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Corporate Governance and Financial Performance: Evidence from Food and Beverage Firms Listed on the IDX

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Abstract: *This study investigates the impact of corporate governance mechanisms on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2018–2023 period. Specifically, the analysis focuses on the independent board of commissioners, the board of directors, and the audit committee as key governance structures. The study population consists of 96 companies, from which 25 firms were selected using purposive sampling across six periods, yielding 150 firm-year observations. Data were analyzed using descriptive statistics, classical assumption testing, multiple linear regression, and hypothesis testing through t-tests and F-tests, with SPSS version 27 employed as the analytical tool. The empirical findings reveal that the independent board of commissioners has no significant effect on financial performance, the board of directors exerts a positive influence, while the audit committee demonstrates a negative effect. These results contribute to the corporate governance literature by providing sector-specific evidence from an emerging market context. The study also offers practical implications for managers, investors, and regulators, highlighting the importance of effective governance structures in enhancing firms' financial performance.*

INTRODUCTION

The The Covid-19 pandemic was first identified in Wuhan, China, and by the end of January 2020 had spread to 18 countries outside China (WHO, 2020). On March 11, 2020, the World Health Organization officially declared Covid-19 a global pandemic, warning of its rapid transmission and severity. The Asian Development Bank (ADB) projected that the pandemic would lead to a sharp global economic downturn in 2020, with estimated losses of 2.3%–4.8% of world GDP, equivalent to USD 2.0–4.1 trillion (ADP, 2020).

One sector that was significantly affected was the food and beverage manufacturing subsector, which constitutes a vital component of the Indonesian economy (Syafitri & Khalifaturofi'ah, 2023). The industry experienced substantial disruptions in its operations, including declining sales, volatile raw material prices, and restrictions on the distribution of inputs and finished goods due to large-scale social restrictions. These disruptions adversely affected firms' profitability and, consequently, their financial performance (Sulistiyani, 2020). Moreover, the contribution of the food and beverage subsector to Indonesia's GDP fluctuated between 2019 and 2023, with a decline of 7.78% in 2019, a further decline of 1.58% in 2020, a moderate increase of 2.54% in 2021, an improvement of 4.9% in 2022, and another decline of 4.16% in 2023 (Kementrian Perindustrian, 2024).

The increasingly competitive global environment, reinforced by the establishment of the World Trade Organization, requires companies to adopt more professional management practices to sustain their competitiveness. Firms are established to enhance shareholder wealth and profitability, both of which contribute to higher firm value. Firm value is a crucial indicator, as it reflects the financial health and long-term sustainability of a company (Satiti & Luthfianah, 2022).

PT Tiga Pilar Sejahtera Food Tbk, a company operating in the food and beverage subsector, was subjected to a capital market audit by the Financial Services Authority (OJK) in 2017 following allegations of financial statement manipulation, which adversely affected its stock price. The investigative audit revealed that sales accounts had been overstated by IDR 662 billion, while cash flows amounting to IDR 1.78 trillion were transferred to an affiliated party involved in fraudulent practices. Moreover, the company's financial statements reported only IDR 6–7 billion in cash, which differed substantially from the amounts disclosed in its official reports (Cnbcindonesia, 2019). Listed companies are obliged to provide investors with transparent and audited annual reports in accordance with corporate governance principles. To support this objective, audit committees are established to assist boards of directors in ensuring reliable reporting and mitigating the risk of financial misstatements (Boateng et al., 2022).

One measure of a company's efficiency and effectiveness in reaching its goals is its financial success. Financial statements reflect this by documenting operational operations and giving stakeholders information that is important for making decisions. According to Putri & Setiawan (2023) a company's financial accounts reveal its financial performance. Good corporate governance is one of the most important factors that determines a company's financial success. According to Ahmed *et al.* (2022) a solid governance structure has several benefits, including increased shareholder value, a more stable financial system, and a more resilient economy. Firms may maintain their competitive edge, promote ethical business practices, and create a transparent corporate atmosphere by implementing excellent corporate governance. According to Noviala & Dunakhir (2024), the function of the board of directors, audit committees, independent commissioners, and the board of commissioners is a typical way to evaluate the quality of governance.

