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THE INFLUENCE OF GCG AND COMPANY SIZE ON FINANCIAL PERFORMANCE IN CIGARETTE COMPANIES LISTED ON THE IDX IN 2019-2023

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Abstract: Financial performance is a measure that shows the financial health of a company during a certain period. Analyzing the influence of GCG and company size on financial performance is the purpose of this research. This study employs purposive sampling, with four companies serving as the sample. The data analysis technique uses multiple linear regression analysis, and the analysis technique to test the hypothesis uses the F test, t test, and the coefficient of determination test (R^2). The results of hypothesis testing and discussion show that the Board of Directors, Independent Commissioner, Audit Committee, Institutional Ownership, and Company Size simultaneously affect financial performance. While partially the Independent Board of Commissioners has a significant effect on financial performance, while the Board of Directors, Audit Committee, Institutional Ownership, and Company Size have no significant effect on financial performance.

Keywords: Financial Performance (ROA), Board of Directors, Independent Commissioner, Institutional Ownership, Company Size.

INTRODUCTION

Introduction

Manufacturing companies, namely companies that operate in processing raw materials into final products, play a very important role in the economic world. This is because the manufacturing sector is able to make a major contribution to the country through job creation, meeting the needs of the community, increasing income for the community and the country. Manufacturing companies play a role in the growth of GDP in Indonesia. Based on data from BPS, the economy Indonesia in 2023 grew by 5.05%, the manufacturing industry itself is the industrial sector that contributes most to GDP, which is 18.67%. One of the manufacturing industries that contribute greatly to the country is the cigarette industry sector. Indonesia is categorized as the country with the biggest smokers in the world. In 2021, based on the results of a global survey by the Global Adult Tobacco Survey (GATS), it was found that there was a material increase in the number of smokers, namely by 8.8 million people over the past 10 years. According to statistical data by the Central Bureau of Statistics (BPS) there was an increase in the percentage of smoking in the population over 15 years from 2022 to 2023, which was 28.26% to 28.62%. In addition, Indonesia is the Asian country with the highest percentage of male smokers in the world at 70.5%, which means there are only 29.5% of men in Indonesia who do not smoke.

The cigarette industry sector in its operational activities able to contributing to state revenue from 2 types of sources, namely through tax and excise deposits. Cigarettes are able to contribute 3 types of taxes to the state, namely value added tax (VAT), local tax or cigarette tax, income tax (PPh) from cigarette workers and also excise for the state. This causes the cigarette industry sector to become a supporter of state revenue. According on the annual report of the Ministry of Finance of the Republic of Indonesia in 2022, taxes are the biggest contributor to state revenue. In 2022 tax revenue amounted to Rp2,043,754,141,576,977 from total state revenue of Rp 2,091,587,233,227,647, in tax revenue it also includes excise revenue. The largest excise contribution is obtained from excise tax on tobacco products, one of which is cigarettes.

Table 1
Exercise Revenue in 2021-2022

Type of Excise Tax	Year	
	2021	2022
Tobacco Products	Rp 188,81 Trillion	Rp 218,62 Trillion
Ethyl Alcohol	Rp 0,11 Trillion	Rp 0,13 Trillion
MMEA	Rp 6,50 Trillion	Rp 8,07 Trillion
Adm. Excise	Rp 0,07 Trillion	Rp 0,04 Trillion
Other Excise	Rp 0,02 Trillion	Rp 0,02 Trillion
Plastic & MBDK	Rp 0,00 Trillion	Rp 0,00 Trillion

Source: Ministry of Finance Annual Report 2022, processed (2024)

Basically, cigarettes are a big source of income for the country, but cigarettes are also a threat for public health. According to the World Health Organization (2023) smoking is a disease-spreading epidemic that poses the greatest threat to public health worldwide, killing 8 million people every year and 1.3 million of them are passive smokers. According to Handayani (2023: 194) smoking is one type of smoked tobacco consumption, which causes dangerous and infectious diseases that are at risk of death. A study by WHO in 2022 said that smoking will worsen the condition of people infected with COVID-19 and can be categorized into intensive care units or even death.

