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RESEARCH ARTICLE

Corporate Governance and Financial Performance: Empirical Evidence with Firm Size as a Moderating Variable

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Abstract: This study examines the effect of Good Corporate Governance (GCG) mechanisms represented by the board of commissioners, board of directors, and audit committee on financial performance, while investigating firm size as a moderating variable. Previous studies provide inconsistent evidence regarding the effectiveness of GCG mechanisms in improving financial performance, particularly in the transportation and logistics sector, creating a research gap that this study seeks to address. From a theoretical perspective, this study extends agency theory by incorporating firm size as a moderating variable, which may influence the effectiveness of governance mechanisms in monitoring managerial actions. This is a quantitative study using secondary data from transportation and logistics companies listed on the Indonesia Stock Exchange for the period 2019-2024. The study population consisted of 38 companies, with a sample of 138 observations determined using purposive sampling techniques. Data analysis was performed using multiple linear regression and MRA. The results show that the board of directors has a positive and significant influence on financial performance. Meanwhile, the board of commissioners and audit committee have no direct influence. The moderation test shows that company size can strengthen the influence of the board of commissioners and audit committee on financial performance, but does not moderate the relationship between the board of directors and financial performance.

Keywords: Commissioners, Directors, Audit Committee, Financial Performance, Company Size

1. INTRODUCTION

The increasingly competitive and complex business world requires companies to maintain and improve their performance. Performance is a measure of a company's success in achieving its strategic objectives. The success of a company's performance is generally evaluated through its financial performance, which reflects the achievement of the company's economic objectives (Haryanto et al., 2025).

Financial performance is a picture of a company's financial condition obtained through an analysis process using various financial techniques and indicators (Dumanauw & Agung Suaryana, 2021). Indicators such as Return on Assets (ROA), Return on Equity (ROE), and other profit ratios are used to measure a company's ability to generate profits. Financial performance plays an important role because it forms the basis for management, investors,



and other stakeholders in evaluating the effectiveness of resource management and the health of the company.

The challenge of maintaining financial performance is greater for companies in the transportation and logistics sector, which have operational complexities and high capital requirements. This sector plays an important role in the Indonesian economy because it supports the smooth distribution of goods and services (Amalina, 2025). In addition, intense competitive pressure and demands for financial reporting transparency encourage companies in this sector to demonstrate performance that is not only stable but also credible in the eyes of investors.

The demand for transparency and credibility in financial reporting was reflected in the events surrounding PT Garuda Indonesia (Persero) Tbk in 2018. The company made adjustments to its financial reporting with the aim of maintaining the stability of its financial performance. Two commissioners refused to sign the financial statements because there was a recognition of revenue from a collaboration with PT Mahata Aero Teknologi worth approximately US\$239.94 million, which was still classified as a long-term receivable but had been recognized as current year revenue (CNBCIndonesia.com, 2021).

Based on this phenomenon, the drive to maintain a positive perception of financial performance can trigger management to adopt opportunistic accounting policies. This has the potential to reduce the quality of information presented to stakeholders and reduce investor confidence. Therefore, the implementation of Good Corporate Governance is important to ensure that every reporting process is carried out transparently (Farooque et al., 2020).

Good Corporate Governance is a system that regulates the relationships, rights, and obligations between shareholders, management, and other stakeholders, while also serving as a mechanism to guide and control the company in a responsible manner (Cadbury, 1992). The effective implementation of good corporate governance plays an important role in achieving optimal financial performance (Serly et al., 2023). Consistent implementation of good corporate governance encourages a more accountable decision-making process and minimizes potential irregularities in company management. Thus, company management can be more focused and aligned with the interests of all stakeholders.

The board of commissioners in the good corporate governance structure acts as a supervisory body that monitors management policies and performance to ensure that company management runs according to principles. In addition, the board of commissioners performs a representative function for the interests of shareholders in the company's supervisory process (Napitupulu et al., 2023). In carrying out these functions, the board of commissioners must act objectively and prioritize the interests of the company so that it can support the achievement of optimal performance.

