

THE BOARDROOM INFLUENCE AND CAPITAL STRUCTURE: KEY DRIVERS OF FINANCIAL PERFORMANCE IN CONSUMER NON-CYCLICAL COMPANIES

Sekar Ayu Arivia Fitri^{1*}, Christina Tri Setyorini²

¹ International Accounting, Universitas Jenderal Soedirman, Indonesia

² Faculty of Economics and Business, Jenderal Soedirman University, Indonesia

*Email corresponding author: sekar.fitri@mhs.unsoed.ac.id

Abstract

This study thoroughly examines the impact of board size, independent board commissioners, audit committee size, and leverage on the financial performance of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX). Utilizing panel data regression and the Random Effect Model (REM), the analysis covers 192 observations from 64 companies over the period 2021 to 2023. Secondary data were sourced from financial statements published on the IDX and company websites. The results reveal that independent board commissioners and audit committee size have a positive and significant influence on financial performance, whereas board size and leverage exhibit no statistically significant effect. The novelty of this research lies in its focused investigation of corporate governance factors in conjunction with leverage within the context of consumer non-cyclical companies during the critical post-pandemic economic recovery phase. The findings underscore the importance for management to enhance the role and effectiveness of independent commissioners and audit committees to improve financial outcomes. Furthermore, the study contributes methodologically by affirming the suitability of the Random Effect Model for panel data analysis in governance-performance research. These insights provide valuable guidance for company executives, investors, and policymakers aiming to optimize corporate governance frameworks to sustain and elevate financial performance.

Keywords: Board Size, Independent Board Commissioners, Audit Committee Size, Leverage, Financial Performance.

INTRODUCTION

Entering mid-2024, the global economy continues to face persistent imbalances, with forecasts from the International Monetary Fund (IMF) and World Bank projecting a potential slowdown in 2025, with growth rates expected between 2.7% and 3.3% year-on-year (Surjantoro, 2024). Contributing factors include elevated Fed Fund Rates, geopolitical tensions, China's economic deceleration, and commodity price volatility. Nevertheless, Indonesia has demonstrated remarkable resilience by recording a GDP growth of 5.11% in the first quarter of 2024, driven primarily by robust household consumption and increased government infrastructure spending (Badan Pusat Statistik Indonesia, 2024).

The consumer non-cyclical sector, comprising essential goods industries such as food and beverages, remains a fundamental pillar of Indonesia's economic stability. As shown in Table 1, the number of consumer non-cyclical companies listed on the Indonesia Stock Exchange (IDX) increased steadily from 98 companies in 2021 to 126 companies in 2023, reflecting intensified competition

and underscoring the critical importance of financial performance as a key determinant of corporate sustainability and competitiveness (Mustofa et al., 2023).

Table 1. Consumer Non-Cyclical Companies Listed on the IDX

Year	Number of Companies
2021	98 Companies
2022	113 Companies
2023	126 Companies

Source: IDX

Financial performance, defined as a company's ability to meet financial standards and objectives, is influenced by an interplay of profitability, corporate governance, and financial structure (Bryan et al., 2023; Sholihah, 2021). According to Agency Theory, Good Corporate Governance (GCG) functions to mitigate conflicts of interest between management and shareholders by aligning managerial incentives with shareholder value (Rizal & Zainal, 2023). However, empirical evidence regarding the impact of governance structures—such as board size, independent commissioners, audit committees—and leverage on financial performance remains mixed.

Illustrative cases from major Indonesian consumer non-cyclical companies highlight these complexities. PT Unilever Indonesia Tbk, for instance, experienced profit declines despite strong governance frameworks, attributed to rising operational costs (Pradipta, 2022). PT Mayora Indah Tbk reported robust sales growth but faced profit compression due to margin pressures (Silaban, 2022). Conversely, PT Indofood Sukses Makmur Tbk successfully maintained both sound governance practices and strong financial performance, achieving increases in revenue and profits (Perwitasari, 2022).

These phenomena emphasize the necessity of robust corporate governance and prudent leverage management to sustain financial performance, especially amid global economic uncertainties. Furthermore, the inconsistent findings in prior research regarding the effects of board characteristics and leverage warrant further investigation, particularly within the relatively stable yet competitive consumer non-cyclical sector.

This study aims to examine the influence of board size, independent board commissioners, audit committee size, and leverage on the financial performance of consumer non-cyclical companies listed on the IDX during 2021–2023. It contributes theoretically by clarifying ambiguous empirical results in the corporate governance literature and practically by providing insights for company management and investors regarding governance structures and financial strategies that enhance performance.