One of the government's policies as an effort to minimize cigarette consumption is to increase CHT. CHT is an excise tax imposed on tobacco processing products which include cigarettes, cigars, leaf cigarettes, sliced tobacco, and other processed tobacco products. The CHT rate for cigarettes experienced an average increase of 10% in 2023 and 2024, hand-rolled clove cigarettes (SKT) experienced a maximum increase of 5%, e-cigarettes increased by an average of 15% for 2023 and 6% for 2024. The increase in CHT rates certainly has an impact on the retail price of cigarettes which have also increased. This is experienced by PT Gudang Garam, which experienced an increase from 2020 to 2023 in the amount of excise tax, VAT, and cigarette tax per pack.

Tabel 2
Exercise, VAT, and Cigarette Tax at PT. Gudang Garam

Year	Profit (In Millions)
2019	Rp 10,880,701
2020	Rp 7,647,729
2021	Rp 5,605,321
2022	Rp 2,779,742

Source: Annual Report PT Gudang garam 2022, processed (2024)

This increase caused Gudang Garam's sales volume to decline in 2022. In 2022 the sales volume of PT Gudang Garam decreased by 9.4%, this decrease was due to lower middle level buyers preferring cigarettes with lower prices. The increase in the CHT tariff is a breath of fresh air for tobacco farmers as it increases their income but has a negative impact on cigarette issuers. The upgrade in cigarette excise tax has made it difficult. The upgrade in cigarette excise causes the company to find it difficult to create net profit so that the companys's profit will be in danger of decreasing, besides that the value of cigarette issuer shares will also be in danger of decreasing. From 2019 to 2022, PT Gudang Garam's profit has decreased quite drastically.

Table 3
PT Gudang Garam's profit 2019-2022

Excise, VAT, and Cigarette/Pack Taxes				
Segment	**2020**	**2021**	**2022**	**2023**
SKT 12 Trunk	Rp 5.466	Rp 5.466	Rp 5.903	Rp 6.250
SKM 12 Trunk	Rp 11.264	Rp 13.274	Rp 15.267	Rp 16.976

Source: Annual Report PT Gudang Garam 2022, processed (2024)

Based on this description, cigarette companies are required to *survive* in conditions that greatly suppress the sustainability of their business. These conditions are very threatening to company finances, so company management is required to provide the right policies to overcome the problems that arise. Therefore, the role of Good Corporate Governance (GCG) is very influential in this condition. In GCG there is a board of directors of the corporation that functions to manage and maintain the stability of the company. The company's board of directors directly influences internal management because their decisions significantly impact the organization's overall performance (Sani, 2020: 64). The existence of GCG can overcome problems related to agency (Abdul Malik, 2022: 2,696). The existence of dissimilarity in benefit between agents and principles leads to agency problems. In agency theory, two terms are known, namely principle and agent, the principle is the owner of the corporation and the agent is the party trusted by the principle to manage the company based on predetermined goals.

In previous studies with research objects on cigarette issuers by Aini et al., (2021) regarding the analysis of industry performance using the profitability ratio approach, among others ROE, ROA, NPM, and GPM show the results that the performance of the cigarette industry has been quite good where Hanjaya Mandala Sampoerna is the company with the best industry performance. Then research by Dewi & Gustyana, (2020) which analyzed the impact of GCG on firm value and financial performance as a moderating variable resulted that simultaneously and significantly the relationship between firm value and GCG was able to be moderated by financial performance. However, after the increase in CHT tariffs which resulted in a decrease in cigarette company profits, the analysis results regarding the performance of cigarette companies is likely to change. Then research on the influence of GCG on financial performance in sectors other than cigarettes conducted by Abdul Malik, (2022), this study found that the board of directors, board of commissioners, institutional ownership, and management ownership significantly affect financial performance. However, the audit committee has no valueable impact. However, research by Hartati, (2020) the board of commissioners has no impact on financial performance. so that there is a research *gap* due to the different results of the two studies. Based on the explanation above, the author is interested in investigating the relationship between corporate governance practices and company size, as well as how these factors influence financial performance. GCG is represented by the number of directors, the number of independent commissioners, the number of audit committees, and institutional ownership. While company size is analyzed through the company's sales volume and financial performance is measured based on Return on Assets (ROA), with the title **"The**

Influence of GCG and Company Size on Financial Performance in Cigarette Companies Listed on the IDX 2019-2023".

Research Purpose

This research aims to:

1. Analyze the effect of the board of directors on financial performance.
2. Analyze the impact of the independent board of commissioners on financial performance.
3. Analyze the influence of the audit committee on financial performance.
4. Doing analyze the influence of institutional ownership on financial performance.
5. Analyzing the influence of firm size on financial performance
6. Analyzing the effect of independent variables on the dependent variable simultaneously.

