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Corporate Governance And Financial Performance (In Manufacturing Companies Listed on the IDX in 2016-2020)

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui Pengaruh Corporate Governance Terhadap Kinerja Keuangan (Pada Perusahaan Manufaktur Yang Terdaftar di BEI Tahun 2016-2020). Corporate Governace sebagai variabel independen dalam penelitian ini diproksikan oleh dewan komisaris independen, dewan direksi, jumlah rapat dewan, keragaman gender, dan komite audit, sedangkan kinerja keuangan sebagai variabel dependen diukur menggunakan indikator pengukuran ROA. ROE, dan EPS. Populasi dalam penelitian ini seluruh perusahaan manufaktur yang terdaftar di BEI tahun 2016-2020 dan sampel yang digunakan dalam penelitian ini diambil dengan menggunakan metode purposive sampling, yaitu teknik pengambilan sampel dengan mempertimbangkan data kriteria tertentu yang disesuaikan dengan tujuan penelitian. Sampel dalam penelitian ini adalah laporan keuangan dan annual report perusahaan manufaktur mulai dari tahun 2016-2020 terdiri dari 76 perusahaan manufaktur yang memenuhi kriteria, dengan total observasi sebanyak 380. Metode pengumpulan data dengan menggunakan dokumentasi. Analisis data yang digunakan adalah uji statistik deskriptif dan uji hipotesis menggunakan alat regresi data panel. Hasil penelitian ini menunjukkan bahwa secara parsial dewan komisaris independen, jumlah rapat dewan, keragaman gender, komite audit tidak berpengaruh siginifikan terhadap kinerja keuangan baik yang diukur dengan ROA, ROE, dan EPS, sedangkan dewan direksi berpengaruh terhadap kinerja keuangan yang di ukur dengan ROA, ROE, dan EPS, dan secara simultan dewan komisaris, dewan direksi, jumlah rapat dewan, keragaman gender, dan komite audit berpengaruh secara bersama-sama terhadap kinerja keuangan.

ABSTRACT

This study aims to determine the effect of corporate governance on financial performance (in manufacturing companies listed on the IDX 2016-2020). Corporate Governance as an independent variable in this study is proxied by the independent board of commissioners, board of directors, number of board meetings, gender diversity, and audit committee, while financial performance as the dependent variable is measured using ROA measurement indicators. ROE, and EPS. The population in this study were all manufacturing companies listed on the IDX in 2016-2020 and the samples used in this study were taken using purposive sampling method, which is a sampling technique by considering certain criteria data tailored to the research objectives. The samples in this study are financial reports and annual reports of manufacturing companies starting *from 2016-2020 consisting of 76 manufacturing companies that meet the criteria, with a total of 380 observations. Data collection methods using documentation. The data analysis used is descriptive statistical test and hypothesis testing using panel data regression tools. The results of this study indicate that partially the independent board of commissioners, number of board meetings, gender diversity, audit committee have no significant effect on financial performance as measured by ROA, ROE, and EPS, while the board of directors affects financial performance as measured by ROA, ROE, and EPS, and simultaneously the board of commissioners, board of directors, number of board meetings, gender diversity, and audit committee jointly affect financial performance.*

INTRODUCTION

The financial performance of a company is also influenced by Corporate Governance. Corporate Governance is a system that is able to provide protection and guarantee rights to stakeholders, including shareholders, lenders, employees, government, executives, customers and other stakeholders in the company (Rode & Dewi, 2019). In Indonesia this issue surfaced after Indonesia had experienced a prolonged crisis since 1998. It was further said that this crisis was caused by the failure to implement good corporate governance (Tjhen et al., 2012). The failure of good corporate governance has had an impact on banks in Indonesia, including BCA, Lippo Bank, Bali Bank and other banks which have caused huge losses for their investors. Since then, the government and investors have paid more attention to GCG practices (Nuresa & Hadiprajitno, 2013).

Weak corporate governance is due to the separation between ownership and control of the company. One of the most frequently discussed issues by researchers related to corporate governance is the composition of board members relating to the company's financial performance. The possibility of a company being in a position of financial pressure is also heavily influenced by board members in the company (Ismawati, 2018). Empirical evidence obtained from research results shows that public companies in Indonesia are still weak in managing companies compared to Southeast Asian countries, this is shown by the still weak accounting standards, accountability to shareholders, disclosure and transparency standards and company management process (Budiarti & Sulistyowati, 2016).