The board of directors is the corporate body that has the authority and primary responsibility for managing and supervising the company's operations. In a good corporate governance structure, the board of directors plays a role in setting policies and making decisions (Napitupulu et al., 2023). Through this authority, the board of directors is required to carry out its management functions in a professional, accountable, and company-oriented manner to ensure the achievement of strategic objectives.

The audit committee is a committee formed by the board of commissioners and is directly responsible to the board in order to support the implementation of the company's supervisory functions. The audit committee is responsible for ensuring high-quality financial reports and reducing information asymmetry (Puni & Anlesinya, 2020). Through these functions, the existence of an audit committee is expected to strengthen internal control mechanisms and enhance the credibility of the company's financial reporting.

Based on the above findings, this study examines the role of company size as a moderating variable in this relationship. Company size reflects the scale of a company's operations, which

can be measured through total assets, revenue levels, sales volume, and other indicators (Zhafirah et al., 2022). According to Yudhanto et al., (2025), good corporate governance mechanisms are more effective in large companies with adequate resources, thus meeting external expectations regarding optimal financial performance.

Various previous studies have examined the relationship between good corporate governance and company performance. According to Hindasah et al., (2021); Napitupulu et al., (2023) and Farooque et al., (2020) show that the board of commissioners, board of directors, and audit committee have a positive effect on financial performance. Conversely, research by Ifada et al., (2021; Intia & Azizah, (2021) and Napitupulu et al., (2023) found that financial performance is not influenced by the board of commissioners, board of directors, and audit committee.

The inconsistency of previous test results regarding the effect of good corporate governance on financial performance became the basis for researchers to examine the role of company size as a moderating variable in this relationship. Company size reflects the operational scale of a company, which can be measured through total assets, income level, sales volume, or other indicators (Zhafirah et al., 2022). According to (Yudhanto et al., 2025), good corporate governance mechanisms are more effective in large companies that have adequate resources, thereby increasing external expectations for optimal financial performance.

Company size in this study strengthens or weakens the influence of independent variables on dependent variables. This study examines the role of company size as a moderating variable, particularly in the transportation and logistics sector, where larger companies face high operational complexity and layered organizational structures. In agency theory, these conditions increase the potential for conflicts of interest between owners and management (Jensen & Meckling, 1976).

From a theoretical perspective, this study contributes by extending agency theory through the incorporation of firm size as a moderating factor that influences the effectiveness of governance mechanisms in monitoring managerial actions. Larger firms generally involve greater resource management, more complex decision-making processes, and stronger demands for accountability, which may increase the importance of governance mechanisms in supporting financial performance. Based on the above description, researchers were encouraged to conduct further analysis to obtain empirical evidence of the influence of good corporate governance on financial performance and to test the role of company size as a moderating variable.

2. Literature Review

2.1. Previous Research

Various previous studies have examined the relationship between good corporate governance and company performance. According to Hindasah et al., (2021); Napitupulu et al., (2023) and Farooque et al., (2020) show that the board of commissioners, board of directors, and audit committee have a positive effect on financial performance. Conversely, research by Ifada et al., (2021; Intia & Azizah, (2021) and Napitupulu et al., (2023) found that financial performance is not influenced by the board of commissioners, board of directors, and audit committee. These mixed findings suggest that the effectiveness of governance mechanisms may depend on organizational conditions and contextual factors that influence how monitoring functions operate within firms.

2.2. Theory

The relationship between agents and principals is explained by the agency theory developed by (Jensen & Meckling, 1976). In modern corporations, shareholders act as principals who delegate decision-making authority to managers as agents. This separation of ownership and control creates potential agency problems because managers may pursue personal interests

that do not fully align with shareholder objectives. Agency conflicts can lead to opportunistic behavior, inefficient resource allocation, and reduced financial performance.

To mitigate these risks, corporate governance mechanisms are required to monitor managerial behavior and ensure accountability in decision-making processes. Governance structures such as the board of commissioners, board of directors, and audit committee function as monitoring and control mechanisms that reduce information asymmetry, improve transparency, and encourage managers to act in the best interests of shareholders. Through effective oversight and strategic guidance, these governance mechanisms are expected to enhance firm performance.