Because there have been contradictory findings in the past, further investigation into how corporate governance affects financial success is required. For that reason, the audit committee, board of directors, and independent board of commissioners of food and beverage manufacturing businesses listed on the Indonesia Stock Exchange from 2019 to 2023 are the primary subjects of this research. The EBIT ratio is used to evaluate financial performance in this research. The research provides useful information for businesses that want to enhance their financial results by implementing stronger governance processes and adds to the body of empirical data on the link between corporate governance and financial success.

LITERATURE REVIEW

Agency Theory

This study employs Agency Theory as the main theoretical foundation for explaining the relationship between corporate governance mechanisms and financial performance. Agency Theory explains the contractual relationship between principals, namely shareholders, and agents, namely managers, who are entrusted with managing the company on behalf of the owners. In this relationship, conflicts of interest may arise because managers may pursue personal objectives that differ from shareholders' interests. Therefore, firms need monitoring mechanisms that can align managerial actions with the goals of the principals (Jensen & Meckling, 1976).

In this context, corporate governance functions as a control mechanism that reduces agency conflict, strengthens accountability, and improves the quality of managerial decision-making. Through effective governance arrangements, firms can monitor managerial behavior more closely and encourage management to act in the best interests of shareholders (Aprila, 2022; Lembayung et al., 2022; Linuwih & Parasetya, 2024). Accordingly, Agency Theory provides a relevant basis for explaining how the independent board of commissioners, the board of directors, and the audit committee may influence financial performance.

However, Agency Theory also implies that governance mechanisms do not always generate uniform outcomes across firms. A governance mechanism may fail to improve financial performance when its role is merely symbolic or compliance-oriented rather than substantive. Thus, the effectiveness of each governance mechanism depends on how far it performs its monitoring, controlling, and decision-support functions in practice (Aprila, 2022; Widodo & Salam, 2024; Al-Jalahma, 2022).

Independent Board of Commissioners and Financial Performance

The independent board of commissioners serves as an external monitoring mechanism that supervises management and protects stakeholder interests. From the perspective of Agency Theory (Jensen & Meckling, 1976). Independent commissioners can reduce agency conflict because they are expected to monitor managerial actions more objectively and limit opportunistic behavior. Their independence should strengthen oversight quality and encourage management to make decisions that are more consistent with shareholder interests. As a result, the presence of independent commissioners should improve financial performance (Andika & Istanti, 2024; Linuwih & Parasetya, 2024).

Prior studies support this argument. Titania & Taqwa (2023) and Sholihah & Fidiana (2021) report that independent commissioners significantly affect financial performance. These findings indicate that stronger independent oversight can improve managerial discipline and support better corporate outcomes. In line with Agency Theory, more effective monitoring should reduce inefficiency and enhance firm performance.

Nevertheless, previous findings remain inconsistent. Abebe & Dhaliwal (2024), Aprila (2022), and Widodo & Salam (2024) find that independent commissioners do not significantly affect financial performance. These mixed findings suggest that the contribution of independent commissioners depends on the quality of their actual supervisory role. Even so, Agency Theory still provides a strong rationale for expecting a positive relationship when independent commissioners perform their monitoring function effectively. Based on the theoretical arguments and prior empirical evidence, the following hypothesis is proposed:

H1: The Independent Board of Commissioners has a positive effect on Financial Performance.

Board of Directors and Financial Performance

The board of directors functions as the main executive body that formulates strategy, allocates resources, and oversees corporate operations. From the perspective of Agency Theory, the board of directors acts as an agent that is directly responsible for managing the firm in accordance with shareholder objectives (Jensen & Meckling, 1976). Because directors are involved in strategic and operational decision-making, their effectiveness should be directly reflected in financial performance. An effective board of directors can improve coordination, strengthen task specialization, and enhance the quality of strategic decisions, which in turn can increase profitability and efficiency (Hamid & Purbawangsa, 2022; Prisilia et al., 2021).

Previous studies also support this expectation. Hamid & Purbawangsa (2022), Aprila (2022) and Prisilia et al. (2021) find a positive relationship between the board of directors and financial performance. These studies show that directors can improve firm outcomes through stronger risk management, better coordination, and more effective strategic decision-making. This argument is also consistent with the discussion of this study, which emphasizes that the board of directors is not merely a formal governance mechanism, but a key strategic actor whose decisions are directly translated into corporate outcomes.

