

**THE INFLUENCE OF GOOD CORPORATE GOVERNANCE ON THE
FINANCIAL PERFORMANCE OF FOOD AND BEVERAGE COMPANIES
LISTED ON THE INDONESIA STOCK EXCHANGE IN 2021-2023**

THESIS

In Order to Fulfill the Requirements to Obtain a Bachelor of Accounting



PAULA FAZILA

NIM. B1031211086

**ACCOUNTING STUDY PROGRAM
FACULTY OF ECONOMICS AND BUSINESS
TANJUNGPURA UNIVERSITY
PONTIANAK
2025**

STATEMENT OF ORIGINALITY

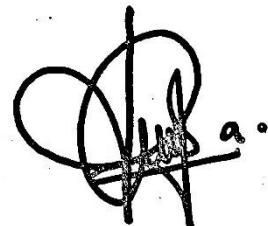
Name : Paula Fazila
Student ID : B1031211086
Department : Accounting
Study Program : Accounting
Concentration : Financial Accounting
Thesis Title : The Influence of Good Corporate Governance on the Financial Performance of Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2021-2023

Strictly declare that the thesis above, as a whole, is purely the work of the author herself and not a plagiarism work of others. The parts referred to as literature sources are by the applicable writing guidelines.

If the author is proven to have committed plagiarism, it is entirely the author's responsibility, resulting in the cancellation of the thesis with the title above.

Thus, the author made this statement truthfully.

Pontianak, 2 December 2024



Paula Fazila

NIM. B1031211086

THESIS ACCOUNTABILITY

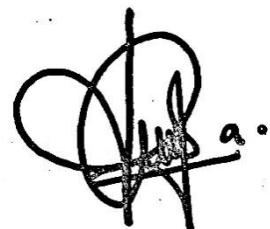
Name : Paula Fazila
Student ID : B1031211086
Department : Accounting
Study Program : Accounting
Concentration : Financial Accounting
Exam Dates : 23 December 2024

Thesis Title :

The Influence of Good Corporate Governance on the Financial Performance of Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2021-2023.

Stating that this Thesis is my own work, and all sources both cited and referenced by me have been properly stated.

Pontianak, 2 December 2024



Paula Fazila

NIM. B1031211086

LEMBAR YURIDIS

THE INFLUENCE OF GOOD CORPORATE GOVERNANCE ON THE FINANCIAL PERFORMANCE OF FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2021-2023

Penanggung Jawab Juridis

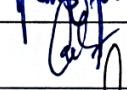
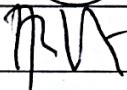


Paula Fazila

B1031211086

Jurusan : Akuntansi
Program Studi : Akuntansi
Konsentrasi : Akuntansi Keuangan
Tgl Ujian Skripsi dan Komprehensif : 23 Desember 2024

Majelis Penguji

No.	Majelis Penguji	Nama/NIP	Tgl/Bln/Thn	Tanda Tangan
1.	Ketua Penguji	Rusliyawati, S.E., M.Si., Ak. NIP.197901272002122002	13/1/2025	
2.	Sekretaris Penguji	Amanah Hijriah, S.E., MSA. NIP.197504172002122001	24/12/2024	
3.	Penguji 1	Nina Febriana Dosinta, S.E., M.Si. NIP.198002272006042001	24/12/2024	
4.	Penguji 2	Ira Grania Mustika, S.E., MM. NIP.196911151996032002	13/11/2025	

Dinyatakan Telah Memenuhi Syarat dan Lulus
Dalam Ujian Skripsi dan Komprehensif



PREFACE

Praise and gratitude are expressed to Allah SWT for His blessings, grace, and mercy, granting knowledge, experience, strength, and patience so that this thesis titled "The Influence of Good Corporate Governance on the Financial Performance of Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2021-2023" could be completed successfully. This thesis is a requirement for obtaining a bachelor's degree (S1) at the Faculty of Economics and Business, Universitas Tanjungpura.

