moderating variable, Intellectual Capital, is included to account for the influence of intellectual capabilities and ethical considerations on governance practices. Previous research by Fitriyana and Rosyati (2022) and Rosiana and Mahardika (2020) has shown a positive impact of corporate governance on company performance, indicating the importance of these governance structures in enhancing financial performance.

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## II. LITERATURE REVIEW AND HYPHOTESIS DEVELOPMENT

### Agency Theory

Suripto (2021) describes Agency Theory, which assumes that individuals are motivated primarily by self-interest, leading to conflicts of interest between principals (owners or shareholders) and agents (management). An agency relationship arises when a principal delegates authority to an agent to perform services and make business decisions on their behalf. However, this delegation often leads to conflicts because the interests of the principal and the agent diverge, particularly regarding ownership and business functions. Principals aim for consistent and increasing profits to maximize their wealth, while agents seek to maximize their own wealth through bonuses tied to profit targets. Eisenhardt (1989) in Sunardi (2018) reinforces this with three human nature assumptions in agency theory: self-interest, bounded rationality, and risk aversion. Effective corporate governance is necessary to bridge the relationship between investors and management, ensuring that management acts in the best interests of the company (Nurcahyani et al., 2013). Implementing good corporate governance can mitigate these conflicts, leading to improved company performance. Rahmawati et al. (2017) state that good corporate governance is not just an obligation but a necessity for company longevity and credibility.

### Economic Value Added (EVA)

Economic Value Added (EVA) is a performance measurement method based on the value generated for shareholders, reflecting both increases and decreases in shareholder value (Fatmasari & Dwiyanto, 2019). EVA provides a clear indication of how much value a company has added for its shareholders. According to Abdurahman and Gustyana (2019), EVA is a corporate objective that results from investments made by the company while reducing capital costs. This metric serves as a critical tool for assessing the financial performance of a company, offering a more accurate measure of its ability to create shareholder value compared to traditional accounting measures.

### Good Corporate Governance

Corporate governance refers to the structures and processes for directing and controlling companies, focusing on relationships among management, the Board of Directors, shareholders, and other stakeholders (Rusdiyanto et al., 2019). Effective corporate governance enhances company performance and increases access to external capital. It involves a system of accountability that improves long-term shareholder value while considering stakeholder interests. Good corporate governance ensures transparent, accountable, and professional management practices, which are crucial for national and international competitiveness (Carolina, 2017). It addresses agency problems by improving oversight of management actions, limiting opportunistic behaviors, and reducing information risk borne by shareholders.

### Intellectual Capital

Intellectual Capital is a critical resource that integrates human capital with other primary resources, contributing to company performance (Mawardi et al., 2020). It includes three main components: Human Resources, Basic Capital, and Social Capital (Ovechkin et al., 2021). Wibowo (2020) states that tangible assets like financial assets, vehicles, machinery, and buildings require human resources for optimal function. Intellectual capital, such as technology and knowledge, fosters innovation and competitive advantage, enhancing company profitability (Kuspinta & Husaini, 2018).

### The Framework and Hypothesis

#### The Combined Influence of Good Corporate Governance on Company Performance

Good Corporate Governance (GCG), encompassing the Board of Commissioners, Audit Committee, and Independent Commissioners, plays a crucial role in overseeing company performance to ensure optimal outcomes. Rahmawati et al. (2017) found that these elements collectively impact the financial performance of a company. Agency theory suggests that conflicts arise when principals delegate authority to agents, leading to potential misuse of power. Effective GCG bridges the gap between investors and management, reducing conflicts and improving performance (Nurcahyani et al., 2013).

#### The Influence of the Board of Commissioners on Company Performance

The Board of Commissioners oversees company performance, advises the Board of Directors, monitors GCG implementation, and makes necessary changes. Rahmawati et al. (2017) found that the Board of Commissioners significantly positively influences company financial performance.

#### The Influence of the Audit Committee on Company Performance

The Audit Committee assists the Board of Commissioners in fulfilling oversight responsibilities, including investigating issues within its scope. Independent and detached from daily management, the Audit Committee ensures robust internal control and financial reporting systems (FCGI, 2001). Arifani (2013) supports that the Audit Committee size significantly positively impacts company performance.