Although some prior studies report different results, the board of directors remains central to the governance structure. Danilov (2024) reports a negative effect, whereas Muntolol & Githagia (2024) and Ozegbe & Jeroh (2022) find no significant relationship. Despite these inconsistencies, Agency Theory provides a strong basis for expecting that an effective board of directors will improve financial performance because of its direct role in value creation. Based on the foregoing theoretical arguments and prior empirical findings, the following hypothesis is proposed:

H2: The Board of Directors has a positive effect on Financial Performance.

Audit Committee and Financial Performance

The audit committee functions as a governance mechanism that supports the board in overseeing financial reporting quality, internal control effectiveness, and corporate compliance. From the perspective of Agency Theory, the audit committee helps reduce agency conflict because it strengthens managerial monitoring and improves the credibility of financial information (Jensen & Meckling, 1976). By improving oversight, the audit committee can reduce the risk of financial misstatements, enhance transparency, and strengthen shareholder confidence. Therefore, the audit committee should contribute positively to financial performance (Boateng et al., 2022; Sularto & Gantino, 2023).

Several prior studies support this argument. Pangestu et al. (2021) and Sularto & Gantino (2023) find that the audit committee significantly affects financial performance. These findings indicate that an effective audit committee can strengthen reporting quality, improve managerial accountability, and enhance organizational efficiency. In Agency Theory terms, stronger monitoring should reduce information asymmetry and support better firm performance.

However, prior evidence remains mixed. Al-Jalahma (2022) reports a negative relationship, whereas Titania & Taqwa (2023) and Aprila (2022) find no statistically significant relationship. These inconsistent findings indicate that the effectiveness of the audit committee may depend on how well it performs its oversight role in practice. Nevertheless, Agency Theory still offers a strong conceptual basis for expecting a positive relationship because the audit committee is designed to strengthen control and reduce agency problems within the firm (Al-Jalahma, 2022; Titania & Taqwa, 2023; and Aprila, 2022). Based on the theoretical arguments and prior empirical findings, the following hypothesis is proposed:

H3: The Audit Committee has a positive effect on Financial Performance.

RESEARCH METHODS

Population and Sample

This study adopts a quantitative approach and employs secondary data obtained from the Indonesia Stock Exchange (IDX) for the six-year period from 2018 to 2023. The research population comprises 96 food and beverage subsector companies listed on the IDX during this period. From this population, a sample was drawn using purposive sampling to serve as the object of analysis. The criteria for sample selection are as follows:

Table 1. Characteristics of Research Samples

No.	Sample Criteria	Number
1	Food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period.	96
2	Companies in the food and beverage subsector listed on the Development Board during the observation period.	(42)
3	Companies in the food and beverage subsector listed on the Special Monitoring Board during the observation period.	(15)
4	Companies in the food and beverage subsector listed on the Acceleration Board during the observation period.	(6)
5	Companies with incomplete annual report data during the observation period.	(8)
	Number of Samples	25 x 6 years
	Company data from the food and beverage subsector used as research samples for the 2018-2023 Period	

source: researcher data, 2025

Based on the aforementioned characteristics, the research sample comprises 25 food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2023 period, yielding a total of 150 firm-year observations.

Data Sources and Collection Methods

This study utilized secondary data in the form of financial reports obtained from the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id). The data were collected using non-probability purposive sampling, as presented in Table 1, resulting in a final sample of 150 annual financial reports.

Data Analysis

The analysis employed a quantitative approach using SPSS version 27. The analytical procedures included descriptive statistical analysis, classical assumption testing, multiple linear regression analysis, and hypothesis testing.

Regression Model

The hypotheses of this study were tested using multiple regression analysis. Prior to estimating the regression model, classical assumption tests were conducted to ensure the validity and reliability of the data. The regression model applied in this study is specified as follows:

$$FP = \alpha0 + \beta1INDCOM + \beta2BOD + \beta3AC + \varepsilon$$

Where: FP= proxy for firm performance; INDCOM= proportion of independent commissioners on the board; BOD= Board of Directors; AC= Audit Committee; $\alpha0$= constant; $\beta1$, $\beta2$, $\beta3$ = regression coefficients; and ε = error term.

Hypothesis Testing

Hypotheses were evaluated by estimating a multiple linear regression model in SPSS. All statistical decisions were made at the 5% level of significance ($\alpha = 0.05$). The effect of each explanatory variable was judged based on its p-value: coefficients with p-values ≤ 0.05 were treated as statistically significant, whereas those with p-values > 0.05 were regarded as not significant. A hypothesis was therefore considered supported when the estimated coefficient displayed the expected direction and met the significance criterion.