During the process of studying at Universitas Tanjungpura, especially at the Faculty of Economics and Business until finishing this thesis, the author gained a lot of knowledge, experience, support, and guidance from all people. Hence, the writer would like to express the best gratitude and appreciation to those honorable people:

1. Prof. Dr. H. Garuda Wiko, S.H., M.Si., Rector of Universitas Tanjungpura, Pontianak.
2. Dr. Barkah, S.E., M.Si., Dean of the Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
3. Dr. Jumhur, S.E., M.Si., Vice Dean I for Academic Affairs at the Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
4. Dr. Haryono, S.E., M.Si., Ak., CA., CPA, Asean CPA, Vice Dean II for General and Financial Affairs at the Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
5. Juanda Astarani, S.E., M.Sc., CSRS, Vice Dean III for Student Affairs and Alumni at the Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
6. Dr. Nella Yantiana, S.E., M.M., Ak., CA., CMA., CPA, Head of the Accounting Department, Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
7. Vitriyan Espa, S.E., M.S.A., Ak., C.Ht., CA, Secretary of the Accounting Department, Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
8. Khristina Yunita, S.E., M.Si., Ak., CA, Head of the Undergraduate Accounting Study Program, Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
9. Sari Rusmita, S.E., M.M., CIQar, Head of the PPAPK Program in the Accounting Department, Faculty of Economics and Business, Universitas Tanjungpura, Pontianak.
10. Rusliyawati, S.E., M.Si., Ak., CA, Academic Advisor, for dedicating time, offering critiques, suggestions, and guidance from the start to the end of the study program.
11. Amanah Hijriah, S.E., MSA., Field Supervisor for MBKM Research, for the time, advice, critiques, and direction throughout the process of preparing the author's article.

12. Nina Febriana Dosinta, S.E., M.Si., as an Examiner Lecturer, for the time, critiques, suggestions, and guidance in completing this thesis.
13. Ira Grania Mustika, S.E., MM., as an Examiner Lecturer, for the time, critiques, suggestions, and guidance in completing this thesis.
14. All teaching staff in the Faculty of Economics and Business, Universitas Tanjungpura, Pontianak, who have imparted a wealth of knowledge and understanding to the author.
15. The academic staff, administrative staff, library staff, and other employees of the Faculty of Economics and Business, Universitas Tanjungpura, Pontianak, for their support throughout the academic journey.
16. All lecturers in the Accounting Department for sharing useful knowledge, encouragement, and motivation with the author.
17. Teriam Samad, my mother, the guiding light in my life, the reason I keep moving forward, and the source of my courage to face the trials and tribulations of this journey. Every memory of your gentle care and love has been a beacon of hope for me during the darkest times. The warmth of your embrace and the strength of your words have always reminded me of the beauty of perseverance and unconditional love. You have not only been my mother but also my greatest motivation to work harder and strive for a better future. This accomplishment is as much yours as it is mine, for it is through your sacrifices, wisdom, and prayers that I have been able to stand strong and achieve this milestone.
18. Yan Bastian, my father, I owe you my deepest gratitude for your unwavering dedication and boundless support. You have always been there, not only providing for my material needs but also offering the emotional encouragement that has carried me through the challenges of life. Your sacrifices, guidance, and belief in my potential have been the foundation upon which I have built my dreams. I will forever be grateful for your tireless efforts to ensure that I had every opportunity to grow, learn, and succeed. You have taught me the importance of resilience, integrity, and perseverance, and for that, I will always hold you in the highest regard.
19. I would like to extend my heartfelt gratitude to my beloved siblings — Prima Sagita, Topan Leonar, Pipin Gemini, Dona Fiscesa, and Gita Sagita — for their unwavering material and emotional support. Each of you has played an irreplaceable role in my life, especially in filling the void left by my mother's absence during certain moments. Your efforts to ensure that I never felt alone, your sacrifices to meet my every need, and your relentless encouragement have been a constant source of strength and motivation for me. You have not only stood as pillars of support but also as guiding lights, enabling me to persevere and achieve milestones like completing this study. For your love, care, and presence, I will forever be grateful.
20. I am deeply thankful to my friends who have always stood by my side, providing unwavering support and companionship through the ups and downs of university life. To Geng-gengan (Ajeng, Ancella, Rivaldi, Herman, and Falih) thank you for the countless moments of laughter, understanding, and encouragement that kept me going even during my most challenging times. To P Calon S.Ak #SkripsiMudah (Ajeng, Ancella, Vivy, Loura, Velicia, and Ega)

thank you for sharing this journey with me, for being a source of motivation, and for believing in me when I doubted myself. Your presence made this journey not only manageable but also memorable.

