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

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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 indicate 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 shows 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.

INTRODUCTION

Rapid and increasingly advanced technological advances in the current era of globalization increase 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. So that information is needed that can be used in decision making, and one of the relevant information is the company's financial performance (Mahmudi, 2019). This financial performance has an important role in overcoming competition in the company's business world. Financial performance is used to assess the extent to which a company adopts financial operations that comply 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 increase the value of financial statements and can be understood by 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 increasingly fierce 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 is 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 is 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 realize GCG, the independent board of commissioners has a crucial role in overseeing the company's 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. In addition to incidents related to *good corporate governance issues*, 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 divided into two, namely 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 chosen as the object of research in this study. According to data from the Central Statistics Agency (BPS), this sector continues to show a significant input 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. In addition, the food and beverage industry is a major contributor to the manufacturing sector. 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 shows the importance of this sub-sector in the Indonesian economy, making it relevant to be used as an object of research in order to improve *good corporate governance* (GCG) practices. In this study, the profitability ratio assessed by *return on assets* (ROA) is 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 shows a picture 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 good influence 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.

According to (Jensen and Meckling, 1976), the relationship between the principal, or company owner, and the agent, or management, is the definition of agency theory. In an agency relationship, agency theory is a bond in which the owner (principal) sends an agent to provide certain services and the authority to the agent to make decisions. Agency theory provides an understanding of how each part involved in a business (managers, business owners, and creditors) will behave towards different interests and goals. Managers have an obligation to maximize the profits of business owners, in addition, managers also have a need to maximize their own profits.

Adverse selection and moral hazard can cause agency problems. Moral hazard arises from the fact that managers are often free to pursue their own interests because the owner (principal) has limited access to information about the company's operations and cannot monitor every decision and action taken by the manager (agent). As a result, managers plan tactics that guarantee the greatest profit for themselves by setting aside the organization's profits (Pearce & Robison, 2008). The problems that occur result in high agency costs. In order to overcome this problem, business owners provide appropriate incentives to agents and spend money on supervision to avoid deviations by management.

According to (Eisenhardt, 1989), there are three basic assumptions in agency theory. First, humans tend to prioritize personal interests. Second, humans have limitations in processing information about the future. Third, humans tend to avoid risk. Based on these assumptions, it is possible that managers, as humans, will act opportunistically, prioritizing personal gain (Bakti, 2022). Therefore, agency theory seeks to understand and address the problems that arise in agency relationships in companies, especially in the context of conflicts of interest between the two. The basic idea of agency theory provides a new perspective on corporate governance management. Based on (The Indonesia Institute for Corporate Governance, 2004), the interests of creditors and shareholders can be effectively protected by implementing good corporate governance practices.

The interaction between shareholders, company management, creditors, government, employees, and various other internal and external interests is governed by a set of rules known as good corporate governance. The purpose of these rules is to add value to all parties involved (*stakeholders*) and provide effective protection to investors so that they can make investment decisions in a fair and profitable manner. According to the World Bank, a collection of rules, laws, and policies that must be followed to encourage the efficiency of company resources with the long-term goal of generating sustainable economic value for shareholders and the wider community is known as good corporate governance. (Hamdani, 2016). The ultimate goal is to increase long-term stock value while still considering the needs of stakeholders.

The Organization for Economic Cooperation and Development (OECD) developed corporate governance principles that are flexible and can be adapted to local conditions. These principles include shareholder rights and the use of major ownership, shareholders are treated fairly, the role of stakeholders in corporate governance, elaboration and transparency, and accountability of the board of directors. The implementation of these principles is expected to create an effective framework for transparent and responsible corporate management (Effendi, 2016).

Good corporate governance mechanisms include a variety of tools and processes to provide direction and management of various aspects of the business. Some primary mechanisms include the board of commissioners structure, audit committee, institutional ownership, and management compensation policies. The board of commissioners is tasked with overseeing and providing strategic direction to management, while the audit committee ensures that financial reporting and internal control processes are running smoothly. Institutional ownership also plays an important role in encouraging good governance practices, as institutional investors often have long-term interests and the ability to influence management decisions (Eisenhardt, 1989).