In Nurhidayah's research (2020) states that independent commissioners, institutional ownership, managerial ownership, audit committees, and boards of directors, can improve financial performance. However, research conducted by Prasetio & Rinova (2021) shows that there are variables that do not have a significant effect on financial performance, namely the size of the board of directors and the frequency of board of director meetings. Meanwhile, the proportion of independent commissioners has a negative and significant effect on financial performance. However, the audit committee has a positive and significant influence on financial performance. Research conducted by Ismawati (2018) shows that board composition has an effect on the financial performance of food and beverage companies in Southeast Asia, audit committees have no effect on the financial performance of food and beverage companies in Southeast Asia.

This study broadens the scope of corporate governance by adding variables of gender diversity to see the effect on financial performance. The purpose of this study is to see the effect of corporate governance as proportioned by the composition of the board with elements such as the Independent Board of Commissioners, Size of the Board of Directors, Number of Board Meetings, Gender Diversity, and Audit Committee on Financial Performance which is measured using a profitability ratio consisting of Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS).

LITERATURE REVIEW

Financial Performance

Financial performance is one of the main references in measuring whether a company is good or not, where this can be seen from a company's financial statements. In measuring financial performance, it can be calculated from two sides, namely the internal side of the company by looking at its financial reports, while from the external side, namely the value of the company by calculating the financial performance of a company (Salsabila & Saifi, 2017).

According to Zuliana & Aliamin (2019) financial performance can be assessed using several analytical tools. One of them is the analysis of financial ratios, which is a technique of financial analysis to find out the relationship between certain items in the income statement balance sheet both individually and simultaneously. The company's ability to generate profits is the main focus in running the business because apart from being an indicator of the company's ability to return funds to the owner of the funds, it is also an element for creating corporate value in the future.

Return On Assets (ROA)

According to Nurhidayah (2020) the financial performance indicator that can be used in this research is Return On Assets (ROA). This ratio is used to see the ability of a company to manage its assets to obtain net profit after tax. Conversely, a low ROA ratio illustrates that a company is unable to manage its assets to generate profits, so it cannot attract investors due to a low rate of return. This low profit resulted in the company's capital growth, even though the company's capital adequacy affected the bank's ability to overcome risks. If a company's ROA is low, then the quality of corporate governance run by the company is also questionable (Djamilah & Surenggono, 2017).

$$\text{ROA} = \frac{Net\ Profit}{Total\ Assets} \text{ x } 100\%$$

Return On Equity (ROE)

Another company's financial performance is Return on Equity (ROE). ROE is a measure of a company's profitability that measures return for shareholders. The greater the ROE generated, reflects the company's ability to generate large profits for shareholders. Companies that demonstrate a high return on equity tend to be more capable of generating profits internally.

$$\text{ROE} = \frac{Net\ Profit}{Total\ Equity}\, x\ 100\%$$

Earning Per Share (EPS)

Earning Per Share (EPS) is an analysis tool for the level of company profitability that uses the concept of conventional profit. EPS is the profit margin used to assess the level of ability of each share to generate profits for the company. Company management, common stockholders, and quasi-shareholders pay attention to earnings per share because it is an indicator of a company's success. Financial indicators can be used by users of financial statements to assess the condition of a company (Rahayu et al, 2020).

$$\text{EPS} = \frac{Net\ Profit}{Outstanding\ Shares}\, x\ 100\%$$

Corporate Governance

According to Nurhidayat et al (2019) Good Corporate Governance is defined as a process and structure used by corporate organs (shareholders/capital owners, commissioners and directors) to increase business success and corporate accountability in order to realize shareholder value in the long term while still paying attention to the success of other shareholders, based on laws and ethical values. Regulation of the Minister of Finance of the Republic of Indonesia Number 88/PMK.06/2015 defines good corporate governance as a system designed to direct the management of company companies based on the principles of transparency, independence, accountability, responsibility and fairness, to achieve the implementation of business activities that takes into account the interests of each party involved in the implementation of business activities, based on laws and regulations and generally accepted practices (Situmorang & Simanjuntak, 2019).