2.3. Hypothesis

2.3.1. Board of Commissioners and Financial Performance

From an agency theory perspective, conflicts of interest may arise between managers and shareholders due to the separation of ownership and control. These conflicts can lead to opportunistic managerial behavior that reduces organizational efficiency and firm performance. The board of commissioners plays an important role as a monitoring mechanism that supervises managerial actions and strategic decisions. Effective oversight by the board of commissioners can reduce agency costs by limiting managerial opportunism and ensuring that management decisions are aligned with shareholder interests. Strong monitoring also encourages more objective and prudent managerial decision making, which improves the efficiency of resource allocation and asset utilization. Improved efficiency in managing company resources ultimately contributes to better financial performance, which is reflected in higher Return on Assets (ROA). Various previous studies, such as Hindasah et al., (2021), Wahyuni et al., (2022), Wijayanti et al., (2020), and Napitupulu et al., (2023) show that the existence and effectiveness of the board of commissioners is positively correlated with financial performance. Effective supervision by the board of commissioners encourages objectivity in decision making. Therefore, the research hypothesis is as follows:

H1: *The Board of Commissioners Has a Positive Influence on Improving Financial Performance.*

2.3.2. Board of Directors and Financial Performance

Within the agency theory framework, managers act as agents responsible for making strategic and operational decisions that influence firm performance. The board of directors is responsible for formulating corporate strategies, managing operational activities, and allocating company resources. Effective leadership and competence within the board of directors can improve the quality of strategic decisions and strengthen internal coordination. High-quality decision-making contributes to more efficient operations and better utilization of company assets. As a result, companies are able to generate higher profitability relative to their assets, which is reflected in improved Return on Assets (ROA). A number of previous studies, including Liang & Liu, (2023), Ghazali, (2020), Hindasah et al., (2021), and Farooque et al., (2020) show that the effectiveness of the board of directors is positively correlated with financial performance. The active and competent role of the board of directors in resource management and strengthening the control system can encourage an increase in company financial performance. Therefore, the research hypothesis is as follows:

H2: *The Board of Directors Has a Positive Influence on Improving Financial Performance.*

2.3.3. Audit and Financial Performance Committee

Agency theory emphasizes the importance of independent monitoring mechanisms to reduce information asymmetry between managers and shareholders. The audit committee serves as a key governance mechanism responsible for overseeing the financial reporting process, ensuring compliance with accounting standards, and strengthening internal control systems. Effective oversight by the audit committee improves the credibility and transparency of financial reporting, thereby reducing the risk of earnings manipulation and managerial opportunism. Reliable financial information allows stakeholders to better evaluate company



performance and encourages more efficient managerial decision-making. Improved transparency and stronger internal controls ultimately enhance operational efficiency and contribute to better financial performance, which is reflected in higher Return on Assets (ROA). A number of previous studies by Alodat et al., (2023), Shanti, (2020), Farooque et al., (2020), and Yuliyanti & Cahyonowati, (2023) supports this relationship. Therefore, the following hypothesis is proposed:

H3: *Audit Committees Have a Positive Effect on Improving Financial Performance.*

2.3.4. *Company Size, Board of Commissioners, and Financial Performance*

From an agency theory perspective, larger firms tend to have more complex organizational structures and greater information asymmetry between managers and shareholders. This complexity increases the need for effective monitoring mechanisms to ensure managerial accountability. The board of commissioners plays a crucial role in supervising management and ensuring that strategic decisions align with shareholder interests. In large firms, stronger governance structures and greater resources allow the board of commissioners to perform its monitoring function more effectively, which can enhance financial performance. Annabella & Susanto, (2022) found that company size requires adjustments to the number of board members so that the supervisory function continues to run optimally. Meanwhile, Hindasah et al., (2021) showed that the larger the number of board members, the more effective the supervision of management, thereby improving company performance. Company size strengthens the influence of the board of commissioners on financial performance because the need for and effectiveness of supervision become more significant in large-scale companies. Therefore, the research hypothesis is as follows:

H4: *Company size strengthens the positive relationship between the board of commissioners and financial performance.*