The company's financial performance is evaluated through financial analysis tools that provide an explanation of the company's financial condition over several periods, both positive and negative. Measuring financial performance aims to ensure that resources are utilized optimally and effectively. Metrics such as financial ratios are used to provide in-depth understanding and efficient management of the company's financial aspects. Measuring financial performance helps determine the right tactics to achieve company goals and allows companies to compete effectively in the global market. The importance of *good corporate governance* in optimizing financial performance cannot be ignored, because good governance practices contribute to achieving maximum performance (Fahmi, 2018).

Return on Assets (ROA) is one of the important financial measurement tools used to see the extent to which a company is able to generate profits from its assets. ROA provides insight into the efficiency of the company's use of assets in generating revenue and net income. ROA is calculated by dividing net income by total assets. Net income is obtained by subtracting all operating expenses, interest expenses, taxes, and other elements from total income, while total assets include cash, property, inventory, receivables, and other assets. ROA analysis is used to assess a company's financial performance, where a high ROA indicates efficiency in generating profits from assets, while a low ROA may indicate problems in generating profits or assets that are too large compared to the profits earned (Handayani, 2013).

METHOD

According to agency theory, the audit committee in a company functions to protect shareholders from financial statement manipulation that may be carried out by the company's management (Jensen and Meckling, 1976). When the audit committee functions effectively in a company, management transparency in the accountability of the company's activities can be trusted and investor confidence increases, until finally the company's value will also increase. This statement is supported by the results of a study by (Rahmawati and Kitrianti, 2021) which found that the audit committee has an influence on financial performance. This is also in accordance with the study (Ahmad et al., 2021). In this regard, the authors develop the first hypothesis:

H1: The Audit Committee has an impact on the company's financial performance.

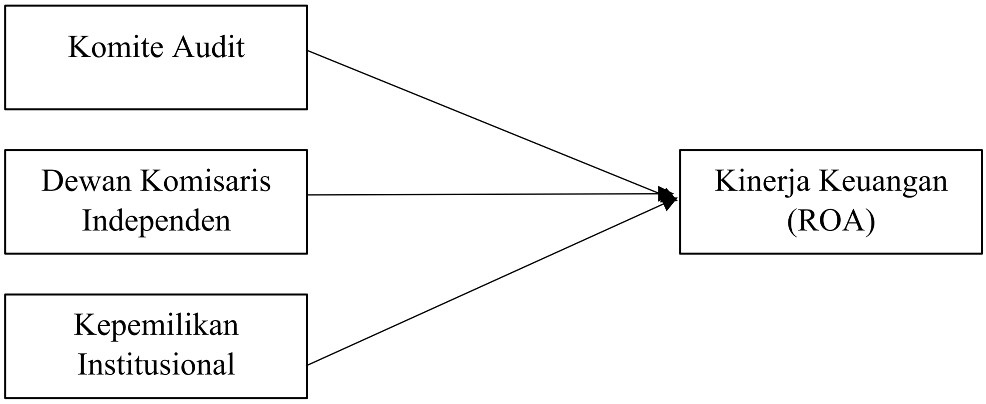
Independent Board of Commissioners is a staff of the board of commissioners who is none other than from internal management. Based on the sharia, they are considered qualified as independent commissioners in accordance with the provisions set by the financial services authority. If the scale of the independent board of commissioners in a business is larger, this

will encourage a more objective and effective attitude in protecting the interests of the company's stakeholders. In addition, the level of supervision of the board of directors will also be more thorough, and the board of directors has more alternatives in decision making. As a result, the opportunity for fraud by the board of directors is reduced, so that the company's financial performance can be better and more controlled. This statement is supported by a study by (Damanik & Pumamasari, 2022) which found that an independent board of commissioners can have a positive impact on financial performance. This study is also supported by (Ruslim & Santoso, 2018), and (Setiawan & Setiadi, 2020) which states that independent commissioners have a positive impact on financial performance. In this regard, the author develops a second hypothesis:
H2: The Independent Board of Commissioners has an impact on the company's financial performance.