Distinct from previous research, this study focuses specifically on the post-pandemic recovery period (2021–2023) and the consumer non-cyclical sector, offering a unique perspective on financial resilience amidst economic uncertainty. The findings are expected to guide corporate decision-making in optimizing governance structures and managing leverage to support sustainable financial performance. Additionally, investors may utilize these insights to better assess the effectiveness of corporate governance and financial health within this sector.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Agency theory

Agency theory, first introduced by Ross (1973) and further developed by Jensen and Meckling (1976), explains the contractual relationship where principals (owners) delegate decision-making authority to agents (managers) to act on their behalf. While this delegation enables operational efficiency, it also creates potential conflicts of interest due to asymmetric information, as agents typically possess more detailed knowledge about the company than principals (Bryan et al., 2023; Ekayani et al., 2023). This information asymmetry may result in agency problems when managers prioritize personal gain over shareholder objectives, thus undermining transparency and corporate accountability (Permono, 2021; Santika & Herwiyanti, 2022). Gemilang and Wiyono (2022) highlight that Good Corporate Governance (GCG) functions as an essential mechanism to mitigate these conflicts by ensuring managerial actions align with shareholder interests, adhering to principles of fairness and transparency.

Good Corporate Governance

Good Corporate Governance (GCG) is fundamental for maintaining balanced and effective relationships among shareholders, management, creditors, government, employees, and other stakeholders (Pramesti et al., 2024). According to the Organisation for Economic Co-operation and Development (OECD, 2019), GCG is a systematic framework designed to regulate and control corporate activities with the ultimate goal of creating sustainable value. The National Committee on Governance Policy (KNKG) defines five core principles of GCG: transparency, accountability, responsibility, independence, and equality (Muwafiq et al., 2023). Successful implementation of GCG demands that all corporate organs function independently and comply with regulatory standards (Damayanti & Kurniawanto, 2024). This study focuses on three critical governance variables: board size, independent board commissioners, and audit committee size.

Board Size

Board size refers to the total number of directors charged with managing the company to achieve profitability and ensure business continuity, as outlined by KNKG (Putri et al., 2024). From a resource-dependence perspective, larger boards potentially provide broader access to resources and enhance a company's ability to manage complex internal and external relationships, thereby supporting improved organizational performance (Mintzberg, 1983). However, an excessively large board may introduce coordination challenges and reduce decision-making efficiency.

Independent Board Commissioners

Independent board commissioners are pivotal in strengthening corporate governance by providing unbiased oversight and mitigating agency conflicts between management and shareholders (Damayanti & Kurniawanto, 2024; Merisdel & Arif, 2024). As mandated by Financial Services Authority Regulation No. 33/POJK.04/2014, independent commissioners must remain free of financial, managerial, ownership, or familial ties that could compromise their independence. Their impartiality ensures managerial decisions comply with governance principles, promoting transparency, accountability, and shareholder protection (Yuliyanti & Cahyonowati, 2023).

Audit Committee

The audit committee, as required by Securities Listing Rule Number I-A of 2004, is

established by the board of commissioners to oversee the company's financial reporting and ensure adherence to accounting standards (Lukito & Arief, 2024). By facilitating formal communication channels between the board, management, and auditors, the audit committee enhances the quality, transparency, and reliability of financial disclosures, thereby strengthening stakeholder confidence (Putri et al., 2024; Zulaika & Mariani, 2024).

Leverage

Leverage indicates the extent to which a company finances its assets through external debt to enhance profitability (R. Setiawan, 2023). A higher leverage ratio signifies greater dependence on debt financing, whereas a lower ratio reflects reliance on internal equity (Pramesti et al., 2024). Although moderate leverage can reduce agency costs and improve returns, excessive leverage increases the risk of financial distress (Safitri & Rokhayati, 2024; Santoso & Junaeni, 2022). This study measures leverage via the Debt-to- Equity Ratio (DER), which reflects the proportion of external debt relative to shareholder equity and indicates the owner's capacity to meet obligations sourced from external financing (Irawati et al., 2023).

Financial Performance

Financial performance is a comprehensive evaluation of a company's financial health, typically assessed through financial ratios reflecting operational efficiency, liquidity, stability, and profitability (Fahmi, 2018; Munawir, 2019). It primarily relies on key financial statements such as the income statement, balance sheet, cash flow statement, and statement of changes in equity (Jumingan, 2019). This study utilizes Return on Assets (ROA) to measure financial performance, assessing management's effectiveness in using assets to generate profits (Ruvenda et al., 2022). ROA provides insights into operational efficiency and future growth potential, consistent with GCG principles emphasizing optimal asset utilization (OECD in Rafli & Ikhsan, 2024). A higher ROA indicates efficient management of assets, while a lower ROA signals operational inefficiency that may negatively impact market valuation (Castiyoro, 2022).

HYPOTHESIS DEVELOPMENT

The Effect of Board Size on Financial Performance

Within the framework of agency theory, board size is considered a key factor influencing corporate governance and decision-making quality. A larger board can provide greater diversity in expertise and stronger oversight capabilities, which may enhance monitoring of management and reduce agency problems, ultimately leading to improved financial performance. Board size is defined as the number of directors responsible for managing company operations and strategic direction. Sutedi (2012) emphasized the board's role in determining company policies and resource allocation strategies. Similarly, Viola and Dewi (2022) found that larger boards contribute to better coordination and operational efficiency. Empirical studies by Fatmawati and Aliyah (2023) and Zahidah and Aris (2024) support the positive effect of board size on financial performance, with similar findings reported by Diana et al. (2024), Habibi and Muid (2024), Munira and Busra (2024), and Y. R. Sari and Setyaningsih (2023).