LITERATURE REVIEW

Good Corporate Governance (GCG)

According to Sudarmanto et al., (2021:5) A system and procedure regarding the correlation between parties with interests, namely stockholders, the board of commissioners, and the board of directors is called GCG. GCG recognizes 5 principles, namely, openness, accountability, responsibility, independence, and fairness. GCG in the company is carried out by the company organs of the company, namely the RUPS, directors, commissioners, and audit committees as supporting organs. commissioners. RUPS is a forum for shareholders to form policies related to investment based on applicable policies and regulations. The directors is the main internal structure in the company that is tasked with managing the company with external parties or within the court. The performance of directors is supervised by commissioners, including independent commissioners who are not related to the directors, other commissioners or shareholders. In fulfilling its responsibilities, the board of commissioners is assisted by an audit committee. The audit committee oversees the management of the company and ensures that it is in accordance with Good Corporate Governnace (GCG) and ensure that the presentation of financial statements is held out based on applicable standards.

Agency Theory

Agent theory was discovered by Jensen and Meckling in 1976, with the aim of developing governance. Agency theory is formed build on the difference in interests between the agent and the principle (Sudarmanto et al., 2021: 12). According to Solikhah & Suryandani, (2022: 113) in agency theory the principle and agent are related to each other, the agent is trusted by the principle to run the company properly so that the company's performance can be maximized in accordance with the principle's objectives. Agency theory serves to maintain and provide symmetrical information between the principle and the agent so that there is no conflict of interest.

Institutional Ownership

The number of shares owned by an institution is called institutional ownership. According to (Setiawan & Setiadi, 2020:14) institutional ownership is very important for management supervision because it can maximize supervision. The existence of better and optimal supervision results in the company having pressure to generate profits and maximize the corporation's financial performance.

Firm Size

Companies can be classified into big or small based on certain criteria, such as total assets, sales, stock market value, and average sales leverl, this is known as company size (Syuhada et al., 2020:324). Firm size has a huge impact on the company’s company's operational activities, for example in terms of obtaining venture capital. Companies that are classified as large tend to find it easier to obtain business capital, business loans or investments from external parties.

Financial Performance

Financial performance reflects the company's success in achieving its goals, as measured by the outcomes of its various activities (Aprilya Tobing, 2019:104). Financial performance can also be used as a reference to measure the quality of company performance. GCG system can affect the company's financial condition. According to (Kyere & Ausloos, 2021:872) financial performance has a positive correlation with corporate governance. Financial performance can be analyzed with financial ratios. According to Husnan & Pudjiastuti, (2015: 75) there are 5 types of financial ratios, including:

1. Profitability Ratio
   The company’s capability to generate profit by taking into account its sales revenue, assets, and equity is measured using profitability ratios.
2. Asset Management Ratio
   The organization's ability to manage assets is measured using asset management ratios.
3. Money Management Ratio
   The organization's ability to manage funding from loans is measured using the debt management ratio.
4. Liquidity Ratio
   The organization’s ability to fulfill its long-term obligations is measured using liquidity ratio.
5. Market Value Ratio
   Market value ratios help capital markets evaluate companies.

RESEARCH METHODOLOGY

This research employs a causal quantitative, namely study to determine the causal relationship between research variables (Sugiyono, 2020:66). Quantitative methods were chosen for this research, quantitative methods are systematic research on the components and relationships of phenomena (Ahyar & Juliana Sukmana, 2020:240). This causal quantitative research aims to answer research problems related to the increase and decrease in the corporation's financial performance, especially in the cigarette sub-sector.

This research uses quantitative data. The data needed in this research are the amount of directors, the amount of independent commissioners, the amount of audit committees, the amount of institutional ownership, financial statements consisting of balance sheets and income statements. This research also requires qualitative data in the form of company company profiles.

This research uses secondary data sourced from publicly available information. The data includes annual reports and financial reports obtained from the IDX website and the websites of selected sample companies. The population of this study is cigarette sub-sector corporations registered on the IDX in 2019-2023. In this study, the sample consisted of four companies. The sampling procedure for this research is purposive sampling method. Technique purposive samples are usually adjusted based on research objectives by considering certain criteria (Abdul Malik, 2022: 698). The following are the criteria for determining the sample in this research:

1. Cigarette sub-sector corporations registered on the Indonesia Stock Exchange (IDX) in 2019-2023.
2. Corporations that published audited annual financial report in 2019- 2023.
3. Tobacco sector companies that provide complete data.