Institutional ownership plays an important role in the business world. They are not only involved in the company's long-term strategic decision-making but also become advocates for change with the aim of improving company performance. According to research (Wibowo, 2016), institutional ownership in a company has two main advantages. First, they have competent expertise in reviewing information, so they are able to evaluate the data capabilities provided by the company. Second, they have significant incentives to implement tighter monitoring of company activities (Jamil et al., 2019). As a result, the function and benefits of institutional ownership in encouraging efficient corporate governance and long-term success are greater if the percentage of institutional ownership in a company is higher. This statement is supported by the results of a study by (Adi & Suwati 2022) showing that institutional ownership has a positive effect on the company's financial performance. This finding is also supported by research (Nurdiwaty et al., 2019), which found something similar. In this regard, the author develops the third hypothesis:
H3: Institutional ownership has an effect on the company's financial performance.

In this study, the author applies a research method based on numerical or statistical data analysis, namely quantitative. The type of *explanatory research* or explanatory research is used to provide an explanation of the relationship between various variables and identify the factors that influence the variables being studied. This study collects data from the annual and financial reports of food and beverage companies for the period 2021-2023, which are listed on the Indonesia Stock Exchange (IDX), where the data collection can be accessed and downloaded through its official website, www.idx.co.id. The research was conducted during March - May 2024, starting from the preparation of the research proposal, collection of research data, to the final stage in preparing the final report of the proposal.

Based on the background and theoretical basis that has been explained previously, a conceptual framework can be created regarding the influence of the audit committee, independent board of commissioners and institutional ownership (independent variables) on company profitability as measured by ROA (dependent variable) which is presented in Figure 1 below:



Source: Author's Processing
Picture 1. Research Framework

In this study, the author applies a research method based on numerical or statistical data analysis, namely quantitative. The type of *explanatory research* or explanatory research is used to provide an explanation of the relationship between various variables and identify the factors that influence the variables being studied. This study collects data from the annual and financial reports of food and beverage companies for the period 2021-2023, which are listed on the Indonesia Stock Exchange (IDX), where the data collection can be accessed and downloaded through its official website, www.idx.co.id. The research was conducted during March - May 2024, starting from the preparation of the research proposal, collection of research data, to the final stage in preparing the final report of the proposal.

The data collected includes annual reports of food and beverage sector companies for the period 2021-2023. Data were collected using a purposive sampling method, which is a sample selection technique based on certain criteria. There are 95 food and beverage sector companies listed on the Indonesia Stock Exchange in 2021-2023, there are 41 companies that did not publish their financial reports in 2021-2023, 13 companies whose financial reports experienced losses in 2021-2023, and 8 companies did not have complete data related to the research variables so that 33 companies were obtained that met the criteria. The study was conducted by observing the annual and financial reports of food and beverage companies listed on the IDX in 2021-2023 (3 years) so that 99 research samples were obtained. This study uses two types of variables: dependent variables and independent variables. The dependent variable, which is measured is Financial Performance (ROA). Meanwhile, the independent variables consist of the Audit Committee (X1), Independent Board of Commissioners (X2), and Institutional Ownership (X3).

Table 1. Operational Variables

Variable Name	Measuring instrument	Scale
Financial Performance (ROA)	ROA = $\frac{Laba\ Bersih}{Total\ Aset}$x 100%	Ratio
Audit Committee	Audit Committee =$\sum Anggota\ Komite\ Audit$	Nominal
Independent Board of Commissioners	Independent Commissioner = $\frac{Jumlah\ Komisaris\ Independen}{Jumlah\ Komisaris\ Perusahaan}$x 100%	Ratio
Institutional Ownership	Institutional Ownership = $\frac{Kepemilikan\ saham\ institusi}{Jumlah\ saham\ yang\ beredar}$x 100%	Ratio

Source: Author's Processing

In this analysis, the data was processed using SPSS version 26 with an analysis method that includes several stages of statistical tests. First, a classical assumption test was carried out which includes: normality test to ensure that the data is normally distributed; multicollinearity test to check for high correlation between independent variables; heteroscedasticity test to detect the presence or absence of non-constant residual variance; and autocorrelation test to detect autocorrelation in the residuals. Furthermore, multiple linear regression analysis was carried out to evaluate the relationship between the independent variables and the dependent variable. This study uses the t-test to test the significance of each regression coefficient, and the F-test to evaluate the significance of the overall regression model. In addition, the coefficient of determination (R Square) is used to measure the extent to which the dependent variable can be explained by the independent variables in the model. The results of this method provide in-depth information about the influence and relationship between the research variables studied.