Hypothesis 1 (H₁): Board size has a positive effect on financial performance.

The Effect of Independent Board Commissioners on Financial Performance

Independent board commissioners play a crucial role in corporate governance by supervising management, guiding company strategy, and ensuring accountability. Free from ties to majority

shareholders or management, independent commissioners can act objectively to prevent conflicts of interest (Riziqiyah & Pramuka, 2021). Agency theory posits that such impartial oversight helps align managerial actions with shareholder interests. Denizal et al. (2023) demonstrated a positive relationship between independent commissioners and financial performance in manufacturing firms. This is corroborated by studies from Lukito and Arief (2024), Muwafiq et al. (2023), and Zahidah and Aris (2024).

Hypothesis 2 (H₂): Independent board commissioners have a positive effect on financial performance.

The Effect of Audit Committee Size on Financial Performance

The audit committee serves a vital governance function by mitigating agency conflicts and reducing information asymmetry between managers and shareholders. By enhancing transparency and accountability, the audit committee aligns managerial actions with stakeholder interests. Agency theory underscores the audit committee's role in supporting the board of commissioners in financial oversight, especially in managing financial resources (Yunina & Nisa, 2019). A well-structured audit committee, equipped with financial expertise, can strengthen governance and enhance financial performance. Empirical evidence by Habibi and Muid (2024) and Rahmawati (2024) confirms a positive impact of audit committee size on financial outcomes, consistent with findings from Kristiana (2024), Nisrina et al. (2022b), and Nopriani and Lestari (2024).

Hypothesis 3 (H₃): Audit committee size has a positive effect on financial performance.

The Effect of Leverage on Financial Performance

Leverage reflects a company's capacity to utilize fixed-cost debt financing to enhance shareholder returns. Typically measured by the Debt-to-Equity Ratio (DER), higher leverage signifies greater reliance on debt. While leverage can amplify profits, it also introduces financial risk. Agency theory suggests that leverage disciplines management by limiting excessive risk-taking but may also increase agency conflicts if managerial decisions prioritize personal benefits (Supriyadi & Setyorini, 2020). Empirical studies by Nur Cahyati et al. (2024) and (Ardiansyah et al., 2024) show a positive influence of leverage on financial performance across manufacturing sectors.

Hypothesis 4 (H₄): Leverage has a positive effect on financial performance.

RESEARCH METHODS

This study employs a quantitative correlational approach aimed at examining the influence of board size, independent board commissioners, audit committee size, and leverage on financial performance. The sample consists of 64 consumer non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX), with a total of 192 observations covering the period from 2021 to 2023. Purposive sampling was applied based on the following criteria: companies listed in the consumer non-cyclical sector on the IDX during 2021–2023, consistently publishing audited financial statements ending December 31 for the same period, and reporting no financial losses during these years.

Secondary data were collected from annual financial statements made publicly available on the IDX website and respective company websites. The variables in this study include financial performance as the dependent variable, and board size, independent board commissioners, audit committee size, and leverage as independent variables.

The analytical method used is panel data regression analysis, supported by EViews version 12 software. The analysis follows several steps: (a) descriptive statistical analysis, (b) model selection,

(c) model selection testing, (d) classical assumption testing, (e) model feasibility testing which includes coefficient of determination (R^2) and F-statistical tests, (f) hypothesis testing using t-tests, and (g) panel data regression analysis.

The regression model formulated is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Description:

Y	: Financial Performance (ROA)
α	: Constant
$\beta_{1,2,3,4}$	: Regression coefficient
X_1	: Board Size
X_2	: Independent Board Commissioners
X_3	: Audit Committee Size
X_4	: Leverage
e	: Residual variable (error)

The operational definitions of variables and their indicators are based on prior studies (see Table 2), such as R. Setiawan (2023) for board size, Effendi (2016) for independent board commissioners, Syamra (2022) for audit committee size, Fahmi (2014) for leverage, and Brigham & Houston (2014) for financial performance.

Table.2. The following operational variables used in this study:

Variable	Indicator	Source
Board Size	Board Size = $\ln (\text{Total Number of Directors Serving on The Board})$	R. Setiawan (2023)
Independent Board Commissioners	$\frac{\text{Independent Board Commissioner}}{\text{Total Number of Independent Commissioner}}$ = $\ln \left(\frac{\text{Total Number of Commissioners on Board}}{\text{Total Number of Commissioners on Board}} \right)$	Effendi (2016)
Audit Committee Size	Audit Committee Size = $\ln (\text{Total Number of Audit Committee})$	Syamra (2022)
Leverage	$DER = \frac{\text{Total Debts}}{\text{Total Shareholder Equity}}$	Fahmi (2014)
Financial Performance	$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$	Brigham & Houston (2014)