Beyond individual coefficients, the analysis also examined model adequacy and the collective impact of the governance variables. Model fit was summarized using Adjusted R^2, which reflects the share of variation in the dependent variable explained by the regressors while accounting for the number of predictors included. The joint (simultaneous) significance of the governance variables was assessed through the F-test to determine whether they are collectively associated with financial performance. In addition, t-tests were used to evaluate the partial contribution of each governance indicator, meaning that each coefficient was tested while controlling for the presence of the other governance variables in the regression model.

Variable Measurement

The dependent variable in this study is financial performance. Financial performance refers to a firm's ability to generate operating earnings from its core business activities before interest and tax expenses, reflecting the efficiency of its operational management independent of financing and tax effects (Ozegbe & Jeroh, 2022).

The independent variables representing corporate governance in this study are independent board of commissioners, board of directors, and audit committee. Independent board of commissioners is operationalized as the percentage of independent directors on the board, calculated by dividing the number of independent directors by the total number of board directors (Abebe & Dhaliwal, 2024). The board of directors variable represents the total count of directors on the board (Danilov, 2024). The audit committee functions as a key corporate governance mechanism within the board structure, tasked with supervising the financial reporting process, strengthening audit quality, and safeguarding

Table 2. Variable Definitions and Measurements

Variables	Variable Definitions	Variable Measurements
Financial	Financial performance refers to a	EBIT = Earnings Before Tax +

performance (FP)	firm's ability to generate operating earnings from its core business activities before interest and tax expenses, reflecting the efficiency of its operational management independent of financing and tax effects (Ozegbe & Jeroh, 2022).	Interest Expense (Ozegbe & Jeroh, 2022)
Independent board of commissioners (INDCOM)	Independent board of commissioners is operationalized as the percentage of independent directors on the board, calculated by dividing the number of independent directors by the total number of board directors (Abebe & Dhaliwal, 2024).	$\frac{\text{Number of INDCOM}}{\text{Number of INDCOM}}$x 100% (Abebe & Dhaliwal, 2024)
Board of directors (BOD)	The board of directors is the total count of directors on the board (Danilov, 2024).	∑ Board of directors company (Danilov, 2024)
Audit committee (AC)	Audit Committee is corporate governance mechanism within the board structure, tasked with supervising the financial reporting process, strengthening audit quality, and safeguarding shareholders' interests through effective oversight (Al-Jalahma, 2022).	∑ Number of audit committee members company (Al-Jalahma, 2022).

sources: (Ozegbe & Jeroh, 2022; Abebe & Dhaliwal, 2024; Danilov, 2024; Al-Jalahma, 2022)

RESULTS AND DISCUSSION

Descriptive Analysis

As shown in Table 3, the independent board of commissioners has relatively low variation, with values ranging between 0.33 and 5. The board of directors demonstrates greater diversity, ranging from 2 to 12 members, with an average of approximately 6. In comparison, the audit committee shows less dispersion, with most firms having around three members. Regarding financial performance, measured by EBIT, the data reveal considerable variability, ranging from a substantial negative value to over IDR 19 trillion, reflecting a wide disparity in firms' profitability across the sample.

Table 3. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
INDCOM	150	0.33	5	0.8884	0.87228
BOD	150	2	12	6.04	2.12015
AC	150	0.00	5	3.0467	0.4824

FP	150	-1564E+12	192E+13	2682E+12	367694E+12

source: SPSS output, 2025

Classical Assumption Test

To assess the normality of the residuals, a one-sample Kolmogorov–Smirnov test was conducted. The results yielded an asymptotic significance (2-tailed) value of 0.200, which exceeds the conventional threshold of 0.05. This outcome indicates that the null hypothesis of normally distributed data cannot be rejected, thereby confirming that the regression residuals fulfill the assumption of normality required for further analysis.

To detect potential multicollinearity among the independent variables, a correlation matrix was constructed and analyzed. As shown in Table 4, the matrix provides pairwise correlation coefficients, which serve as the basis for evaluating the extent of intercorrelations and ensuring the validity of the regression estimates. Based on Table 4, the tolerance values for the independent board of commissioners (0.812), the board of directors (0.799), and the audit committee (0.957) all exceed the threshold of 0.10. Similarly, the corresponding VIF values of 1.231, 1.252, and 1.045, respectively, are well below the commonly accepted cutoff of 10. These results indicate the absence of multicollinearity among the independent variables, confirming that the regression model is appropriate for use in multiple linear regression analysis.