Independent Board of Commissioners

The term independent can be interpreted as independent, free, impartial, not under pressure from certain parties, neutral, objective, has integrity, and is not in a position of conflict of interest. Independent board of commissioners, namely board members who have no financial, management, share ownership and family relationships with other board members, directors or controlling shareholders or other relationships that may affect their ability to act independently (Wendy & Harnida, 2020). According to Maulana (2020) an independent board of commissioners plays an important role in ensuring that the company's strategy and performance are properly regulated by company managers and do not harm the interests of shareholders, or stakeholders in general.

$$\mathrm{DKI} = \frac{Number\ of\ Independent\ Board\ of\ Commisioners}{Total\ Board\ of\ Commisioners} x\ 100\%$$

Size of the Board of Directors

The board of directors as an organ of the company has collegial duties and responsibilities in managing the company so that the implementation of tasks by each member of the board of directors remains a shared responsibility (Wendy & Harnida, 2020). The board of directors is someone who decides or gives decisions, together with other members of the board of directors in determining the necessary actions. The board of directors is responsible for implementing policies and strategies approved by the board of commissioners, maintaining an organizational structure, and ensuring that the delegation of authority is running effectively (Honi et al, 2020).

DDR=The total number of members of the board of directors in the company

Number of Board Meetings

The frequency of board of director meetings is a meeting held by the board of directors which can improve management performance in managing the company. Meetings held by the board of directors can also increase the effectiveness and efficiency of the board of directors' performance so that management performance is more effective and able to maximize company performance (Maydah & Serly, 2019). The number of board meetings is believed to affect the company's financial performance. In meetings, the board has a lot of time to exchange, discuss and share ideas, plan strategies for the company to solve big and small problems that arise in the company and determine the company's direction and operations (Jao et al, 2021)

R_DDR=the number of meetings held by the board of directors in 1 year

Gender Diversity

According to Ismawati (2018) gender diversity is one of the characteristics of the composition of the board of directors, which is a problem that attracts the attention of many parties from almost all sectors and organizations, both private and public. Gender diversity refers to the proportion of male or female board members to the total number of board members. It is believed that women board members can bring diversity and new ideas to the composition of the board and are able to produce better financial performance. Gender diversity on the board of directors can improve financial performance when adding characteristics, abilities, thoughts, unique understanding and talent that the board of directors brings to the boardroom (Kılıç & Kuzey, 2016).

$$KGR = \frac{Female\ Board\ Member}{\text{Total Board Members}}$$

Audit Committee

The audit committee is a committee that works professionally and independently formed by the board of commissioners, its task is to assist and strengthen the function of the board of commissioners (or supervisory board) in carrying out the oversight function of the process of financial reporting, risk management, auditing and implementation of corporate governance in companies. The number of audit committees required by policy in Indonesia, Malaysia, Singapore and the Philippines is a minimum of 3 (three) people, while in Thailand it does not specify a minimum number of audit committee members, but the majority of audit committee members must be independent commissioners (Ismawati, 2018).

KA=Total Audit Committee

Hypothesis Development

The Influence of the Independent Board of Commissioners on Financial Performance

The board of commissioners is tasked with supervising management policies. The main function of the independent board of commissioners is to oversee the completeness and quality of report information on the performance of the board of directors. The large size of the board of commissioners results in better management monitoring. If there are more commissioners, the company will be monitored more and can minimize fraud in the company so that the company's financial performance will increase. This is supported by the results of research by Rahmawati et al (2017) and research by Churniawati et al (2019) which say that the size of the board of commissioners has a positive and significant influence on the company's financial performance.

- H1: The independent board of commissioners has an effect on the financial performance

The Effect of Board of Directors Size on Financial Performance

The board of directors as an organ of the company has collegial duties and responsibilities in managing the company. Therefore the size of the board of directors is important in determining the direction and running the company to achieve good company performance. The board of directors in a company will determine the policies to be taken or the company's strategy in the short and long term (Nasrum, 2018). The result of this study is in line with research by Sari et al (2017) the board of directors has a positive and significant effect on the company's financial performance. This means that the board of directors is able to encourage the company to be able to improve its financial performance. But this is contrary to research conducted by Situmorang & Simanjuntak (2019) which revealed that the board of directors partially has no significant effect on financial performance.