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**The Influence of Independent Commissioners on Company Performance**

Rosyati and Fitriyana (2022) argue that a higher proportion of independent commissioners improves financial performance by objectively overseeing management and enforcing accountability. However, Putra (2015) found a positive but insignificant impact. The objective oversight by independent commissioners aligns with enhancing company performance.

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Listed companies on the Indonesia Stock Exchange are required to report corporate governance in their annual reports (Utami & Syafiqurrahman, 2017). Intellectual capital, comprising Human Resources, Basic Capital, and Social Capital, enhances company resources (Mawardi et al., 2020; Ovechkin et al., 2021).

**Hypothesis**

H1: Good Corporate Governance, as proxied by the Board of Commissioners, Audit Committee, and Independent Commissioners, has a significant effect on company performance as measured by Economic Value Added.

H2: The Board of Commissioners has a significant effect on Economic Value Added.

H3: The Audit Committee has a significant effect on company performance.

H4: The proportion of Independent Commissioners has a significant effect on Economic Value Added.

H5: Intellectual Capital moderates the relationship between Good Corporate Governance and company performance in state-owned enterprises listed on the Indonesia Stock Exchange from 2018 to 2022.

**III.  RESEARCH METHOD**

The data analysis technique in this study employs statistical calculations using Microsoft Office Excel and Eviews 9. After collecting the data, the next steps include conducting descriptive analysis, model selection, classical assumption tests, coefficient of determination, panel data regression, and hypothesis testing. The study utilizes secondary data from financial statements or annual reports of state-owned enterprises (BUMN) for the period 2018-2022, obtained from the IDX website (www.idx.co.id) and the respective company websites. Out of a total population of 27 companies, the sample selection was done using purposive sampling based on specific criteria, resulting in a selected sample of 10 companies.
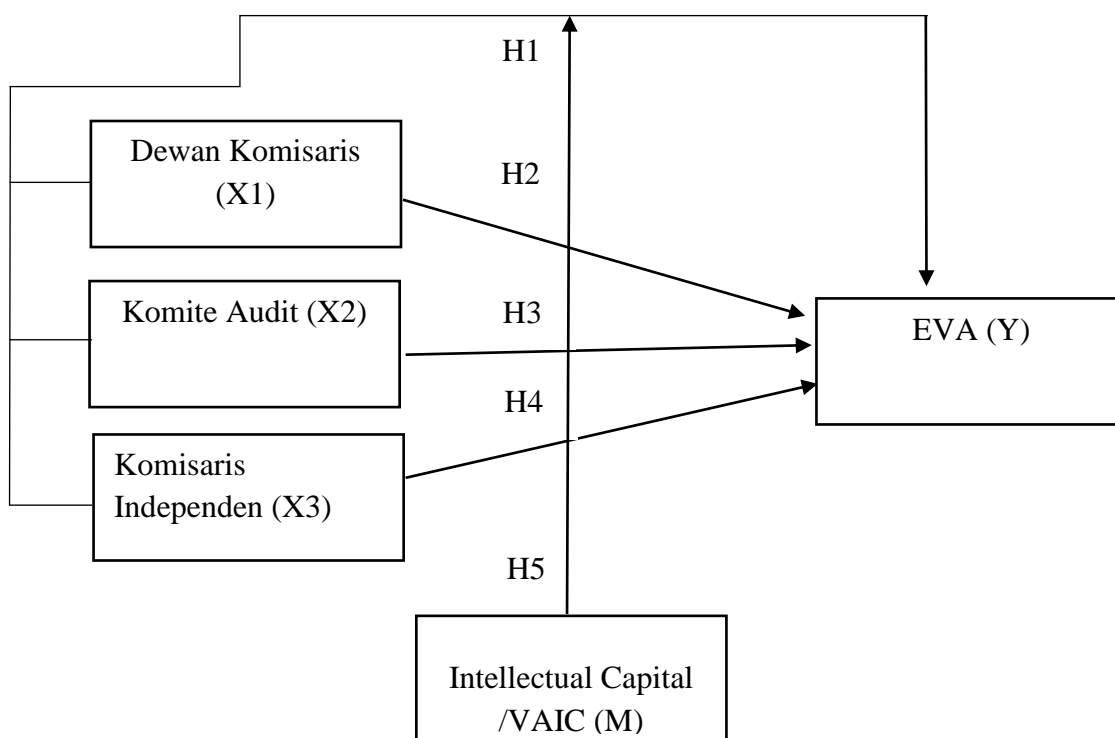