Table 4. Multicollinearity Test Results

Variable	Collinearity Statistics		Description
	Tolerance	VIF	
INDCOM	0.812	1.231	multicollinearity does not occur
BOD	0.799	1.252	multicollinearity does not occur
AC	0.957	1.045	multicollinearity does not occur

source: SPSS output, 2025

Based on the results of the autocorrelation test, the Durbin–Watson statistic was 1.865, with a dU value of 1.7741 and a 4–dU value of 2.2259. Since the condition for the absence of autocorrelation (dU < DW < 4–dU) is satisfied (1.7741 < 1.865 < 2.2259), it can be concluded that the model does not suffer from autocorrelation. Therefore, the regression model is considered appropriate for further analysis.

The heteroscedasticity test with glejser test was performed to assess whether the regression model exhibits unequal variances of residuals across observations. The scatterplot results reveal that the distribution of data points does not display a distinct or systematic pattern, indicating the absence of heteroscedasticity and supporting the validity of the regression model. Furthermore, as shown in Table 5, the significance values for all independent variables exceed 0.05, providing additional evidence that the regression model is free from heteroscedasticity and that the independent variables do not exhibit such symptoms.

Tabel 5. Heteroscedasticity Test Results

Variable	Coefficients[a]			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		

INDCOM	-0.103	0.069	-0.134	-1.506	0.134
BOD	-0.057	0.029	-0.174	-1.962	0.052
AC	-0.175	0.132	-0.107	-1.323	0.188

source: SPSS output, 2025

Hypothesis Test

Based on the results of the t-test, the following conclusions can be drawn:

1. Effect of independent board of commissioners on financial performance

The partial test between the independent board of commissioners and financial performance yielded a significance value of 0.105, which exceeds the 5% significance level ($\alpha = 0.05$). Accordingly, the independent board of commissioners does not have a significant effect on financial performance, leading to **the rejection of H1.**

2. Effect of the Board of Directors on Financial Performance

The partial test between the board of directors and financial performance produced a significance value of 0.000, which is below the 5% significance threshold. This result indicates that the board of directors exerts a positive and significant effect on financial performance, thereby supporting **the acceptance of H2**.

3. Effect of the Audit Committee on Financial Performance

The partial test between the audit committee and financial performance resulted in a significance value of 0.000, which is less than 0.05. These findings demonstrate that the audit committee has a negative and significant effect on financial performance, leading to **the rejection of H3.**

Table 6. t Test Results

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
INDCOM	0.194	0.119	0.119	1.633	0.105
BOD	0.370	0.050	0.540	7.418	0.000
AC	-0.937	0.229	-0.273	-4.097	0.000

source: SPSS Output, 2025

The results of the F test show a significant value of 0.000 < 0.05, thereby supporting the acceptance of H4. It can be concluded that the implementation of corporate governance has a positive effect on financial performance. The results of the F test are explained in Table 7.

Table 7. F Test Results

Sources of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	115.192	7	38.397	29.840	0.000
Residual	182.720	143	1.287		
Total	297.912	150			

source: SPSS Output, 2025

The coefficient of determination (R^2) is utilized to evaluate the proportion of variance in the dependent variable accounted for by the independent variables. An R^2 value approaching 1 suggests a strong explanatory power of the regression model, whereas a value near 0 indicates limited explanatory capacity (Gujarati & Porter, 2009). The regression model explains 72.7% of the variation in financial performance, while the remaining 27.3% is attributed to other factors not included in the model.

The Influence of Independent Board of Commissioners on Financial Performance

This study found no significant effect of an independent board of commissioners on financial performance. From an Agency Theory (Jensen & Meckling, 1976) perspective, independent board of commissioners are expected to mitigate agency problems through monitoring; however, their presence may not improve financial performance when oversight is symbolic or lacks substantive influence over managerial decisions.

Widodo & Salam (2024) emphasize that independent board of commissioners primarily serve as stakeholder overseers rather than strategic decision-makers, which can weaken the link between independent board of commissioners and observable performance performance. Moreover, Aprila (2022) argue that increasing the proportion of independent board of commissioners does not automatically enhance monitoring quality or decision effectiveness, as independence may function largely as a compliance-driven governance formality.