RESULTS AND DISCUSSION

Classical Assumption Test

The normality test is a statistical tool used to determine whether the independent variable, dependent variable or both in a regression model have a data distribution that approaches a normal distribution or not. (Ghozali, 2018). This test is carried out using the One Sample Kolmogorov Smirov Test and the analyst by looking at the histogram and normal probability plot.

Table 2. Normality Test Results

	Unstandardized Residual
N	99
Mean	.0000000
Std. Deviation	412.19156732
Absolute	.086
Positive	.086
Negative	-.053
Test Statistics	.086
Asymp. Sig. (2-tailed)	.069 [c]

Source: processed data from SPSS 26

In Table 2, the normality test using the One-Sample Kolmogorov-Smirnov Test shows that the residuals of the regression model do not deviate significantly from the normal distribution (Asymp. Sig. = 0.069). With this value greater than 0.05, it can be concluded that the residual data is normally distributed.

Table 3. Autocorrelation Test Results

R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
.373 [a]	.139	.112	418.64927	1,381

Source: processed data from SPSS 26

Based on table 3, the results of the autocorrelation test for this regression model show a Durbin-Watson value of 1.381. This value is close to 2, although slightly lower, this indicates that there is no serious autocorrelation problem in this regression model. These results indicate that the regression model used in this study does not experience autocorrelation problems, so that the results of the regression analysis are reliable and are not influenced by serial correlation in the residuals. In addition, the regression model also shows a value of R = 0.373 and R Square = 0.139. This means that 13.9% of the variation in Return on Assets can be explained by the independent variables in the model, namely the Audit Committee, Independent Board of Commissioners, and Institutional Ownership. Adjusted R Square of 0.112 indicates that after adjusting for the number of independent variables in the model, 11.2% of the variation in Return on Assets can be explained by this model.

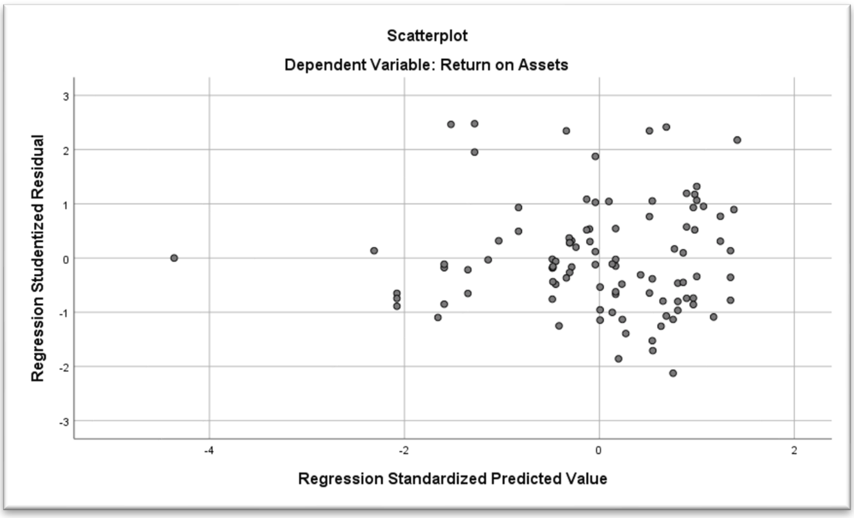
Table 4. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
Audit Committee (X1)	.924	1,082
Independent Board of Commissioners	.921	1,085
Institutional Ownership (X3)	.990	1,010

Source: processed data from SPSS 26

The multicollinearity test aims to identify whether there is a correlation between independent variables in the regression model. (Ghozali, 2018). To detect multicollinearity in the regression model, it can be done through the tolerance value and VIF value. There is a general rule in multicollinearity analysis, namely if the tolerance value ≤ 0.10 or the VIF value ≥ 10 means there is significant multicollinearity. Conversely, if the tolerance value ≥ 0.10 or the VIF value ≤ 10, then it is usually considered that there is no significant multicollinearity problem.