Source: Data processed by author

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Table Table 3 presents the descriptive statistics of this study. The average value of financial performance (ROA) is 0.1069, with a minimum of -0.03 and a maximum of 0.40, indicating that, on average, the sampled companies demonstrate moderate profitability. The standard deviation of 0.0888, which is lower than the mean, suggests that the data points are closely clustered and

exhibit relatively low variability. The board size variable has an average value of 1.53 after transformation, ranging from 0.00 to 2.40, with a standard deviation of 0.47, indicating limited variation and relatively homogeneous distribution among the companies. The independent board commissioner variable shows an average transformed value of -0.89, ranging from -1.61 to -0.19, with a higher standard deviation of 0.26, reflecting greater dispersion and variability across the sample. The audit committee size variable averages 1.12, with a minimum of 0.00 and a maximum of 2.08; its standard deviation of 0.20 indicates a small spread and homogeneous data distribution. Finally, the leverage variable, measured by Debt-to-Equity Ratio (DER), has an average value of 0.55, with a minimum of -1.14 and a maximum of 1.41. The standard deviation of 0.41 suggests a relatively narrow spread, pointing to consistent leverage levels across companies.

Table 3. Descriptive Analysis

	Y	X ₁	X ₂	X ₃	X ₄
Mean	0.106875	1.525260	-0.893177	1.122813	0.548854
Maximum	0.400000	2.400000	-0.190000	2.080000	1.410000
Minimum	-0.030000	0.000000	-1.610000	0.000000	-1.140000
Std. Dev	0.088812	0.468491	0.255121	0.201431	0.409566
Observations	192	192	192	192	192

Source: Output E-Views version 12

Table 4 summarizes the Common Effect Model results. The constant coefficient is 0.0049 ($p = 0.913$), and among independent variables, only independent board commissioners (X2) and audit committee size (X3) show statistically significant positive coefficients: 0.0816 ($p = 0.0007$) and 0.1452 ($p = 0.0000$), respectively. Board size (X1) and leverage (X4) do not exhibit significant effects, with p -values of 0.8344 and 0.3232. The model explains approximately 21.2% of the variance ($R^2 = 0.212$), with the overall model fit confirmed by a significant F-statistic of 12.59 ($p < 0.001$).

Table 4 The Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.004883	0.044555	0.109584	0.9129
X1	0.002639	0.012608	0.209290	0.8344
X2	0.081638	0.023589	3.460852	0.0007
X3	0.145215	0.029760	4.879562	0.0000
X4	0.014278	0.014414	0.990524	0.3232
Root MSE	0.078623	R-squared		0.212192
Mean dependent var	0.106875	Adjusted R-squared		0.195341
S.D. dependent var	0.088812	S.E. of regression		0.079667
Akaike info criterion	-2.196231	Sum squared resid		1.186852
Schwarz criterion	-2.111400	Log likelihood		215.8381
Hannan-Quinn criter.	-2.161874	F-statistic		12.59190

Durbin-Watson stat	1.715658	Prob(F-statistic)	0.000000
--------------------	----------	-------------------	----------

Source: Output E-Views version 12

Fixed Effect Model

Table 5 presents the Fixed Effect Model results. The model indicates a stronger explanatory power with an R^2 of 0.638. Audit committee size (X3) remains significant (coefficient = 0.1341; $p = 0.0001$), while other variables, including board size, independent commissioners, and leverage, are not significant. The Durbin-Watson statistic of 3.716 suggests possible autocorrelation concerns, necessitating further diagnostic checks.

Table 5 The Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.061539	0.102469	0.600564	0.5492
X1	-0.055375	0.043727	-1.266374	0.2078
X2	0.031891	0.051275	0.621960	0.5351
X3	0.134098	0.034145	3.927352	0.0001
X4	0.014056	0.052702	0.266712	0.7901
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	0.053298	R-squared		0.637961
Mean dependent var	0.106875	Adjusted R-squared		0.442344

S.D. dependent var	0.088812	S.E. of regression	0.066322
Akaike info criterion	-2.317484	Sum squared resid	0.545420
Schwarz criterion	-1.163788	Log likelihood	290.4784
Hannan-Quinn criter.	-1.850228	F-statistic	3.261268
Durbin-Watson stat	3.716072	Prob(F-statistic)	0.000000

Source: Output E-Views version 12

Random Effect Model

Table 6 reports the Random Effect Model results, which, after statistical tests (detailed below), is selected as the most appropriate model. Independent board commissioners (X2) and audit committee size (X3) remain positive and statistically significant predictors of financial performance with coefficients of 0.0714 ($p = 0.0101$) and 0.1417 ($p = 0.0000$), respectively. Board size (X1) and leverage (X4) do not significantly impact performance, with p-values of 0.8761 and 0.3933. The model explains about 17.3% of the variance ($R^2 = 0.173$), with overall significance supported by the F-statistic (9.79, $p < 0.001$) and no evidence of serious autocorrelation (Durbin-Watson = 2.485).