This study gathers data through a combination of literature review and documentation methods. The literature review, which involves analyzing books and journals, is a key component of data collection for this research, while data obtained from documented data is called the documentation data collection method (Abdul Malik, 2022:699).

The data in this research is analyzed with IBM SPSS software. The research data that has been tabulated will then be analyzed with descriptive statistical analysis to describe the research data into information to make it easier to understand. Then the data will be tested for classical assumptions to assess whether the data is normally distributed and the regression model formed is correct. The classic assumption tests in this research are normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test.

The next step if the data has passed the classical assumption test, the hypothesis will be tested with the t test, f test, and the coefficient of determination test (R^2). Furthermore, the data will be analyzed by multiple linear regression analysis to assess the correlation between the independent variable and the dependent variable. The regression formulation is:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + e$$

RESULTS AND ANALYSIS

Descriptive statistics regarding the description of research variables. The outcomes of descriptive statistical analysis are stated in table 4.

Table 4
Descriptive Statistical Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DD	20	2	9	5.60	2.437
DKI	20	1	3	1.65	.587
KA	20	3	3	3.00	.000
KI	20	.00	197.45	56.7515	54.00824
UP	20	167	124881	56699.00	57010.328
ROA	20	-1.56	26.96	9.3870	6.97968
Valid N (listwise)	20				

Source: Processed SPSS output, 2024

The following is an explanation of the table above:

1. The board of directors (DD) variable has the least number of 2 people at PT Indonesian Tobacco Tbk, has the largest number of 9 people at PT Gudang Garam Tbk. The mean value is 5.60 and greater than the standard deviation of 2.437 which indicates an even distribution of data.
2. The independent commissioners variable (DKI) has the least number of 1 people at PT Indonesian Tobacco Tbk, and the maximum number of 3 people at PT Hanjaya Mandala Sampoerna Tbk. The mean value of 1.65 is higher than the standard deviation of 0.587 which indicates that the data distribution is evenly distributed.
3. The audit committee variable (KA) has the highest and lowest value of 3, because the amount of audit committees in the 4 companies sampled is the same. The mean value of 3 is higher than the standard deviation of 0.000, which show that the data distribution is

evenly distributed.

4. The institutional ownership variable (KI) has the smallest value of 0.00 at PT Wismilak Inti Makmur Tbk, and has the biggest value of 197.45 at PT HM Sampoerna Tbk. The mean value is 56.7515 and higher than the standard deviation of 54.00824 which indicates an even distribution of data.
5. The company size variable (UP) has the smallest value of 167 at PT Indonesian Tobacco Tbk, and the largest value is 124,881 at PT Gudang Garam Tbk. The mean value of 56699,00 is lower than the standart deviation of 57010,328 which show that the data distribution is uneven.
6. The financial performance variable (ROA) has the smallest value of -1,56 at PT Indonesian Tobacco Tbk, and the largest value of -1,56 at PT Indonesian Tobacco Tbk. The highest value is 26,96 at PT Hanjaya Mandala Sampoerna Tbk. The mean value of 9,3870 is higher than the standard deviation of 6,97968 which show that the data distribution is evenly distributed.

To determine the accuracy and level of consistency of the regression model, it is necessary to test the classical assumptions. In testing the classic assumptions, the audit committee variable was removed from the analysis because the number was constant.

Table 5
Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-8.596	4.247		-2.024	.061		
	DD	.389	.927	.136	.419	.681	.196	5.115
	DKI	11.352	3.791	.955	2.994	.009	.201	4.963
	KI	.051	.052	.396	.980	.342	.126	7.965
	UP	.000	.000	-.840	-1.999	.064	.116	8.613

a. Dependent Variable: ROA

Source: Processed SPSS output, 2024

Based on table 5, all variables are declared free of multicollinearity because the tolerance value ≥ 0.100 and the VIF value ≤ 10.

Table 6
Autocorrelation Test

Runs Test

	Unstandardized Residual
Test Value[a]	-.04189
Cases < Test Value	10
Cases >= Test Value	10
Total Cases	20
Number of Runs	9
Z	-.689
Asymp. Sig. (2-tailed)	.491

Source: Processed SPSS output, 2024

Based on table 6, the resulting Asymp. Sig (2-tailed) value of 0.491> 0.05, so the research model used does not have autocorrelation.