**Figure 1. The proposed research model**

**IV. DATA ANALYSIS AND DISCUSSION**

**Descriptive Statistics**

Based on the statistical table above, the observation data comprises 50 entries from 10 state-owned enterprises (BUMN) listed on the IDX during the period 2018-2022. The descriptive statistics for each variable are as follows: Financial Performance has an

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average of 1.28 with a standard deviation of 3.01, a minimum value of -6.64, and a maximum value of 1.89. The Board of Commissioners shows an average of 6.72 with a standard deviation of 6.12, a maximum of 12.00, and a minimum of 4.00. The Audit Committee has an average of 4.4 with a standard deviation of 1.81, a maximum of 10, and a minimum of 2.00. Independent Commissioners have an average ratio of 0.442004 with a standard deviation of 0.122056, a maximum of 1.00, and a minimum of 0.25. Intellectual Capital has an average of 3642745 with a standard deviation of 3067735, a maximum value of 9916978, and a minimum of 4525370.

**Regression Model Estimation**

In this study, the regression model selection involves three models: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). The choice of model depends on the assumptions made by the researcher and the fulfillment of the correct statistical data processing requirements to ensure statistical accountability. The Common Effect Model (CEM) is the simplest panel data approach, as it only combines time series and cross-sectional data. This method employs the Ordinary Least Square (OLS) approach or the least squares technique to estimate the panel data model. The regression analysis using the Common Effect Model (CEM) can be viewed as follows:

**Table 1. Common Effect Model (CEM) Regression Results**

Dependent Variable: Y
Method: Panel Least Squares
Date: 01/14/24   Time: 10:38
Sample: 2018 2022
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 2.94E+12 | 1.94E+12 | 1.514095 | 0.1368 |
| X1 | -4.21E+10 | 3.90E+11 | -0.108044 | 0.9144 |
| X2 | -5.09E+11 | 4.60E+11 | -1.106119 | 0.2744 |
| X3 | 1.97E+12 | 3.54E+12 | 0.556242 | 0.5807 |

| | | | | |
|---|---|---|---|---|
| R-squared | 0.105229 | Mean dependent var | | 1.28E+12 |
| Adjusted R-squared | 0.046875 | S.D. dependent var | | 3.01E+12 |
| S.E. of regression | 2.94E+12 | Akaike info criterion | | 60.33305 |
| Sum squared resid | 3.97E+26 | Schwarz criterion | | 60.48601 |
| Log likelihood | -1504.326 | Hannan-Quinn criter. | | 60.39130 |
| F-statistic | 1.803272 | Durbin-Watson stat | | 1.151724 |
| Prob(F-statistic) | 0.159818 | | | |

Sumber: Data diolah 2024

The regression analysis using the Common Effect Model (CEM) can be viewed as follows:

**Table 2. Fixed Effect Model (FEM) Regression Results**

Dependent Variable: Y
Method: Panel Least Squares
Date: 01/14/24   Time: 10:38
Sample: 2018 2022
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -4.95E+12 | 3.82E+12 | -1.295620 | 0.2031 |
| X1 | 1.18E+12 | 5.15E+11 | 2.291002 | 0.0278 |
| X2 | -4.66E+11 | 5.47E+11 | -0.851462 | 0.4000 |
| X3 | 7.92E+11 | 3.88E+12 | 0.203812 | 0.8396 |

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| Effects Specification | | | |
|---|---|---|---|
| Cross-section fixed (dummy variables) | | | |
| R-squared | 0.433680 | Mean dependent var | 1.28E+12 |
| Adjusted R-squared | 0.250009 | S.D. dependent var | 3.01E+12 |
| S.E. of regression | 2.61E+12 | Akaike info criterion | 60.23564 |
| Sum squared resid | 2.52E+26 | Schwarz criterion | 60.73277 |
| Log likelihood | -1492.891 | Hannan-Quinn criter. | 60.42495 |
| F-statistic | 2.361173 | Durbin-Watson stat | 1.680383 |
| Prob(F-statistic) | 0.022565 | | |