21. I am incredibly grateful to my extended Oikosnomos family, who have enriched my life in ways I never thought possible. To ETERNUM and PADEPOKAN, thank you for sharing invaluable lessons, unforgettable experiences, and irreplaceable camaraderie. You have shaped me not only as a student but also as an individual, and for that, I owe you more than words can ever express.
22. Lastly, my deepest thanks go to M. Irgi Sepri Saswandi who has been a constant source of support and a place of solace throughout this journey. Your presence has been a comforting refuge in my moments of doubt and weariness, and your encouragement has given me the courage to keep moving forward. Thank you for being my safe haven, my cheerleader, and my greatest source of strength during this chapter of my life.

And many more people who have given a lot of support to the writer to finish the thesis that cannot be mentioned one by one. The author acknowledges that this work is not without flaws due to her limitations and humbly seeks forgiveness for any shortcomings. Constructive feedback and suggestions are welcomed to improve in the future. The author hopes that this thesis provides valuable insights, information, and knowledge for its readers.

Pontianak, 2 December 2024

Paula Fazila

NIM. B1031211086

**PENGARUH *GOOD CORPORATE GOVERNANCE* TERHADAP KINERJA
KEUANGAN PERUSAHAAN *FOOD AND BEVERAGES* YANG
TERDAFTAR DI BURSA EFEK INDONESIA TAHUN 2021-2023**

Paula Fazila

Jurusian Akuntansi

Fakultas Ekonomi dan Bisnis

Universitas Tanjungpura

ABSTRAK

Penelitian ini bertujuan untuk mengevaluasi dampak Good Corporate Governance (GCG) terhadap kinerja finansial perusahaan food and beverages yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021-2023. Penelitian ini menggunakan metode kuantitatif dengan tipe penelitian explanatory. Data yang dianalisis berasal dari laporan tahunan dan keuangan perusahaan, yang dipilih menggunakan teknik purposive sampling, menghasilkan sampel sebanyak 33 perusahaan. Analisis data dilakukan dengan regresi linier berganda menggunakan software SPSS. Temuan penelitian mengungkapkan bahwa kepemilikan institusional berpengaruh positif signifikan terhadap kinerja finansial yang diukur dengan Return on Assets (ROA), sementara dewan komisaris independen menunjukkan pengaruh negatif signifikan, dan komite audit tidak berpengaruh signifikan. Secara keseluruhan, variabel GCG berpengaruh signifikan terhadap kinerja finansial perusahaan, dengan kepemilikan institusional memainkan peran penting dalam memperkuat pengawasan manajemen.

Kata kunci: Good corporate governance, kinerja keuangan, return on assets.

**THE INFLUENCE OF GOOD CORPORATE GOVERNANCE ON THE
FINANCIAL PERFORMANCE OF FOOD AND BEVERAGE COMPANIES
LISTED ON THE INDONESIA STOCK EXCHANGE IN 2021-2023**

Paula Fazila

Accounting Department

Faculty of Economics and Business

Tanjungpura University

ABSTRACT

This study aims to evaluate the impact of Good Corporate Governance (GCG) on the financial performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. The research employs a quantitative method with an explanatory research type. Data were collected from annual reports and financial statements of companies using purposive sampling technique, resulting in a sample of 33 companies. Data analysis was conducted using SPSS software through several stages of testing. The findings indicated that institutional ownership has a significant positive impact on the financial performance of companies, as assessed through Return on Assets (ROA), while the independent board of commissioners has a significant negative impact and the audit committee showed no significant impact. Overall, GCG variables have a significant influence on the financial performance of companies, with institutional ownership playing a crucial role in enhancing management oversight.