- H2: The size of the board of directors has an effect on the financial performance

The Influence of Number of Board Meetings on Financial Performance

The frequency of board meetings is believed to affect the company's financial performance (Prasetio & Rinova, 2021). In meetings, the board has plenty of time to exchange, discuss and share ideas, plan strategies for the company to solve major company problems and determine the direction and operations of the company. The result of Mohammed's research (2020) shows that the frequency of board of directors meetings has a significant positive effect on the company's financial performance. While Azubike et al. (2015) shows that board of directors meetings have a significant impact on company profits. Indahningrum's research (2020) shows that the frequency of board of directors meetings has a positive effect on firm values through corporate environmental disclosure. Research by George et al (2019) shows that the frequency of board meetings has a positive effect on a company's financial performance. The results of this study are in line with Eviyanah's research (2018) which shows that the frequency of board of directors meetings has a significant effect on financial performance.

- H3: The number of board meetings has an effect on the financial performance

The Effect of Gender Diversity on Financial Performance

Gender diversity refers to the proportion of male or female board members to the total number of board members. It is believed that female board members can bring diversity and new ideas to the composition of the board and are able to produce better financial performance (Kılıç & Kuzey, 2016). According to research by Jao et al (2021) the gender of the board of directors has no significant effect on financial performance. This result indicates that women's gender has no significant effect on financial performance. However, research conducted by Ramadhani & Adhariani (2015) shows that there is a positive effect of gender diversity on the board of directors on the company's financial performance. H4: Gender diversity affects the financial performance

The Influence of Audit Committee on Financial Performance

A large number of audit committee members has the potential to control accounting and financial processes, compared to a small number of audit committee members. This is because disclosure of financial information will be more transparent to shareholders and creditors. According to Al-Matari et al., (2014) the audit committee helps companies to improve their financial performance in order to attract the trust of local and foreign investors, because financial statement is a very important instrument for anyone looking to invest in a new environment. Widyaningsih's research (2018) shows that the audit committee has a positive and significant effect on firm value. Research by Sarafina (2017) shows that the audit committee has an effect on the company's financial performance. Research by Agatha & Nurlaela (2020) shows that the audit committee has a positive and significant effect on the company's financial performance. Nurhidayah's research (2020) shows that audit committees can improve a company's financial performance. Kusnadi's research (2017) shows that the audit committee has a positive but not significant effect on the company's financial performance. Yunina's research (2020) shows that the audit committee has a positive and significant effect on the company's financial performance.

- H5: The audit committee has an effect on the financial performance

RESEARCH METHOD

The population in this study are all manufacturing companies listed on the IDX in 2016-2020, totaling 76 companies. The sample in this study is a manufacturing company, from the last 5 years, which has the complete data needed by researchers, namely the 2016-2020 annual report. So that the total observations obtained were 380 observations.

RESULTS AND DISCUSSION

Descriptive Statistics

The following table is the result of descriptive statistics of the average, maximum, minimum and standard deviation values.

	ROA	ROE	EPS	DKI	DDR	R_DDR	KGR	KA
Mean	0.076	0.134	238.9	0.411	5.54	16.807	0.120	3.087
Median	0.054	0.102	65.0	0.400	5.00	12.00	0.000	3.00
Maximum	0.921	2.242	5655	0.833	16.00	84.00	0.667	5.00
Minimum	-0.450	-4.112	-194.16	0.200	2.00	4.00	0.000	2.00
Std. Dev.	0.093	0.312	547.11	0.097	2.24	10.461	0.157	0.371

Chow Test

Summary of Chow Test

Test cross-section fixed effects				
Variable	Effect Test	Statistic	d.f.	Prob.
ROA	Cross-section F	12.260786	(75,299)	0.0000
ROE	Cross-section F	10.814812	(75,299)	0.0000
EPS	Cross-section F	21.526288	(75,299)	0.0000

Based on the table of Chow test results, it shows the probability value of the cross-section F for the dependent variable of financial performance which is proxied by ROA, ROE, and EPS of 0.0000. The probability value is smaller than the α value of 0.05 (0.0000 < 0.05), which means pooled least squares is rejected. So if based on the Chow test, this research is better to use the fixed effect method and need to continue to the next test, namely the Hausman test.