The regression analysis using the Random Effect Model (REM) can be viewed as follows:

**Table 3. Random Effect Model (REM) Regression Results**

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 01/14/24   Time: 10:39
Sample: 2018 2022
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50
Swamy and Arora estimator of component variances

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 2.25E+12 | 2.05E+12 | 1.095917 | 0.2788 |
| X1 | 1.94E+11 | 3.83E+11 | 0.507356 | 0.6143 |
| X2 | -6.54E+11 | 4.44E+11 | -1.472952 | 0.1476 |
| X3 | 1.37E+12 | 3.41E+12 | 0.400795 | 0.6904 |
| Effects Specification | | | | |
| | | | S.D. | Rho |
| Cross-section random | | | 1.08E+12 | 0.1474 |
| Idiosyncratic random | | | 2.61E+12 | 0.8526 |
| Weighted Statistics | | | | |
| R-squared | 0.063366 | Mean dependent var | 9.39E+11 | |
| Adjusted R-squared | 0.002282 | S.D. dependent var | 2.75E+12 | |
| S.E. of regression | 2.75E+12 | Sum squared resid | 3.48E+26 | |
| F-statistic | 1.037350 | Durbin-Watson stat | 1.290519 | |
| Prob(F-statistic) | 0.384958 | | | |
| Unweighted Statistics | | | | |
| R-squared | 0.094865 | Mean dependent var | 1.28E+12 | |
| Sum squared resid | 4.02E+26 | Durbin-Watson stat | 1.117572 | |

Model Selection for Regression Analysis

To select the appropriate model, several tests in EViews 9 need to be conducted, specifically the Chow test and the Hausman test. The Chow test is an F Statistics test used to choose between the Pooled Least Square (PLS) model and the Fixed Effect Model (FEM), whereas the Hausman test is used to choose between the Fixed Effect Model and the Random Effect Model.

Chow Test

The Chow test, or significant fixed effect test, determines whether the panel data regression with fixed effects is better than the pooled least square (PLS) model and is conducted to choose between these two models.

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Results of the Chow Test:

**Table 4. Chow Test Results**

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 2.384336 | (9,37) | 0.0305 |
| Cross-section Chi-square | 22.870411 | 9 | 0.0065 |

Based on the Chow test results in Table 4, the probability value for the Cross-section Chi-square is 0.0065, which is less than 0.05 (0.0065 < 0.05). This indicates that the Fixed Effect Model (FEM) is the preferred model over the Common Effect Model (CEM).

Hausman Test

The Hausman test is used to choose between the Fixed Effect Model (FEM) and the Random Effect Model (REM). This test is performed using the EViews command in the panel data directory. The Fixed Effect Model assumes that the independent variables are correlated with the error term, while the Random Effect Model assumes the opposite.

**Table 5. Hausman Test Results**

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 8.211109 | 3 | 0.0418 |

Sumber: Data di olah, 2024

Based on the Hausman test results in Table 4.8, the probability value of the cross-section random is 0.04, which is less than 0.05 (0.04 < 0.05). This indicates that the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted, meaning the Fixed Effect Model (FEM) is preferred.

In conclusion, this study uses the Fixed Effect Model (FEM) because both the Chow test and the Hausman test support this choice. The Chow test shows a cross-section chi-square probability of 0.0065, which is less than 0.05, and the Hausman test shows a cross-section random probability of 0.04, also less than 0.05. Thus, the Fixed Effect Model (FEM) is considered more appropriate for testing the hypotheses.

**Classical Assumption Tests**

The classical assumption tests are used to determine if the research data meet the criteria for further analysis to answer the research hypotheses. Since the selected model is the Fixed Effect Model (FEM), normality tests are not required (Ghozali, 2013). The tests performed are multicollinearity, heteroscedasticity, and autocorrelation tests. For the multicollinearity test, the correlation matrix approach is used where a correlation coefficient of less than 0.90 indicates no multicollinearity issue. The results show that the correlation coefficients for the independent variables (board of commissioners, audit committee, and independent commissioners) are all below 0.90, indicating no multicollinearity problems.