Table 4 shows the results that the Audit Committee has a Tolerance value of 0.924 and a VIF value of 1.082. A Tolerance value close to 1 and a VIF value close to 1 indicate that there is no significant multicollinearity between the Audit Committee variable and other independent variables in the model. The Independent Board of Commissioners has a Tolerance value of 0.921 and a VIF value of 1.085. Like the Audit Committee, these values also indicate that the Independent Board of Commissioners variable does not experience significant multicollinearity with other independent variables. Institutional Ownership has a Tolerance value of 0.990 and a VIF value of 1.010. These values indicate that the Institutional Ownership variable does not experience multicollinearity with other independent variables. Overall, the results of the multicollinearity test indicate that there is no significant multicollinearity between the independent variables in this regression model.



Source: processed data from SPSS 26

Picture 2. Scatterplot Graph

The heteroscedasticity test in Figure 2 shows a scatterplot that is spread randomly and does not form a particular pattern. This indicates that there is no heteroscedasticity in the data, so that the variance of the residual is constant.

Hypothesis Testing

Multiple linear regression analysis is a statistical method used to understand the linear relationship between two or more independent variables and one dependent variable in a model. The main purpose of this analysis is to determine whether each independent variable has a positive or negative effect on the dependent variable, and to what extent these variables can be used to predict whether the value of the dependent variable will increase or decrease (Ghozali, 2018). Meanwhile, hypothesis testing is carried out using the determination coefficient test (R2), simultaneous regression coefficient test (F statistical test), and partial regression coefficient test (t statistical test).

Table 5. Partial Hypothesis Test Results

Coefficients					
Partial Hypothesis Test	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Audit Committee	-183,149	218,821	-.083	-.837	.405
Independent Board of	-14,438	5,782	-.248	-2,497	.014
Institutional Ownership	5,742	2,523	.218	2.276	.025

Source: processed data from SPSS 26

Based on the results of the hypothesis test in Table 5, the partial test (t-test) shows that the influence of the independent variables on the dependent variable varies. The Audit Committee (X1) has a regression coefficient of -183.149 with a significance value of 0.405> 0.05, so it can be concluded that the Audit Committee does not have a significant influence on Return on Assets (ROA), **so H1 is rejected**. Thus, it can be concluded that the existence or number of audit committees in a company does not directly increase or decrease the company's profitability. The results of this study support the findings of (Irma, 2019) which state that the audit committee has no influence on the company's financial performance (ROA). This is because the increasing number of audit committees in a company can result in increased control and supervision actions, but differences of opinion between audit committees, especially due to diverse educational backgrounds, as well as limited understanding of accounting science in preparing financial statements, can lead to decisions that are not always in line. The impact is the possibility of failure to improve the company's financial performance. Another factor is that the selection of the audit committee by the board of commissioners based on family or business interests can result in a lack of independence in carrying out its duties, harm the company's order, and create conditions that are not conducive. However, this finding is inconsistent with research conducted by (Addina et al., 2023) which shows the results of its analysis that the audit committee has an effect on the company's financial performance, this is due to the responsibilities of the audit committee which include supervision of financial reports, external audits, and ensuring compliance with the internal control system (including internal audits).