Hausman Test

Summary of Hausman Test

Test cross-section random effects				
Variable	Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
ROA	Cross-section random	12.161371	5	0.0326
ROE	Cross-section random	16.157039	5	0.0064
EPS	Cross-section random	15.395880	5	0.0088

H0 in the Hausman test is the random effect model while H1 in this test is the fixed effect model. Based on the test results, it can be seen that the random cross-section probability values are for ROA (0.0326 < 0.05), ROE (0.0064 < 0.05), and EPS (0.0088 < 0.05) then H0 is rejected, and H1 is accepted. Therefore based on the Hausman test, this study is more appropriate to use the fixed effect model. The results of the Chow test and Hausman test show that the selected model is the fixed effect model, so the model selection test no longer requires a lagrange multiplier test.

Multicollinearity Test Results

Multicollinearity Test Results

	ROA	ROE	EPS
Variable	Centered VIF	Centered VIF	Centered VIF
C	NA	NA	NA
DKI	1.115599	1.115599	1.115599
DDR	1.123431	1.123431	1.123431
R_DDR	1.053485	1.053485	1.053485
KGR	1.155558	1.155558	1.155558
KA	1.061591	1.061591	1.061591

From the table it can be seen that the value of centered VIF for all variables is <10 for the dependent variables of financial performance ROA, ROE, and EPS. Thus, it can be concluded that there is no multicollinearity problem in the regression model used in this study.

Heteroscedasticity Test

Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser				
ROA	Obs*R-squared	30.75771	Prob. Chi-Square(20)	0.0585
ROE	Obs*R-squared	28.45706	Prob. Chi-Square(5)	0.0990
EPS	Obs*R-squared	4.945678	Prob. Chi-Square(5)	0.4295

From the table it is known that the Obs*R-squared probability values of financial performance ROA, ROE, EPS are 0.0585, 0.0990, and 0.4295 respectively, which means greater than the significance level (α) of 0.05. This shows that the residual variance in the regression model is constant (homoscedasticity). Thus, it can be concluded that there is no heteroscedasticity problem in the regression model.

Autocorrelation Test

Autocorrelation Test Results

Variable	Durbin-Watson Stat	Calculation of the location of the DW value
ROA	1.857278	DW = 1.857278 dl = 1.81043 du = 1.85296 4 – dl = 4 – 1.81043 = 2.18957 4 – du = 4 – 1.85296 = 2.14704
ROE	1.910362	DW = 1.910362 dl = 1.81043 du = 1.85296 4 – dl = 4 – 1.81043 = 2.18957 4 – du = 4 – 1.85296 = 2.14704
EPS	2.123472	DW = 2.123472 dl = 1.81043 du = 1.85296 4– dl = 4 – 1.81043 = 2.18957 4– du = 4 – 1.85296 = 2.14704
	The DW values lie between du and (4-du)	

The table results show that the Durbin Watson values are in areas where there is no correlation, so it can be concluded that there is no autocorrelation problem in the regression model used in this study.

Panel Data Regression Results

Panel Data Regression Analysis Results with ROA as Dependent Variable

Total panel (balanced) observations: 380			
Variable	Coefficient	t-Statistic	Prob.
C	-0.673974	-0.684516	0.4942
DKI	0.360503	1.397338	0.1633
DDR	-0.756259	-2.303201	0.0220
R_DDR	0.022461	0.116179	0.9076
KGR	-0.051589	-0.619830	0.5358
KA	-0.821867	-1.387049	0.1665

Panel Data Regression Analysis Results with ROE as Dependent Variable

Total panel (balanced) observations: 380			
Variable	Coefficient	t-Statistic	Prob.
C	-0.348133	-0.351272	0.7256
DKI	0.452021	1.740645	0.0828
DDR	-0.675891	-2.045014	0.0417
R_DDR	0.007537	0.038728	0.9691
KGR	-0.075062	-0.895966	0.3710
KA	-0.601698	-1.008853	0.3139

Panel Data Regression Analysis Results with EPS as Dependent Variable

Total panel (balanced) observations: 380			
Variable	Coefficient	t-Statistic	Prob.
C	5.998824	5.844475	0.0000
DKI	0.025124	0.093415	0.9256
DDR	-0.720657	-2.105369	0.0361
R_DDR	-0.027238	-0.135145	0.8926
KGR	-0.005778	-0.066591	0.9470
KA	-0.236420	-0.382748	0.7022

The explanation of the tables above is as follows:

1. The results of the panel data regression analysis test show the t-count results for the independent variable DKI which, when viewed from the probability value in the ROA table is 0.1633, in the ROE table is 0.0828, and in the EPS table is 0.9256, which is greater than 0.05, then H1 is rejected.
2. The independent variable DDR shows that the t-count value in the ROA table is 0.0220, in the ROE table is 0.0417, in the EPS table is 0.0361, where the probability value is less than 0.05, then H2 is accepted.
3. The independent variable R_DDR when viewed from its probability value is 0.9076, 0.9691, and 0.8926, which is greater than 0.05, then H3 is rejected.
4. The independent variables of KGR when viewed from the probability value of KGR are 0.5358, 0.3710, and 0.9470, where the probability value is greater than 0.05, then H4 is rejected.
5. The independent variable KA when viewed from the probability value of KA is equal to 0.1665, equal to 0.3139, and equal to 0.7022, where the probability value is greater than 0.05, then H5 is rejected.

F Test

Summary of F Test

ROA	F-statistic	13.49008
	Prob(F-statistic)	0.000000
ROE	F-statistic	12.68986
	Prob(F-statistic)	0.000000
EPS	F-statistic	22.85436
	Prob(F-statistic)	0.000000

Based on the output of E-views, it can be seen that the F count value of ROA is 13.49008, ROE is 12.68986, EPS is 22.85436, while the F table value with a level of α = 5% is 2.238121. Thus F count > F table (13.49008 > 2.238121), (12.68986 > 2.238121), (22.85436 > 2.238121), and the probability value of the three dependent variables is 0.00000 where the probability value is smaller than the significance level of 0.05 (0.00000 <0.05) so it can be interpreted H0 is rejected.

Determination Coefficient Test (Adjusted R2)

Result Of Test

ROA	R-squared	0.783051
	Adjusted R-squared	0.725005
ROE	R-squared	0.772483
	Adjusted R-squared	0.711609
EPS	R-squared	0.859449
	Adjusted R-squared	0.821844

Based on the table, the value of Adjusted R-Square (R2) ROA is 0.783051, ROE is 0.772483, EPS is 0.859449. This shows that the percentage contribution of the independent variable to the dependent variable ROA is 78.30%, to the dependent variable ROE 77.24%, to the dependent variable EPS 85.94%. Or it can be interpreted that the independent variables used in the regression model are able to explain 78.30% of the dependent variable ROA, 77.24% of ROE, 85.94% of EPS. The rest is influenced by other factors outside the regression model.

Discussion

The Independent Board of Commissioners Has No Influence on the Financial Performance

The results of hypothesis testing show that the independent board of commissioners variable has no significant effect on financial performance either proxied by ROA, ROE, or EPS. Independent commissioners are members of the board of commissioners who are not employees or people who deal directly with the company, and do not represent shareholders. Independent commissioners are appointed because their experience is considered useful for the company (Wendy & Harnida, 2020). The effect of the independent board of commissioners is not significant, which can be due to the small percentage of independent commissioners in improving the company's financial performance (Monica & Dewi, 2018). The result of this study is inconsistent with and do not support the results of research by Rahmawati et al (2017) and research by Churniawati et al, (2019) which say that board size has a positive and significant influence on a company's financial performance.

However, the result of this study is in line and support the results of research conducted by Honi et al, (2020), the results of research by Novitasari et al, (2020), and the results of research by Wijayanti & Mutmainah, (2019) which state that an independent board of commissioners has no significant effect on financial performance.

The Board of Directors Influences the Financial Performance

Based on the results of hypothesis testing, variable the number of directors has a significant but negative effect on financial performance. This means that the number of boards of directors has an effect on the company's financial performance, but if the number of boards of directors increases it will cause a significant decrease in financial performance (Prayanthi & Laurens, 2020). This indicates that a greater number of members of the board of directors will allow for a decrease in the company's finances. With a relatively larger amount, the amount of money issued to the board of directors is not small and this causes the company's finances to decline (Putri, 2018).

The decline in financial performance with an increase in the number of directors may be due to the fact that too many boards of directors make the board of directors unproductive, as well as ineffective communication between the board of directors. This can also cause the board of directors to consume more resources than it contributes to the company, thereby reducing the company's financial performance (Fanta, 2013). The result of this study supports research that has been conducted by Obradovich (2013), Prayanthi & Laurens' research (2020), and Putri (2018). They found that the number of directors has a negative and significant effect on the company's financial performance. However, the result of this study is different from the results of previous studies, including research conducted by Situmorang & Simanjuntak (2019) which revealed that the board of directors partially has no significant effect on financial performance.