Table 7
Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		20
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.86975329
Most Extreme Differences	Absolute	.092
	Positive	.092
	Negative	-.089
Test Statistic		.092
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Processed SPSS output, 2024

From the outcomes of the data processing above, the Asymp. Sig (2-tailed) 0,200 > 0,05, it can be concluded that the data is normally distributed.

Table 8
Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.859	2.004		.927	.368
	DD	.718	.438	.846	1.641	.122
	DKI	-.820	1.789	-.233	-.459	.653
	KI	-.013	.025	-.349	-.542	.596
	UP	-1.026E-5	.000	-.283	-.423	.679

a. Dependent Variable: ABS_RES

Source: Processed SPSS output, 2024

From the outcomes of data processing above, it can be decided that there is no heteroscedasticity because the significance value of 4 variables > 0.05.

The model feasibility test determines if the chosen regression model is suitable or not. In the model feasibility test, the audit committee variable was removed because the number was constant.

Table 9
Statistical test of F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	641.078	4	160.269	8.449	.001[b]
	Residual	284.525	15	18.968		
	Total	925.602	19			

a. Dependent Variable: ROA
b. Predictors: (Constant), UP, DKI, DD, KI

Source: Processed SPSS output, 2024

Based on the F statistical test, the significance value is 0.001 <0.05 and the value of f_{count}> f_{table} (8.449> 3.06), so it can be decided that the independent variables simultaneously effect financial performance.

Table 10
Statistical t Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-8.596	4.247		-2.024	.061
	DD	.389	.927	.136	.419	.681
	DKI	11.352	3.791	.955	2.994	.009
	KI	.051	.052	.396	.980	.342
	UP	.000	.000	-.840	-1.999	.064

a. Dependent Variable: ROA

Source: Processed SPSS output, 2024

From the data processing, it is concluded as follows:

1. The board of directors (DD) variable does not significantly influence financial performance, because it has a significance value of 0.681> 0.05.
2. The independent board of commissioners (DKI) variable significantly affects financial performance because it has a significance value of 0.009 <0.05.
3. The institutional ownership variable (KI) does not significantly affect financial performance, because it has a significance value of 0.342> 0.05.
4. The company size variable (UP) does not significantly affect financial performance, because it has a significance value of 0.064> 0.05.

Table 11
Coefficient of Determination (R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832[a]	.693	.611	4.35526

a. Predictors: (Constant), UP, DKI, DD, KI

Source: Processed SPSS output, 2024

From the outcomes of the analysis, it is known that the Adjusted R^2 is 0.611. These results describe the independent variables consisting of directors, independent, commissioners, institutional ownership, and company size are able to describe financial performance by 61,1%. While the other 38,9% is caused by other varibles besides the varibles in this research.

Table 12
Multiple Liniear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-8.596	4.247		-2.024	.061
	DD	.389	.927	.136	.419	.681
	DKI	11.352	3.791	.955	2.994	.009
	KI	.051	.052	.396	.980	.342
	UP	.000	.000	-.840	-1.999	.064

a. Dependent Variable: ROA

Source: Processed SPSS output, 2024

From the outcomes of the analysis above, the formulation is as follows:

ROA = -8.596 + 0.389DD + 11.352DKI + 0.051KI + 0.000UP

Based on the formulation above, the correlation between variables is presented as follows:

1. The constant value of -8.596 means that if the independent variable is 0, the dependent variable is -8.596.
2. The regression coefficient of directors (DD) is 0.389. This result means that if the board of directors increases then it will result in an rise in ROA worth 0.389.
3. The regression coefficient of the independent commissioners (DKI) is at 11.352. This result means that if the independent commissioners increases, ROA will increase by 11.352.
4. The regression coefficient of the institutional ownership variable (KI) is at 0.051. This result means that if institutional ownership increases, ROA will rise by 0.051.
5. The regression coefficient of the company size variable (UP) is positive 0.000. This result means that if the company size increases, it does not result in an rise or reduce in ROA.