2.3.5. *Company Size, Board of Directors, and Financial Performance*

According to agency theory, larger firms face greater operational complexity and higher levels of agency conflict due to the separation between ownership and control. These conditions require more effective managerial decision-making and stronger governance mechanisms to manage organizational activities efficiently. The board of directors is responsible for strategic planning, operational control, and resource allocation within the firm. In larger firms, the presence of more resources and formal governance systems enables the board of directors to perform its managerial functions more effectively in dealing with operational complexity. Permatasari & Musmini, (2023) show that the contribution of the board of directors to performance is more significant in large companies. In addition, Alam et al., (2025) emphasize that the competence, knowledge, and skills of the board of directors play a role in driving improved financial performance. In large companies, the effectiveness and capabilities of the board of directors are key factors in managing operational complexity and improving financial performance. Therefore, the research hypothesis is as follows:

H5: *Company Size Strengthens the Positive Relationship Between the Board of Directors and Financial Performance.*

2.3.6. *Company Size, Audit Committees, and Financial Performance*

From an agency theory perspective, larger firms tend to experience greater information asymmetry and a higher risk of managerial opportunism, which increases the importance of effective monitoring mechanisms. The audit committee functions as an independent governance body responsible for overseeing financial reporting and strengthening internal control systems. In larger firms, stronger internal control systems and greater organizational resources allow audit committees to perform their monitoring functions more effectively. Improved oversight enhances transparency and the reliability of financial reporting, which contributes to better managerial decision-making and financial performance. Anaima & Trisaningsih, (2021) show that company size affects the effectiveness of audit committees

in performing their monitoring and reporting functions. In their study, Yudhanto et al., (2025) found that large companies have more adequate resources to support the performance of audit committees, resulting in better financial reporting quality. In large companies, the effectiveness of audit committees is more significant in strengthening transparency and improving financial performance. Therefore, the research hypothesis is as follows:

H6: *Company Size Strengthens the Positive Relationship Between Audit Committees and Financial Performance.*

3. Research Method and Materials

This study uses a quantitative method oriented towards hypothesis testing through numerical data analysis (Sekaran & Bougie, 2020). The independent variables analyzed include the board of commissioners, board of directors, and audit committee. Financial performance is positioned as the dependent variable in this study. Company size is used as a moderating variable. The research population includes 38 companies in the transportation and logistics sector listed on the Indonesia Stock Exchange for the period 2019-2024. The sample was determined using purposive sampling based on the following criteria: (1) companies listed in the transportation and logistics sector on the Indonesia Stock Exchange during the observation period, and (2) companies that consistently publish complete financial statements and annual reports during the research period. Based on these criteria, the final sample produced 138 firm-year observations (23 company x 6 year) used in the analysis.

Financial performance is measured using Return on Assets (ROA) to reflect the company's ability to generate profits from its total assets (Latrini & Budiasih, 2023). The board of commissioners is measured using the number of company commissioners (Tjahjadi et al., 2021).. The board of directors was measured through digital competence using a dummy approach (Liang & Liu, 2023). The audit committee was measured through the number of audit committees (Sitanggang, 2021).. Company size as a moderating variable was measured using the natural logarithm of total assets to reflect the scale of the company (Suyanto & Kurniawati, 2022).

Data analysis begins with descriptive statistics to describe the characteristics of the data through mean, minimum, maximum, and standard deviation values (Ghozali, 2022). Before hypothesis testing was conducted, classical assumption tests were first performed to ensure that the regression model satisfied the required statistical assumptions. The normality test was conducted using the Kolmogorov–Smirnov test with a significance value greater than 0.05. Multicollinearity was examined using tolerance values and the Variance Inflation Factor (VIF), with the criteria of tolerance > 0.10 and VIF < 10. Heteroscedasticity was tested using the Glejser test with a significance value greater than 0.05. Meanwhile, autocorrelation was analyzed using the Durbin–Watson statistic, with the DW value expected to fall between –2 and 2. Data processing was carried out using SPSS software.