Table 6 The Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.006922	0.048300	0.143313	0.8862
X1	-0.002432	0.015571	-0.156155	0.8761
X2	0.071434	0.027489	2.598648	0.0101
X3	0.141659	0.029069	4.873119	0.0000
X4	0.015321	0.017906	0.855612	0.3933
Effects Specification				
			S.D.	Rho
Cross-section random			0.045458	0.3196
Idiosyncratic random			0.066322	0.6804
Weighted Statistics				
Root MSE	0.065302	R-squared		0.173215
Mean dependent var	0.068853	Adjusted R-squared		0.155530
S.D. dependent var	0.072005	S.E. of regression		0.066169
Sum squared resid	0.818754	F-statistic		9.794309
Durbin-Watson stat	2.485426	Prob(F-statistic)		0.000000
Unweighted Statistics				
R-squared	0.210665	Mean dependent var		0.106875
Sum squared resid	1.189153	Durbin-Watson stat		1.711263

Source: Output E-Views version 12

To determine which of the three models above is the best used in this study, a model selection test will be conducted.

Chow Test

The Chow test (Table 7) indicates significant cross-sectional fixed effects ($F = 2.315$, $p < 0.001$), suggesting that the Fixed Effect Model is preferable to the Common Effect Model. However, the Hausman test (Table 8) yields a non-significant chi-square statistic (3.14, $p = 0.5344$), indicating that the Random Effect Model is statistically more appropriate than the Fixed Effect Model for this dataset. Consequently, the Random Effect Model is employed for hypothesis testing.

Table 7 Chow Test

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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.314730	(63,124)	0.0000
Cross-section Chi-square	149.280616	63	0.0000

Source: Output E-Views version 12

Hausman Test

A chi-square probability value greater than 0.05. Based on this result, the Random Effect Model (REM) is better than the Fixed Effect Model (FEM). Therefore, the regression analysis was carried out using the Random Effect Model, and the Lagrange Multiplier (LM) test was not conducted as the decision had already been determined through the Hausman test.

Table 8 Hausman Test

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

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.141875	4	0.5344

Source: Output E-Views version 12

Classic assumption test

Normality Test

The normality test (Figure 1) suggests that the data do not follow a normal distribution. However, as Gujarati & Porter (2009) note, the Random Effect Model's use of Generalized Least Squares (GLS) inherently satisfies the BLUE criteria, making classical assumption testing non-essential for this analysis.

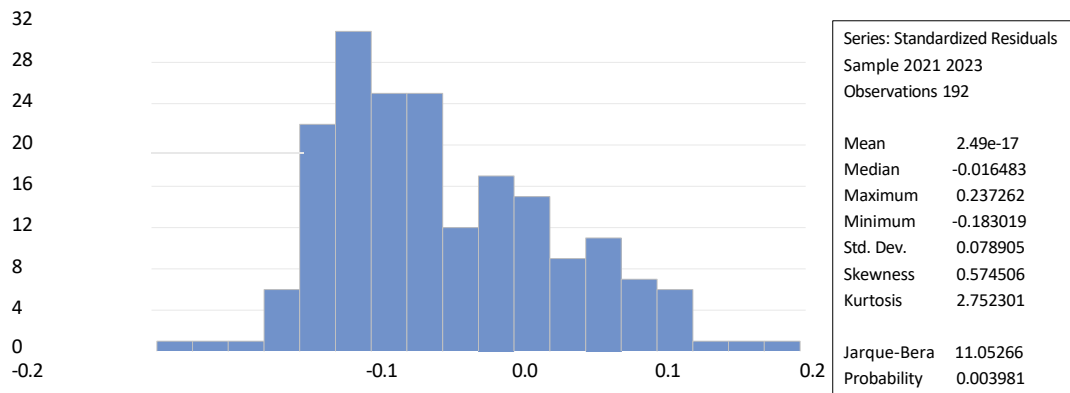


Figure 1 Normality Test Results Source: Output E-Views version

12

Model Feasibility Test

Coefficient of Determination Test

The adjusted R-squared of 0.1555 indicates that approximately 15.55% of the variance in financial performance is explained by the independent variables.

F-Statistic Test

Based on the output results, the acquisition of the Prob value (F-statistic) is 9.79 which is greater than F-table value of 2.41 so it can be concluded that the model in this study is declared fit.

Hypothesis Testing

Partial significance testing reveals that board size has a p-value of 0.876, exceeding the 0.05 threshold, leading to rejection of H_1 , indicating no significant effect on financial performance. Independent board commissioners have a p-value of 0.01, supporting acceptance of H_2 . Audit committee size is highly significant ($p < 0.001$), validating H_3 . Leverage, with a p-value of 0.393, leads to rejection of H_4 . Thus, independent board commissioners and audit committee size positively affect financial performance, while board size and leverage do not.

Panel Data Regression Analysis

Based on the results of the data output, the form of the regression equation is obtained as follows: $Y = 0,006922 - 0,002432 X_1 + 0,071434 X_2 + 0,141659 X_3 + 0,015321 X_4 + e$

The Effect of Board Size on Financial Performance

The non-significant coefficient for board size ($p = 0.796$) suggests that simply increasing the number of board members does not guarantee improved financial outcomes. Additional board members may create communication barriers or inefficiencies that offset potential benefits. This aligns with findings by Nopriani & Lestari (2024), Permono (2021), and Yuliyanti & Cahyonowati (2023), but contrasts with studies by Diana et al. (2024), Fatmawati & Aliyah (2023), and Zahidah & Aris (2024) that report a positive relationship. This result deviates from agency theory predictions, indicating that in the consumer non-cyclical sector, board governance effectiveness may depend more on member quality and coordination than size alone.