Independent Board of Commissioners (X2) shows different results with a regression coefficient of -14.438 and a significance value of 0.014 <0.05, indicating that the Independent Board of Commissioners has a significant negative effect on ROA. **So H2 is accepted**. The results of this study are in line with the research presented by (Oktaviani et al, 2020) and (Handayani, 2013) which states that the independent board of commissioners has a negative and significant effect on the company's financial performance (ROA). This is because the greater the proportion of independent board of commissioners in a company, the greater the differences in the types of expertise and experience possessed by each independent board of commissioners, this can cause problems in communicating and making inappropriate decisions for the company. In the appointment of an independent board of commissioners, it is only carried out to fulfill the legal provisions in the country but not to apply the principles of good corporate governance in the company, as a result it can cause the independent board of commissioners to be unable to act independently or not fully focus on the interests of the company, the company's business activities do not run effectively, the implementation of strategies in the company is not guaranteed accountability. In addition, the selection of an independent board of commissioners based on family, business, and management relationships in the GMS can reduce their professionalism in carrying out company activities. However, this finding is inconsistent with research conducted by (Ilma, 2021) which shows the results of his analysis that the independent board of commissioners has a positive and significant effect on the company's financial performance because the more independent boards of commissioners there are, the more the supervisory function of the actions taken by the independent board of commissioners itself will increase. Thus, the principle of independence to oversee the policies of the board of directors can be realized optimally, so that the independent board of commissioners can influence the company's financial performance.

Institutional Ownership (X3) also shows a significant effect on ROA with a regression coefficient of 5.742 and a significance value of 0.025 <0.05, indicating that Institutional Ownership has a significant positive effect on ROA. **So H3 is accepted**. The results of this study support the findings of (Rizki & Wuryani, 2021) which show the results of their analysis that the greater the institutional ownership in a company, the better the company's financial performance. This positive influence indicates that institutions that own company shares, such as financial institutions, pension funds, and insurance companies, can make a positive contribution to improving the company's financial performance. Institutional ownership can reduce agency problems, where there is a potential conflict of interest between shareholders and management, by ensuring that decisions taken by management are in the best interests of shareholders.

However, this finding is inconsistent with research conducted by (Khoirunnisa & Karina, 2021) which states that institutional ownership has no effect on the company's financial performance (ROA). This is because majority share ownership is less professional in carrying out the task of overseeing the management of the company optimally, so that there will be abuse of power in controlling the company. In this case, majority share ownership may cooperate between company managers in order to gain their own benefit, ignoring the interests of minority shares in the company.

Table 6. Results of Simultaneous Hypothesis Testing

ANOVA [a]					
Model	**Sum of Squares**	**Df**	**Mean**	**F**	**Sig.**
Regression	2689533.869	3	896511	5.115	.003 [b]
Residual	16650385.041	95	175267		
Total	19339918.909	98			

Source: processed data from SPSS 26

Furthermore, the results of the simultaneous test (F test) in Table 6 show that the overall regression model is significant in explaining the variability of ROA. With a calculated F value of 5.115 and a significance value of 0.003 <0.05, it can be concluded that the independent variables simultaneously have a significant effect on ROA. This means that overall, the variables of the Audit Committee, Independent Board of Commissioners, and Institutional Ownership together have a significant effect on the company's financial performance as measured by ROA.

Table 7. Results of the Determination Coefficient Test

Model Summary [b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.373 [a]	.139	.112	418.64927

Source: processed data from SPSS 26

The coefficient of determination (R Square) value in table 7 of 0.139 indicates that 13.9% of ROA variability can be explained by a regression model that includes the Audit Committee, Independent Board of Commissioners, and Institutional Ownership. While the rest is explained by other variables that cannot be examined in this study.

CONCLUSION

Good Corporate Governance (GCG) has a significant influence on the financial performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period. The results of the study show that institutional ownership has a significant positive impact on the company's financial performance, as measured by Return on Assets (ROA). This shows that institutional ownership plays an important role in increasing the effectiveness of management supervision, which in turn improves the efficiency and financial performance of the company. Conversely, the independent board of commissioners has a significant negative influence on financial performance, which may indicate obstacles in the implementation of effective supervisory functions. The audit committee, although expected to strengthen the internal supervisory mechanism, did not show a significant influence on the company's financial performance.

Improvements that can be made generally involve strengthening the implementation of GCG by increasing the role of institutional ownership and adjusting the structure of the independent board of commissioners. In addition, efforts are needed to optimize the function of the audit committee so that it can provide a greater contribution to improving the company's financial performance. In a broader context, these findings emphasize the importance of implementing appropriate GCG principles in the industry to achieve optimal and sustainable financial performance. This study provides empirical evidence that supports the importance of GCG in creating sustainable economic value for the company and its stakeholders.

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