Based on the outcomes of analysis, the explanation of each variable is described as follows:

1. The results of statistical testing showed that the directors has a positive and insignificant impact on financial performance. The outcame mean that if the directors increases, it has an influence on increasing financial performance, but the impact is small or insignificant. This condition occurs because there are companies that have a small quantity of boards of directors and double positions. The existence of double positions causes the workload of the directors to be higher and its performance is not optimal so that the duty of the directors is not carried out properly. However, when viewed in relation to financial performance, the directors has a positive impact on financial performance. conditions occur because the responsibilities of the directors, namely monitoring and managing risk, increasing productivity and professionalism and protecting shareholder rights affect the corporation's financial performance. These outcome are in accordance with study from Pringgo Rahardjo & Wuryani, according to Pringgo Rahardjo & Wuryani, (2021) this condition is due to the existence of a small board of directors and concurrent positions so that the performance of the directors is not specific and is divided into several focuses, so their performance is not optimal.
2. The outcome of statistical testing showed that the independent commissioners had a positive and significant impact on financial performance. This means that if the size of the independent board of commissioners increases, it will result in an rise in ROA and the effect is large or significant. this condition occurs because the existence of an independent commissioners who hold the principles of fairness and objectivity in providing supervision of management will minimize irregularities and can increase the trust of investors to invest in the company, then the company's *financial performance* will rise. These outcomes are in accordance with study from, Abdul Malik, (2022), Solikhah & Suryandani, Setiawan & Setiadi (2020), according to Setiawan & Setiadi (2020) the total of the independent commissioners from the company's external environment who have expertise and experience will have an influence in improving the ability of the board of commissioners in fulfilling their duties and responsibilities.
3. The test results showed that the audit committee was removed from the classical assumption test, statistical tests, and regression analysis. This is because the quantity is

constant, so the audit committee variable loses its correlation with financial performance.

4. The test outcome indicate that institusional ownership has a positive and insignificant impact. This means that if institutional ownership rise, it will affect the increase in ROA or the corporation's economic performance but the impact is very small or insignificant. Institutional ownership has a positive effect on economic performance, this condition is because the existence of institutional shares results in management performance that will be more effective, accountable, transparent, and in accordance with applicable regulations because it is supervised by institutional shareholders. However, it has no significant effect because institutional shareholders have limited authority in managing the company, institutional shareholders only act as supervisors not implementers of applicable policies. This result is in line with research from Agassi Pringgo Rahardjo and Eni Wuryani, according to Pringgo Rahardjo & Wuryani (2021) institutional ownership has no effect on financial performance because institutional shareholders only act as supervisors without taking part and carrying out policies related to the company, where this task is the task of the company's directors and management.
5. The outcome of statistical testing indicate that firm size has a positive and insignificant effect. This means that if the company size rise, it will affect the rise in the corporation's economic performance. However, in this research, company size doesn't increase or decrease ROA. This condition is caused by two things, first when the size of the company (sales) experiences growth because it enters a new market with a new product but the new product is not able to compete in the market so that the firm's profit does not rise or its financial performance is stagnant. Second, if the size of the company has increased but the costs incurred have increased more significantly than its income so that its financial performance is stagnant.
6. Based on statistical testing, it is known that the independent variables have a simultaneous and significant impact on financial performance as the dependent variable. This is reinforced by the *Adjusted* R^2 result of 0.611. This result means that if the independent are able to explain the dependent variable by 61.1%, while the remaining 38.9% is influenced by variables other the variables used in this research.

CONCLUSION

This research investigated the influence of directors, independent commissioners, audit committee, institutional ownership, and company size on financial performance. We focused on four cigarette companies listed on the IDX, selected using purposive sampling. Our analysis revealed the following key findings:

1. The directors has a positive and insignificant ibfluence on economic performance.
2. The independent commissioners has a statistically significant and positive influence on economic performance.
3. The audit committee lost its correlation with economic performance in this study, this is because the number of audit committees was constant from 2019-2023 in all companies sampled.
4. Institutional ownership statistically has a positive and insignificant influence on economic performance.
5. Firm size has a statistically insignificant and positive impact on economic performance.

The shortcomings of this study are that the GCG proxy has not been fully studied, the measurement of the directors, independent commissioners, and audit committee variables is only from the number, and this research is only able to contribute 61.1% in describing the financial performance variable, while the shortfall of 38.9% is caused by other variables other than this research.

Based on these limitations, the authors suggest further research to add other GCG measurement proxies such as GCG principles and management ownership as well as other independent variables that are relevant in explaining financial performance. Then use the measurement of company organ variables based on educational background and experience, the number of board meetings, and board attendance at these meetings.

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