Hypothesis testing was conducted using multiple linear regression to assess the direct effect of good corporate governance mechanisms on financial performance. The following is the research equation model:

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

Description:

Y	= Financial Performance
α	= Constant
β	= Regression Direction Coefficient
X_1	= Board of Commissioners
X_2	= Board of Directors
X_3	= Audit Committee
e	= Disturbing Error (Error)

The moderating role of company size is analyzed through Moderated Regression Analysis (MRA) by including interaction variables in the regression model. This method allows researchers to determine whether the interaction between dependent variables and organizational size can increase or decrease the influence of dependent variables. The following is the MRA model formula used in this study:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 M + \beta_5(X_1 * M) + \beta_6 (X_2 * M) + \beta_7 (X_3 * M)$$

Description:

- Y = Financial Performance
- α = Constant
- β = Regression Direction Coefficient
- X_1 = Board of Commissioners
- X_2 = Board of Directors
- X_3 = Audit Committee
- M = Company Size
- e = Disturbing Error (Error).

4. Results and Discussion

4.1. Descriptive Statistical Analysis

Descriptive statistical analysis was used as the first step to present a comprehensive overview of the characteristics of the research data. The results of this analysis formed the basis for understanding the data distribution patterns. Table 1 shows the results of the descriptive statistical analysis.

Table 1 Descriptive Analysis Result

Variable	N	Mean	Min	Max	Std
BDSIZE	138	3.1087	2	9	1.44831
CO	138	0.4420	0	1	0.49844
ACSIZE	138	3.1087	3	6	0.43032
SIZE	138	0.09172	-0.346	0.664	0.194792
ROA	138	24.5474	15	31.15	4.11626

Description: BDSIZE: board of commissioners, CO: board of directors, ACSIZE: audit committee, SIZE: company size, ROA: financial performance.

Source: processed data (2026)

Based on Table 1, the board of commissioners shows an average of 3.1087 with a minimum value of 2 and a maximum of 9. This indicates that most companies have around three board members, although there are companies with a much larger number of commissioners. The standard deviation of 1.44831 indicates that there is variation in the structure of the board of commissioners between companies in the sample.

The board of directors, measured using digital competence, has an average of 0.4420 with a minimum value of 0 and a maximum value of 1. This value shows that 44% of companies have directors with digital competence. The standard deviation of 0.49844 reflects a relatively balanced distribution of data between companies that have and do not have this competency.

The audit committee shows a value of 3.1087 with a range of between 3 and 6 members. This indicates that the majority of companies have three audit committee members, in line with generally accepted governance practices. The standard deviation of 0.43032 shows that the variation in the number of audit committee members is relatively small.

The average company size is 0.09172, with a minimum value of -0.346 and a maximum value of 0.664. This range illustrates the differences in company size within the research sample. The standard deviation of 0.194792 indicates that the variation in company size is not particularly high.



Financial performance measured by ROA has an average value of 24.5474 with a minimum value of 15 and a maximum value of 31.15. This shows that companies in the sample are generally able to generate a fairly good return on assets. The standard deviation of 4.11626 indicates differences in profitability between companies, although still within reasonable limits.

4.2. Classical Assumption Test

Classical assumption testing was conducted to ensure that the regression model used met the statistical requirements so that the estimation results could be interpreted correctly. Based on the normality test using the Kolmogorov-Smirnov approach, model 1 obtained a significance value of 0.073 and model 2 obtained a significance value of 0.064. Both values are above the significance level of 0.05, so it can be concluded that the data in each model is normally distributed.

The results of the multicollinearity test show that all independent variables in model 1 and model 2 have tolerance and Variance Inflation Factor (VIF) values within the permissible limits, so the regression model is free from multicollinearity. Meanwhile, the heteroscedasticity test also shows that neither model 1 nor model 2 indicates any signs of heteroscedasticity. The results of the autocorrelation test using the Durbin-Watson statistic show a value of 1.437 in model 1 and 1.313 in model 2, which are within the acceptable range -2 to 2 because they do not exceed the limit.

4.3. Hypothesis Testing Results

Based on Table 2, the Adj R2 value in Model 1 of 0.058 shows that the variables of the board of commissioners, board of directors, and audit committee simultaneously can only explain 5.8% of the variation in the dependent variable, while the rest is influenced by other factors outside the research model. Conversely, in Model 2, the Adj R2 value increased significantly to 0.974. This means that after including the moderating variable of company size and the interaction between company size and each independent variable.