The Number of Board of Directors Meetings Does Not Affect the Financial Performance

The results of testing the variable number of board of directors' meetings show that the variable number of board of directors' meetings has no effect on financial performance or H4 is rejected. The frequency of the number of board of directors meetings for one year has no effect on the company's financial performance based on ROA, ROE, or EPS. The frequency of meetings that are held regularly every month by the board of directors for one year does not necessarily discuss planning strategies for the company to solve big and small problems that arise within the company and determine the direction and operations of the company (Eviyanah, 2018). The frequency of board meetings should be the board's main monitoring tool. A lower number of board meetings will indicate that management is less supervised to explain the performance of the board of directors and it also means that management has greater autonomy in decision making (Aktan et al., 2018).

The result of this study is in line with research conducted by Ramadhani & Agustin (2021), research by Prasetio & Rinova (2021), and research conducted by Bawaneh (2020) showing that the frequency of board of directors meetings has no significant effect on a company's financial performance. Thus the result of the study suggests that any increase in the number of board of directors meetings will not have an impact on the company's financial performance.

Gender Diversity Does Not Affect The Financial Performance

In this study found that the gender diversity of the board of directors has no significant effect on financial performance. Gender diversity within the company itself in Indonesia is currently not regulated in regulations that can determine what percentage of women are in the company's top management. To achieve good diversity within the company, the number of women and men must be balanced, not more or less than one another (Thoomaszen & Hidayat, 2020). The less significant influence between female board members and company performance can be explained by the low number of female directors on the board of directors within the company which can minimize their influence in the decision-making process (Ionascu et al., 2018).

The presence of women on board of directors has not had a significant impact on the company's financial performance. The result of this study is in line with research conducted by Jao et al., (2021), research by Ionascu et al (2018), and research conducted by Zulkarnain & Mirawati, (2019) which also show the results of research that gender diversity of the board of directors has no significant effect on performance finance.

The influence of the audit committee has no effect on the financial performance

The results of this study prove that the number of audit committee members has no effect on financial performance, which means that H5 is rejected. This is because the existence of an audit committee in a company is only limited to fulfilling the requirements of implementing Good Corporate Governance, without regard to the function and purpose of forming the audit committee. In addition, the large number of audit committees may improve the quality of supervision, but can also cause delays in making decisions related to the supervisory function so that they do not contribute to improving financial performance (Ismawati, 2018). The lack of effect of the audit committee on the company's financial performance can be attributed to the lack of expertise of audit committee members in assisting the board in corporate governance (Fanta, 2013).

The result of this study is in line with research conducted by Ismawati (2018), research by Syafiqurrahman et al (2014) which state that the audit committee has no effect on financial performance. But contrary to research by Agatha & Nurlaela (2020) which shows that audit committees have a positive and significant effect on company financial performance and Nurhidayah's research (2020) which shows that audit committees can improve company financial performance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the results of panel data regression testing using the Fixed Effect Model, the variable size of the board of directors partially has a significant and negative effect on financial performance as measured by ROA, ROE, and EPS. The board of commissioners, the number of board of director meetings, gender diversity, and audit committee partially have no significant effect on the financial performance proxied by ROA, ROE, and EPS in manufacturing companies listed on the IDX in 2016-2020. However, the independent variables of independent board of commissioners, board of directors, number of board of director meetings, gender diversity, and audit committee simultaneously have a significant effect on the dependent variable of financial performance (ROA, ROE, and EPS) in listed manufacturing companies. on the IDX in 2016-2020.

Recommendations

Based on the results of the research that has been done, the researcher provides suggestions for development for further research, namely to be able to add and test several other variables that are still related and are suspected of having an influence on company financial performance such as managerial ownership, company size and others. It is also expected to be able to conduct research using different objects other than manufacturing companies listed on the Indonesia Stock Exchange, such as banking companies, service companies, coal mining sub-sectors and other companies. For potential investors, the results of this study can be used as consideration for making investment decisions, investors can pay attention to the number of boards of directors and also the board of commissioners of a company. For companies, the results of this study are used as material for consideration for companies to further improve their management performance by increasing the size of the board of directors because it can affect the company's financial performance.

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