The heteroscedasticity test, conducted using the White test by regressing the absolute residuals with the independent variables, shows a probability value greater than 0.05. This indicates that there is no heteroscedasticity issue in the study. For the autocorrelation test, the Durbin Watson test is used. The calculated DW value is 1.680383, which is greater than the upper limit (dU) of 1.6739 and the lower limit (dL) of 1.4206, indicating no autocorrelation issue as the autocorrelation coefficient is less than zero.

**Coefficient of Determination**

The coefficient of determination ($R^2$) measures how well the model explains the variation in the dependent variable (Ghozali, 2017). An $R^2$ value close to one indicates that the independent variables provide almost all the necessary information to predict the

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dependent variable's variation. The Adjusted R-Squared result of 0.250009 indicates that the independent variables (board of commissioners, audit committee, and independent commissioners) explain 75% of the variation in the dependent variable (performance), while the remaining 25% is explained by other variables not included in the model.

**Hypothesis Testing**

F-Statistic Test

The F-statistic test, also known as the simultaneous regression coefficient test, is used to determine whether the independent variables simultaneously affect the dependent variable (Ghozali, 2017). Based on the F-statistic test results, the probability of the F-statistic is 0.022565. Since the probability $0.022565 < 0.05$, it can be concluded that H0 is rejected and H1 is accepted, indicating that the Board of Commissioners, Audit Committee, and Independent Commissioners simultaneously influence Financial Performance.

T-Statistic Test

The T-statistic test is used to examine the partial relationship or effect of each independent variable (Ghozali, 2017) on the dependent variable, which in this case is the company's financial performance. The T-statistic test results can be explained as follows:

1. Effect of the Board of Commissioners on Financial Performance:

The T-statistic test shows a probability value for the Board of Commissioners variable of 0.0278, which is less than 0.05. Therefore, H2 is accepted, indicating that the Board of Commissioners significantly influences the company's financial performance.

2. Effect of the Audit Committee on Financial Performance:

The T-statistic test shows a probability value for the Audit Committee variable of 0.4000, which is greater than 0.05. Therefore, H3 is rejected, indicating that the Audit Committee does not significantly influence the company's financial performance.

3. Effect of Independent Commissioners on Financial Performance:

The T-statistic test shows a probability value for the Independent Commissioners variable of 0.8396, which is greater than 0.05. Therefore, H4 is rejected, indicating that Independent Commissioners do not significantly influence the company's financial performance.

**Moderated Regression Analysis (MRA) Results**

1. The results indicate that the moderating variable does not significantly moderate the relationship between the independent variable (Good Corporate Governance) and the dependent variable (Economic Value Added).

2. The Adjusted R-squared value is 0.170783, meaning that the independent variables (Board of Commissioners, Audit Committee, Independent Commissioners), the moderating variable, and their interactions explain 17.07% of the variance in the dependent variable (Financial Performance).

3. Conclusion: The inclusion of the moderating variable weakens the effect of the independent variables on the dependent variable. Initially, the independent variables had an influence of 25% on the dependent variable (before including the moderating variable), which decreased to 17.07% after including the moderating variable.

**DISCUSSION**

1. Combined Effects of Good Corporate Governance on Company Performance

The results of hypothesis testing 1, as shown in Table 4.14, reveal that the probability of the F-statistic is 0.022565. Since this probability is less than 0.05 ($0.022565 < 0.05$), it can be concluded that the independent variables—Board of Commissioners, Audit Committee, and Independent Commissioners—simultaneously affect the company's financial performance.

2. Effect of the Board of Commissioners on Company Performance

The results of hypothesis testing 2 show that the significance level is 0.0278, which is less than 0.05, indicating that the Board of Commissioners significantly affects company performance at a 95% confidence level. Additionally, the t-table value is 2.009, and the t-statistic is 2.291 ($2.291 > 2.009$), further supporting that the Board of Commissioners has a significant impact. The Board of Commissioners oversees company performance and advises the board of directors, ensuring that management actions align with company goals, thereby improving performance. This finding is supported by Rahmawati et al. (2017), who found that the size of the Board of Commissioners positively and significantly affects financial performance.