Finding no significant relationship between independent board of commissioners and financial performance, these results are consistent with those of Abebe & Dhaliwal (2024), Aprila (2022) and Widodo & Salam (2024), who came to a similar conclusion. On the other hand, they run counter to the findings of Titania & Taqwa (2023) and Sholihah & Fidiana (2021) who found a correlation.

The Influence of Board of Directors on Financial Performance

The results of this study demonstrate that the board of directors exerts a positive and significant influence on financial performance. According to Agency Theory Jensen & Meckling (1976), board of directors functions as an agent for stakeholders. Board of directors play a pivotal role in enhancing firm outcomes. As the primary decision-making body, the board of directors is directly responsible for formulating corporate strategies, allocating resources, and overseeing operational execution, allowing their decisions to be more immediately reflected in financial performance. This result is consistent with Aprila (2022), who document a positive association between board of directors and financial performance, arguing that a larger board of directors facilitates task specialization, improves coordination, and enhances the effectiveness of strategic decision-making.

Furthermore, Hamid & Purbawangsa (2022) provide supporting evidence by demonstrating that the board of directors positively influences financial performance through improved risk management practices. Their findings highlight that directors play a central role in identifying, managing, and mitigating business risks, which strengthens firm stability and profitability. Accordingly, the positive impact observed in this study underscores that the board of directors functions not merely as a formal governance mechanism, but as a key strategic actor that directly contributes to superior financial performance.

These findings are consistent with those of Hamid & Purbawangsa (2022), Aprila (2022), and Prisilia et al. (2021), who similarly reported a positive relationship between the board of directors and financial performance. Conversely, they contradict the findings of Danilov (2024) who found negative impact, and whereas Muntolol & Githagia (2024) and Ozegbe & Jeroh (2022) who found no significant impact.

The Influence of Audit Committee on Financial Performance

The findings of this study indicate that the audit committee exerts a negative and significant influence on financial performance. In the Agency Theory framework of Jensen & Meckling (1976) the audit committee is intended to mitigate agency problems by strengthening managerial monitoring and improving the credibility of financial reporting. However, intensive monitoring can also generate non-trivial agency-related costs, such as compliance burdens, coordination frictions, additional reporting layers, and slower decision-making. When these costs outweigh the benefits of oversight, particularly in settings where governance is implemented more as formal compliance than as substantive control, the net effect may be a decline in financial performance, which helps explain the negative association observed in this study.

This interpretation is consistent with prior empirical evidence. Al-Jalahma (2022) using non-financial firms in Bahrain, reports that certain audit committee characteristics, especially greater independence and larger committee size, are associated with lower firm performance, suggesting that stronger committee structures do not automatically translate into better outcomes and may introduce inefficiencies or added governance costs.

Moreover, the study notes that independence may weaken in practice, which can reduce monitoring effectiveness and limit performance gains. Taken together, these arguments support the view that audit committee structures may, under certain conditions, be negatively related to financial performance (Al-Jalahma, 2022).

These findings are consistent with Al-Jalahma (2022) who also reported that the audit committee significantly negative affects financial performance. However, they contradict the results of Pangestu et al. (2021), and Sularto & Gantino (2023) identify a significant effect, whereas Titania & Taqwa (2023) and Aprila (2022) find no statistically meaningful relationship.

CONCLUSION

The findings indicate that independent commissioners have no significant effect on financial performance, while the board of directors has a positive and significant effect. In contrast, the audit committee shows a negative and significant effect on financial performance. Simultaneously, corporate governance has a positive and significant effect on financial performance. These findings contribute to the governance literature by providing empirical evidence on how specific corporate governance mechanisms influence firm performance in the food and beverage subsector within an emerging market context.

This study has several limitations, including the limited governance variables examined, namely independent commissioners, board of directors, and audit committee, as well as the restricted sample of food and beverage subsector companies listed on the Indonesia Stock Exchange during 2018–2023. Therefore, future studies are encouraged to include additional governance variables, such as ownership structure, extend the observation period, and broaden the research sample to all manufacturing firms or publicly listed companies in Indonesia to obtain more comprehensive insights into the relationship between corporate governance and financial performance.

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