Keywords: Good corporate governance, financial performance, return on assets.

SUMMARY

The Influence of Good Corporate Governance on the Financial Performance of Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2021-2023

In competitive business environment, the ability of a company to maintain financial stability and achieve long-term growth is highly dependent on the effectiveness of its corporate governance practices. This study examines the influence of good corporate governance (GCG) on the financial performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the period from 2021 to 2023. Given the significant role of the food and beverage sector in Indonesia's economy, understanding how governance structures impact financial outcomes is essential for both investors and corporate decision-makers.

To conduct this research, a quantitative approach was used, focusing on explanatory research to analyze relationships between governance variables and financial performance. The study selected a sample of 33 companies based on a purposive sampling method, ensuring that only companies with complete financial reports for the specified period were included. The data was obtained from annual financial reports and analyzed using SPSS 26, with return on assets (ROA) serving as the primary measure of financial performance. The study specifically looked at three key governance mechanisms: the audit committee, the independent board of commissioners, and institutional ownership, to determine their effects on financial outcomes. The findings indicate that institutional ownership has a significant positive impact on financial performance. This suggests that when companies have strong institutional investors, there is a higher level of oversight and accountability, leading to improved management efficiency and profitability. Institutional investors tend to have a long-term perspective and possess the resources and expertise to actively monitor corporate activities, ensuring that management decisions align with shareholder interests. Their presence can reduce agency problems, where conflicts arise between management and shareholders, thus contributing to better financial results. On the other hand, the study reveals that the independent board of

commissioners has a significant negative effect on financial performance. This finding may be attributed to challenges in the effectiveness of independent oversight. While independent commissioners are intended to provide objective supervision of management, their ability to do so effectively may be hindered by factors such as a lack of industry expertise, limited engagement in day-to-day operations, or even token appointments that fulfill regulatory requirements without genuinely enhancing governance quality. In some cases, an excessive number of independent commissioners may lead to decision-making delays or conflicts within the board, ultimately impacting company performance negatively. Meanwhile, the audit committee does not show a significant impact on financial performance. This suggests that, despite its role in monitoring financial reporting and internal controls, the presence of an audit committee alone is not enough to drive better financial outcomes. The effectiveness of an audit committee depends on factors such as the expertise of its members, their independence from management, and their ability to enforce corporate governance principles. If an audit committee is not functioning optimally, its role in improving financial performance may be limited.

These results highlight the importance of strengthening corporate governance frameworks to enhance financial performance in the food and beverage sector. Companies should focus on optimizing the role of institutional investors by fostering a governance environment that encourages active and responsible ownership. Additionally, the composition and function of independent boards of commissioners should be carefully assessed to ensure that they provide effective oversight rather than becoming a hindrance to decision-making. Overall, this study underscores the critical role of good corporate governance in shaping financial outcomes. While certain governance mechanisms, such as institutional ownership, contribute positively to financial performance, others, like independent commissioners, may require further improvements to function effectively. By implementing stronger governance practices, companies in the food and beverage industry can enhance investor confidence, improve financial efficiency, and achieve long-term business sustainability in an increasingly competitive market.

TABLE OF CONTENTS

STATEMENT OF ORIGINALITY	ii
THESIS ACCOUNTABILITY	iii
APPROVAL SHEET	iv
PREFACE	v
SUMMARY.....	x
TABLE OF CONTENTS	xii
LIST OF FIGURES.....	xiv
LIST OF TABLES	xv
LIST OF ATTACHMENTS.....	xvi
CHAPTER I INTRODUCTION.....	1
1.1 Background	1
1.2 Research Problems	4
1.3 Research Objectives	5
1.4 Research Contributions	5
1.4.1 Theoretical Contribution.....	5
1.4.2 Practical Contribution.....	5
1.5 Contextual Overview of the Research.....	6
CHAPTER II LITERATURE REVIEW	7
2.1 Theoretical Framework	7
2.1.1 Agency Theory	7
2.1.2 Good Corporate Governance	8
2.1.3 Financial Performance	13
2.1.4 Return on Assets (ROA)	14
2.2 Empirical Review.....	14
2.3 Conceptual Framework and Research Hypothesis.....	18
2.3.1 Conceptual Framework.....	18
2.3.2 Research Hypothesis.....	18
CHAPTER III RESEARCH METHOD	22
3.1 Type of Research.....	22
3.2 Location and Time of Research.....	22
3.3 Data	22