The Effect of Independent Board Commissioners on Financial Performance

Independent board commissioners significantly and positively influence financial performance ($p < 0.001$). Their role strengthens oversight, aligns stakeholder interests, and ensures compliance with regulations, thereby fostering transparency and accountability. This supports agency theory and corresponds with findings by Denizal et al. (2023), Lukito & Arief (2024), and Muwafiq et al. (2023).

The Effect of Audit Committee Size on Financial Performance

Audit committee size also exhibits a significant positive effect on financial performance ($p < 0.001$). Larger audit committees enhance the company's oversight capacity, improving control over financial reporting and governance, and reducing fraud risks. These results are consistent with agency theory and align with research by Habibi & Muid (2024), Nisrina et al. (2022), and Rahmawati (2024).

The Effect of Leverage on Financial Performance

Leverage does not significantly affect financial performance ($p = 0.305$), indicating that debt levels do not necessarily translate into profitability improvements in the consumer non-cyclical sector. This aligns with Rahmatin & Kristanti (2020) and Supardi (2023), though it contrasts with Jessica & Triyani (2022) and Nur'ainni & Priantilianingtiasari (2023), who report positive leverage effects. The findings also diverge from agency theory expectations that leverage disciplines management. In this sector, companies tend to adopt conservative capital structures, favoring equity over debt, which may limit leverage's strategic impact on performance.

CONCLUSION, RECOMMENDATIONS AND FUTURE RESEARCH**Conclusion**

Based on the findings of this study, it can be concluded that board size does not have a significant impact on the financial performance of consumer non-cyclical sector companies, indicating that merely increasing the number of board members does not necessarily enhance company profitability. In contrast, independent board commissioners and audit committee size have significant positive effects on financial performance, highlighting the critical role of effective and independent governance mechanisms in improving oversight, accountability, and strategic decision-making. Meanwhile, leverage was found to have no significant influence on financial performance, suggesting that the level of debt financing employed by these companies does not directly translate into profitability gains. These results underscore the importance for companies to prioritize the quality and independence of governance structures rather than focusing solely on quantitative aspects such as board size or leverage ratios, particularly during the post-pandemic economic recovery phase where prudent governance plays a vital role in sustaining financial stability and growth.

Recommendations

Based on the results of this study, it is recommended that consumer non-cyclical sector companies strengthen the role and independence of their board commissioners to enhance oversight and strategic governance. Furthermore, audit committees should be sufficiently sized and empowered to improve financial reporting quality and regulatory compliance, thereby increasing investor confidence and organizational transparency. Companies are also advised to focus

on improving the quality and coordination of board members rather than simply increasing the number of directors. Although leverage did not show a significant effect on financial performance, prudent management of debt remains essential to mitigate financial risks, especially in times of economic uncertainty.

Future Research

This study acknowledges several limitations that offer avenues for future research. Subsequent studies could explore additional variables such as sales growth, corporate social responsibility, or firm size to provide a more comprehensive view of financial performance determinants. Incorporating alternative performance measures like Net Profit Margin or Economic Value Added (EVA) could yield broader insights. While the Random Effect Model was appropriate here, future research might employ longitudinal designs with larger datasets and consider other panel data techniques such as Fixed Effects or Dynamic Panel

Models to enhance robustness. Qualitative or mixed-method approaches could further elucidate the mechanisms through which governance structures impact firm outcomes. Finally, comparative studies across different sectors or countries could assess the generalizability of the findings reported in this study.