3. Effect of the Audit Committee on Company Performance

Hypothesis testing 3 shows a significance level of 0.4000, which is greater than 0.05, indicating that the Audit Committee does not significantly affect company performance at a 95% confidence level. The t-table value is 2.009, and the t-statistic is -0.851 ($-0.851 < 2.009$), further supporting this conclusion. This suggests that the presence of an Audit Committee is not a primary factor influencing company performance in this study. Other internal factors, such as management practices, operational policies, or external factors like market conditions and industry regulations, may have a more significant impact.

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4. Effect of Independent Commissioners on Company Performance

Hypothesis testing 4 shows a significance level of 0.8396, which is greater than 0.05, indicating that Independent Commissioners do not significantly affect company performance at a 95% confidence level. The t-table value is 2.009, and the t-statistic is 0.2058 (0.2058 < 2.009), supporting this conclusion. Contrary to the findings of Rosyati and Fitriyana (2022), this study indicates that a higher proportion of Independent Commissioners does not significantly impact financial performance. The data analysis shows no strong correlation between the proportion of Independent Commissioners and financial performance improvements, suggesting other factors such as management policies, market conditions, and industry dynamics play a more dominant role.

5. Moderating Effect of Intellectual Capital on the Relationship between Good Corporate Governance and Company Performance

The results of hypothesis testing 5 indicate that the moderating variable (Intellectual Capital) does not significantly moderate the relationship between Good Corporate Governance (GCG) and company performance as measured by Economic Value Added (EVA). Despite the theoretical potential of Intellectual Capital to enhance the relationship between GCG and performance, the findings show that IC does not effectively moderate this relationship in the context of Indonesian State-Owned Enterprises listed on the Indonesia Stock Exchange from 2018-2022. Factors such as the complexity of the relationship between CG elements, IC, and economic performance, as well as unaccounted contextual variables, may explain these findings. This study suggests that while IC is considered valuable, its ability to influence the relationship between CG and performance, particularly in economic measures like EVA, is variable and requires further exploration to understand the factors impacting company performance comprehensively.

## V. CONCLUSIONS

**Conclusion**

Based on the findings of this research, several significant conclusions can be drawn regarding the influence of Good Corporate Governance (GCG) on company performance, as well as the role of Intellectual Capital (IC) as a moderator. Firstly, from the testing of hypothesis 1, it can be concluded that collectively, the variables of the Board of Commissioners, Audit Committee, and Independent Commissioners significantly influence the Financial Performance of the company. This is evidenced by the F-statistic probability result which shows a value of 0.022565 < 0.05. Secondly, from the testing of hypothesis 2, it was found that the Board of Commissioners individually also significantly influences company performance, with a p-value of 0.0278 < 0.05. This confirms that the Board of Commissioners plays a positive role in overseeing and providing input to enhance company performance. However, it should be noted that the results of hypothesis 3 testing indicate that the Audit Committee does not significantly affect company performance. This finding highlights that the presence of the Audit Committee may not be the sole determining factor in improving company performance, and other factors such as corporate management or market conditions may have a greater influence. Meanwhile, hypothesis 4 states that Independent Commissioners do not significantly affect company performance, indicating that a high proportion of Independent Commissioners does not always result in a significant impact on the financial performance of the company, contrary to previous claims.

## RECOMMENDATIONS

Based on the findings revealed in this research, there are several research recommendations that can serve as a foundation for further studies:

1. Development of the GCG and Company Performance Model:

Further research could be conducted to develop a more holistic and comprehensive model regarding the relationship between Good Corporate Governance (GCG) and company performance. Additional variables or specific contextual factors not considered in this study could be included to obtain a more complete picture.

2. Examination of the Role of the Audit Committee:

Although the results indicate that the Audit Committee does not significantly affect company performance, further research could focus on identifying specific conditions or contexts in which the role of the Audit Committee may be more effective. This could help understand whether the presence of the Audit Committee contributes positively in certain business situations or sectors.

3. Analysis of Other Variables in Influencing Company Performance:

Research could involve the analysis of other variables that may have a significant impact on company performance, such as management policies, innovation, or external factors like market conditions and industry regulations.

4. Comparative Studies across Sectors and Company Types:

Further research could take a comparative approach to compare the influence of GCG on company performance across various industry sectors or types of companies. This could help identify differences and similarities that may exist in this relationship.

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