3.4	Population and Sample.....	23
3.4.1	Population.....	23
3.4.2	Sample	23
3.5	Research Variables	25
3.5.1	Dependent Variable.....	25
3.5.2	Independent Variables.....	26
3.6	Analysis Method	27
3.6.1	Descriptive Statistical Test.....	27
3.6.2	Classical Assumption Test	27
3.6.3	Multiple Linear Regression Analysis.....	29
3.6.4	Hypothesis Testing.....	29
CHAPTER IV RESULT AND DISCUSSION		31
4.1	Results.....	31
4.1.1	Descriptive Statistics.....	31
4.1.2	Classical Assumption Test	32
4.1.3	Multiple Linear Regression Test	36
4.1.4	Partial Regression Coefficient Test (T-Test)	37
4.1.5	Simultaneous Regression Coefficient Test (F-Test).....	39
4.1.6	Determination Coefficient Test (R^2)	39
4.2	Discussion	40
4.2.1	The Influence of the Audit Committee on the Company's Financial Performance	40
4.2.2	The Influence of the Independent Board of Commissioners on the Company's Financial Performance	41
4.2.3	The Influence of Institutional Ownership on the Company's Financial Performance	42
CHAPTER V CONCLUSION AND RECOMMENDATION.....		44
5.1	Conclusion.....	44
5.2	Recommendation.....	44
5.3	Research Implications	45
5.4	Research Limitations.....	45
REFERENCES.....		46
ATTACHMENT		50

LIST OF FIGURES

Figure 2.1 Conceptual Framework.....	18
Figure 4.1 Scatterplot Graph.....	35

LIST OF TABLES

Table 2.1 Empirical Review	14
Table 3.1 Research Sample Criteria	23
Table 3.2 List of Food and Beverage Companies Included as Research Samples	24
Table 3.3 Operational Variables	26
Table 4.1 Descriptive Statistics Result.....	31
Table 4.2 Normality Test Results	33
Table 4.3 Multicollinearity Test Results	34
Table 4.4 Autocorrelation Test Results	35
Table 4.5 Results of Multiple Linear Regression Analysis	36
Table 4.6 Partial Regression Coefficient Test (T-Test) Results.....	38
Table 4.7 Simultaneous Regression Coefficient Test (F-Test) Results	39
Table 4.8 Determination Coefficient Test (R^2) Results.....	40
Table 4.9 Summary of Hypothesis Testing Results.....	40

LIST OF ATTACHMENTS

Attachment 1 Sample of Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2021-2023.....	50
Attachment 2 Data Tabulation Ready for Processing Using SPSS 26	51
Attachment 3 Descriptive Statistics Results	53
Attachment 4 Normality Test Results	54
Attachment 5 Multicollinearity Test Results.....	54
Attachment 6 Heteroscedasticity Test Results	55
Attachment 7 Autocorrelation Test Results.....	55
Attachment 8 Multiple Linear Regression Test Results.....	55
Attachment 9 Partial Regression Coefficient Test (T-Test) Results	56
Attachment 10 Simultaneous Regression Coefficient Test (F-Test) Results	56
Attachment 11 Determination Coefficient Test (R2) Results.....	56
Attachment 12 Letter of Accepted (LOA)	57
Attachment 13 Journal Archive.....	58
Attachment 14 Published Article	59