BIBLIOGRAPHY

- Ardiansyah, J. B. K., Suhasto, RB. I. N., & Cahyaningdyah, P. (2024). Pengaruh Ukuran Perusahaan, Leverage, Struktur Modal dan Likuiditas terhadap Kinerja Keuangan (Studi Kasus Perusahaan Subsektor Farmasi yang Terdaftar di BEI Tahun 2018-2022). *Equivalent : Journal of Economic, Accounting and Management*, 3(1), 80–96. <https://doi.org/10.61994/equivalent.v3i1.663>
- Badan Pusat Statistik Indonesia. (2024). *Ekonomi Indonesia Triwulan II-2024 Tumbuh 3,79 Persen (Q-to-Q), Ekonomi Indonesia Triwulan II-2024 Tumbuh 5,05 Persen (Y-on-Y), dan Ekonomi Indonesia Semester I-2024 Tumbuh 5,08 Persen (C-to-C)*.
- Bryan, P. U., Aloysius, H. M., & Istianingsih, S. (2023). Pengaruh Mekanisme Tata Kelola Perusahaan terhadap Kinerja Keuangan Perusahaan: Studi Empiris pada Perusahaan Non Consumer Cyclical yang Terdaftar di Bursa Efek Indonesia Periode 2019-2021. *Jurnal Akuntansi, Keuangan, Dan Manajemen*, 4(4), 249–261.
- Damayanti, R. N., & Kurniawanto, H. (2024). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan Dengan Corporate Social Responsibility Sebagai Variabel Moderating. *Transformasi: Journal of Economics and Business Management*, 3(3), 28–44. <https://doi.org/10.56444/transformasi.v3i3.1898>
- Denizal, R., Wahyuni, S., Wibowo, H., & Pandansari, T. (2023). Pengaruh Kepemilikan Institusional, Proporsi Dewan Komisaris Independen, Frekuensi Rapat Dewan Komisaris Dan Latar Belakang Pendidikan Dewan Komisaris Terhadap Kinerja Keuangan Perusahaan. *Jurnal Akuntansi*, 2(4).
- Diana, N., Syafi'i, I., & Maulidiyah, N. N. (2024). Good Corporate Governance Toward Financial Performance Of Islamic Bank In Indonesia. *JPS (Jurnal Perbankan Syariah)*, 5(1), 173–190. <https://doi.org/10.46367/jps.v5i1.1797>
- Effendi, M. A. (2016). *The Power of Good Corporate Governance: Teori dan Implementasi* (Edisi ke-2). Salemba Empat.
- Ekayani, N. N. S., Surya Darma, I. K., & Intan Saputra Rini, G. A. (2023). Pengaruh Good Corporate Governance Dan Leverage Terhadap Kinerja Keuangan Pada Perusahaan Sektor Properti Dan Real Estate Di Bei Periode 2018-2022. *Jurnal Riset Akuntansi Warmadewa*, 4(2), 43–47.

<https://doi.org/10.22225/jraw.4.2.8473.43-47>

Fatmawati, S., & Aliyah, S. (2023). Pengaruh Struktur Modal, Ukuran Perusahaan, Dewan Direksi dan Dewan Komisaris Terhadap Kinerja Keuangan pada perusahaan Consumer Goods Tahun 2019-2021. *Jurnal Riset Mahasiswa Akuntansi*, 9(1).

Gemilang, M. R., & Wiyono, S. (2022). Good Corporate Governance, Struktur Modal, Leverage, Dan Ukuran Perusahaan Terhadap Kinerja Keuangan. *Jurnal Ekonomi Trisakti*, 2(2), 529–542. <https://doi.org/10.25105/jet.v2i2.14048>

Habibi, M. M. R., & Muid, D. (2024). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan (Studi Empiris Pada Perusahaan Lq45 Yang Terdaftar Di Bursa Efek Indonesia Tahun 2019-2021). *Diponegoro Journal Of Accounting*, 13(3), 1–15.

Jessica, J., & Triyani, Y. (2022). Pengaruh Struktur Modal, Likuiditas , Ukuran Perusahaan Dan Umur Perusahaan Terhadap Kinerja Keuangan. *Jurnal Akuntansi*, 11(2), 138–148.

<https://doi.org/10.46806/ja.v11i2.891>

Lukito, H., & Arief, A. (2024). Pengaruh Komite Audit, Dewan Komisaris Independen, Dewan Direksi, Dan Kepemilikan Manajerial Terhadap Kinerja Keuangan Perusahaan. *Jurnal Ekonomi Trisakti*, 4(2), 1111–1122. <https://doi.org/10.25105/jet.v4i2.21012>

Merisdel, G. F., & Arif, A. (2024). Pengaruh Risiko Bisnis, Kepemilikan Manajerial, Ukuran Perusahaan, Struktur Modal Terhadap Kinerja Keuangan Perusahaan. *Jurnal Ekonomi Trisakti*, 4(2), 787–796. <https://doi.org/10.25105/v4i2.20952>

Mintzberg, H. (1983). *Power In and Around Organizations* (Inc. Prentice-Hall, Ed.).

Mustofa, H., Satrio, F. B., Saptanto, D. A., & Saputra, E. A. (2023). Analisis Perbandingan Laporan Keuangan PT. X dan PT. Y. *Jurnal Riset Akuntansi*, 83–90.

<https://doi.org/10.29313/jra.v3i2.2330>

Muwafiq, A., Edi Purnomo, D., Usamah, U., & Ainur rachmani, F. (2023). Pengaruh Good Corporate Governance, Company Size, Capital Structure Dan Leverage Terhadap Kinerja Keuangan Pada Perusahaan LQ45 Yang Terdaftar Di Bursa Efek Indonesia Tahun 2019 – 2022.

Neraca, 19(2), 63–75. <https://doi.org/10.48144/neraca.v19i2.1686>

Nisrina, S., Ningtyas, I. W., & Wiwaha, A. (2022). Pengaruh penerapan Good Corporate Governance dan Struktur Kepemilikan terhadap Kinerja Keuangan perusahaan manufaktur subsektor Food and Beverage. *International Journal of Digital Entrepreneurship and Business*, 3(2), 92–101. <https://doi.org/10.52238/ideb.v3i2.95>

Nopriani, T., & Lestari, I. R. (2024). Pengaruh Good Corporate Governance, Struktur Modal, Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Perusahaan. *Jurnal Ilmiah Manajemen Dan Akuntansi*, 1(5).