CHAPTER I

INTRODUCTION

1.1 Background

Rapid technological advancements in the era of globalization intensify competition in the business world. This forces companies to maintain and improve their performance effectively in the market. Companies that cannot keep up with this fierce competition are at risk of facing financial problems and even bankruptcy. Intense competition occurs because many companies are competing to gain market share, customers, and profits. If a company is unable to maintain its competitive advantage in a situation of fierce competition, it will face a decline in market share, revenue, and liquidity, highlighting the need for reliable information to support decision-making, particularly regarding the company's financial performance (Mahmudi, 2019). Financial performance plays a crucial role in addressing competition in the corporate sector. Financial performance is used to assess the extent to which a company complies with applicable guidelines and regulations. (Fahmi, 2018). To understand the financial performance of a business, a review of financial statements is needed. The purpose of this analysis is to enhance the value of financial statements and make them understandable to various parties. This analysis will reveal information about the company's strengths and weaknesses. This information is very important for a business to maintain operational continuity and encourage growth, especially in the face of intense business competition. Through the identification of strengths and weaknesses, management performance during the previous period can be seen. (Kasmir, 2016). Thus, financial performance becomes a standard for investors in determining whether they will allocate investment or invest their funds in the company.

Nowadays, many companies are experiencing serious problems in their financial statements due to non-compliance with the principles of Good Corporate Governance (GCG), which results in a decline in financial performance. According to the World Bank, compliance with GCG is needed to improve the performance of company resources and enable them to function efficiently and provide long-term economic value for investors and society. (Hamdani, 2016). One of the corporate

scandals that has occurred in Indonesia is the case of Garuda Indonesia which was suspected of manipulating its 2018 financial statements by recording income of USD 239 million from a work contract with PT Mahata Aero Teknologi. The agreement should have been recorded as incremental income according to accounting standards, but Garuda recorded all of the income in the same year, resulting in the financial statements showing a net profit of USD 809.85 thousand after experiencing a loss in the previous year. Revenue recognition that did not in accordance with international accounting standards (IFRS) makes Garuda's financial statements inaccurate in describing the actual financial condition. (Ministry of Finance, 2019).

In order for companies to achieve positive financial performance and remain competitive in the present and future, the implementation of the right concept of Good Corporate Governance (GCG) in internal and external mechanisms is essential. To implement GCG, the independent board of commissioners plays a crucial role in overseeing business activities, providing advice to management, and ensuring effective corporate governance. In addition, the role of the audit committee and constitutional ownership is also very important. Matters concerning internal control and its systems are supervised by the audit committee, while constitutional ownership serves to improve supervision of management performance. Besides governance-related incidents, various obstacles hinder the process of implementing good corporate governance . These obstacles can be grouped into three categories. Internal obstacles include low engagement from management and workers, limited interpretation from management and workers regarding the principles of good corporate governance, weak internal control systems in the company, and the lack of a culture that supports the principles of good corporate governance. External obstacles include regulations and law enforcement, as well as obstacles related to the composition of ownership which is categorized into dispersed and concentrated ownership. Therefore, the steps that can be taken to eradicate this agency problem are by implementing good corporate governance, so that stakeholder rights can be protected effectively, while also supervising managers in carrying out the company's operational activities.

Since the food and beverage industry in Indonesia is one of the sectors experiencing rapid growth, manufacturing companies in this sub-sector were selected as the object of research in this study. According to data from the Central Statistics Agency (BPS), this sector continues to show a significant contribution to the national Gross Domestic Product (GDP). In the third quarter of 2023, this sector grew by 7.94% compared to the previous year, indicating that this sector has interesting business dynamics to study in the context of good corporate governance. This sector not only contributes significantly to the GDP but also serves as a major driver of the manufacturing industry. Data from the Ministry of Industry shows that this sub-sector contributed around 36.4% to the total GDP of the non-oil and gas industry in 2022. This high contribution underscores the sub-sector's importance to the Indonesian economy, making it a relevant subject for research on improving GCG practices. In this study, the profitability ratio assessed by return on assets (ROA) was used as an evaluation tool. Its function is to assess the effectiveness of the company in making profits from the assets it owns. In addition, this ratio illustrates of a business's ability to convert assets into profits.

In a study conducted by (Anugrah & Zulfiati, 2020) it was shown that the board of commissioners did not influence the company's financial performance, as did independent commissioners. The board of directors has a positive impact on financial performance. In addition, institutional ownership also has a good impact on financial performance, while managerial ownership has no influence, and the audit committee has a positive influence on financial performance. Meanwhile, research by (Kamayuli & Artini, 2022) showed that the results of the board of commissioners did not affect the company's financial performance, the board of directors had a good influence on the company's financial performance, the audit committee did not affect the company's financial performance, independent commissioners also had no influence, and institutional ownership did not affect the company's financial performance.

Based on the differing findings of these previous studies, the author was motivated to conduct this research. Furthermore, this study is distinct from previous ones in its focus on the object of analysis. Therefore, this research is titled "The

Influence of Good Corporate Governance on the Financial Performance of Food and Beverages Companies Listed on the Indonesia Stock Exchange."

1.2 Research Problems

Based on the background presented, it can be identified that in the globalization era, characterized by technological advancements and increasingly intense business competition, companies in Indonesia and worldwide face challenges in maintaining and improving their performance effectively. Intense business competition can lead to financial risks and even bankruptcy for companies unable to adapt. Financial performance becomes a critical factor in addressing this competition. Information regarding financial performance is vital for decision-makers, especially investors, to evaluate the strengths and weaknesses of a company. Financial statement analysis serves as the primary tool for understanding the extent to which a company adheres to financial practices in line with applicable guidelines and regulations.

However, serious issues arise when companies fail to comply with the principles of Good Corporate Governance (GCG). Non-compliance with GCG can result in a decline in financial performance, as evidenced by several corporate scandals in Indonesia, such as PT. Timah Tbk and PT. Hanson International Tbk. To address these issues, implementing the concept of GCG becomes crucial. Good Corporate Governance involves the implementation of internal and external mechanisms, including the independent board of commissioners, audit committees, and institutional ownership. Therefore, this study aims to examine the influence of Good Corporate Governance on the financial performance of food and beverage companies.

Based on the problem statement provided, the research questions can be formulated as follows:

1. Does the independent board of commissioners affect the financial performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period?
2. Does the audit committee affect the financial performance of food and beverage companies listed on the IDX during the 2021–2023 period?

3. Does institutional ownership affect the financial performance of food and beverage companies listed on the IDX during the 2021–2023 period?

1.3 Research Objectives

Based on the problem formulation, the objectives of this research are:

1. To analyze the effect of the independent board of commissioners on the financial performance of food and beverage companies listed on the IDX during the 2021–2023 period.
2. To analyze the effect of the audit committee on the financial performance of food and beverage companies listed on the IDX during the 2021–2023 period.
3. To analyze the effect of institutional ownership on the financial performance of food and beverage companies listed on the IDX during the 2021–2023 period.

1.4 Research Contributions

1.4.1 Theoretical Contribution

The findings of this research are expected to provide deeper knowledge and understanding of the influence of Good Corporate Governance on corporate financial performance. Additionally, the research aims to enrich the body of scientific studies concerning the impact of Good Corporate Governance on financial performance and serve as a reference for academics and researchers interested in further investigating this topic. The findings and analysis of this study can serve as a theoretical foundation useful for developing an understanding of corporate governance from a financial perspective.

1.4.2 Practical Contribution

1. For the researcher, this study is expected to expand knowledge and understanding of how Good Corporate Governance affects a company's financial performance.
2. For companies, particularly in the food and beverage sector, this research is expected to provide additional information on the impact of Good Corporate Governance on financial performance. It can aid in formulating policies for

the coming years aimed at improving operational efficiency and overall business performance.

3. For investors, the findings of this study are expected to serve as a valuable reference when deciding to invest in stocks or funds within companies, especially in the food and beverage sector.

1.5 Contextual Overview of the Research

The contextual scope of this research focuses on food and beverage companies listed on the IDX during the 2021–2023 period. The data used in this study were obtained from the IDX and the official websites of the respective companies regarding their financial reports. These data were chosen because they are well-structured, comprehensive, and easily understood by the researcher.