Nur'ainni, Z. D., & Priantilianingtiasari, R. (2023). Pengaruh Corporate Social Responsibility (CSR), Struktur Modal, Manajemen Aset dan Sales Growth terhadap Kinerja Keuangan pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2022. *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, 5(2), 804–820.

<https://doi.org/10.47467/elmal.v5i2.4355>

Permono, B. (2021). *Pengaruh Good Corporate Governance Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Perusahaan (Studi Empiris Perusahaan Manufaktur Sektor Makanan Dan Minuman Yang Terdaftar Di Bei Tahun 2017-2019)*.

Perwitasari, A. S. (2022). Laba bersih Indofood Sukses (INDF) naik 15,46% di tahun 2021. *Kontan.Co.Id*.

Pradipta, V. A. (2022). Laba Unilever Indonesia (UNVR) turun 19,6% di tahun 2021. *CNBC Indonesia*.

Pramesti, H. G., Nurbaiti, B., & Sari, P. N. (2024). Pengaruh Good Corporate Governance dan Leverage

- Terhadap Kinerja Keuangan Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Sub Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Periode Tahun 2019-2022. *IJESM Indonesian Journal of Economics and Strategic Management*, 2(1), 1007–1022.
- Putri, R. N., Metalia, M., . S., & Kusumawardani, N. (2024). Pengaruh Kinerja Keuangan Dan Komite Audit Terhadap Nilai Perusahaan Asuransi Yang Terdaftar Di Bursa Efek Indonesia (Bei) Periode 2019-2022. *Jurnal Ekonomika Dan Bisnis (JEBS)*, 4(4), 656–662. <https://doi.org/10.47233/jebbs.v4i4.1936>
- Rahmatin, M., & Kristanti, I. N. (2020). Pengaruh Good Corporate Governance, Leverage, Struktur Modal Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Pada Perusahaan Sektor Aneka Industri Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ilmiah Mahasiswa Manajemen, Bisnis Dan Akuntansi (JIMMBA)*, 2(4), 655–669. <https://doi.org/10.32639/jimmba.v2i4.623>
- Rahmawati, N. (2024). *Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan Bumh Dan Bumh Yang Terdaftar Di Bei Periode 2020-2022*.
- Rizal, M., & Zainal, H. (2023). *Implementation of Good Corporate Governance (GCG) Principles at PT. Telkom Indonesia*. 5(1), 91–98.
- Santika, L. A., & Herwiyanti, E. (2022). Pengaruh Kinerja Keuangan Terhadap Manajemen Laba Sebelum Dan Selama Pandemi Covid-19. *Students Conference On Accounting and Business (SCoAB) 1 (01)*, 2022.
- Setiawan, R. (2023). *PENGARUH MEKANISME GOOD CORPORATE GOVERNANCE, LEVERAGE DAN FIRM SIZE TERHADAP KINERJA KEUANGAN DALAM PERSPEKTIF EKONOMI ISLAM*.
- Sholihah, U. (2021). Analisis Pengaruh Good Corporate Govarnance dan Corporate Social Responsibility terhadap Kinerja Keuangan Fidiana Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya. *Jurnal Ilmu Dan Riset Akuntansi*, 10(5).
- Silaban, M. W. (2022). Penjualan naik 14,2%, laba bersih Mayora Indah (MYOR) turun karena biaya bahan baku. *Tempo.Co*.
- Supardi, H. (2023). *PENGARUH DEBT TO ASSET RATIO, DEBT TO EQUITY RATIO TERHADAP RETURN ON ASSET*. *Jurnal Investasi*, 9(1), 54–59. <https://doi.org/10.31943/investasi.v9i1.263>
- Surjantoro, D. (2024). *Kinerja Perekonomian Indonesia Triwulan II-2024 Masih Kuat di Tengah Stagnasi Perekonomian Dunia*.
- Yuliyanti, A., & Cahyonowati, N. (2023). Pengaruh Dewan Direksi, Dewan Komisaris, Komisaris Independen, Komite Audit, Kepemilikan Manajerial, Dan Kepemilikan Institusional Terhadap Kinerja Keuangan. *Diponegoro Journal of Accounting*, 12(3).
- Zahidah, D. A., & Aris, M. A. (2024). Pengaruh Good Corporate Governance Dan Leverage Terhadap Kinerja Keuangan. *Jurnal Revenue : Jurnal Ilmiah Akuntansi*, 5(1), 311–328. <https://doi.org/10.46306/rev.v5i1.427>
- Zulaika, A. M., & Mariani, D. (2024). Pengaruh Komite Audit, Biaya Lingkungan, Modal Intelektual, Likuiditas, dan Pertumbuhan Perusahaan terhadap Kinerja Keuangan Perusahaan. *Jurnal Mutiara Ilmu Akuntansi*, 2(3), 292–313. <https://doi.org/10.55606/jumia.v2i3.3256>