Meanwhile, the results of the f test in Model 1 show a significance value of 0.012, which means that simultaneously the variables of the board of commissioners, board of directors, and audit committee have a significant effect on the dependent variable. In Model 2, the significance value of the f test of 0.000 indicates that all independent variables along with the moderating variables and their interactions together have a significant effect on the dependent variable. These results confirm that the second model is simultaneously able to explain the structural relationship between variables more comprehensively.

Table 2. Adjusted R² and F-Test Models

Variable	Model 1		Model 2	
	t	sig	t	sig
Constant	1.121	0.264	4.362	0.000
BDSIZE	-0.863	0.390	-3.543	0.001
CO	3.360	0.001	0.822	0.413
ACSIZE	-0.551	0.583	-0.123	0.902
SIZE			-5.391	0.000
BDSIZE*SIZE			7.392	0.000
CO*SIZE			0.946	0.346
ACSIZE*SIZE			19.048	0.000
Adj. R2	0.058		0.974	
Uji F	0.012		0.000	

Source: processed data (2026)

Based on Table 2, Model 1 shows the results of the first, second, and third hypothesis tests. The first hypothesis tests the influence of the board of commissioners on financial performance. The test results show a t value of -0.863 with a significance level of 0.390, so it can be concluded that the board of commissioners does not affect financial performance. Thus, the first hypothesis is rejected.



The second hypothesis tests the effect of the board of directors on financial performance. A t-value of 3.360 with a significance level of 0.001 indicates that the board of directors has a positive and significant effect on financial performance. Therefore, the second hypothesis is accepted.

Meanwhile, Model 2 shows the results of the fourth, fifth, and sixth hypothesis tests. The fourth hypothesis tests the role of company size in moderating the influence of the board of commissioners on financial performance. The test results show a t-value of 7.392 with a significance level of 0.000. Thus, company size significantly moderates the relationship between the board of commissioners and financial performance, so the fourth hypothesis is accepted.

The fifth hypothesis tests the role of company size in moderating the influence of the board of directors on financial performance. The test results show a t-value of 0.946 with 0.346, which means that company size cannot moderate the relationship between the board of directors and financial performance. Therefore, the fifth hypothesis is rejected.

The sixth hypothesis tests the role of company size in moderating the influence of the audit committee on financial performance. The test results show a t-value of 19.048 with a significance of 0.000. This indicates that company size significantly moderates the relationship between the audit committee and financial performance. Thus, the sixth hypothesis is accepted.

4.4. Board of Commissioners and Financial Performance

The regression analysis results indicate that the board of commissioners has no effect on financial performance. The presence of the board of commissioners does not necessarily reflect the effectiveness of its supervisory and strategic advisory functions in improving corporate financial performance. This finding suggests that the number of commissioners does not always represent the quality of oversight but rather reflects the fulfillment of formal corporate governance structures. In the context of transportation and logistics companies, which operate with high operational complexity and significant asset intensity, the effectiveness of supervision is more strongly determined by the coordination and competence of board members than by the size of the board itself. This finding contributes theoretically by indicating that formal governance mechanisms do not automatically lead to improved financial performance.

This study is in line with the research by Ifada et al., (2021), which concluded that the board of commissioners has no effect on financial performance. In practice, the role of the board of commissioners is often more focused on regulatory compliance and strengthening governance structures rather than actively influencing operational performance outcomes. Conversely, the findings of this study differ from those of Hindasah et al., (2021), who stated that company performance can be improved because the supervision of the board of commissioners reduces financial reporting errors. These differences may arise from variations in industry characteristics, organizational structures, and the effectiveness of governance implementation across companies. Therefore, this study enriches the literature by suggesting that the effectiveness of the board of commissioners in influencing financial performance is highly dependent on organizational and sectoral contexts.

From an agency perspective, the board of commissioners is expected to function as a monitoring mechanism that aligns the interests of management and shareholders. However, the findings of this study indicate that this supervisory role may not yet function optimally, resulting in no significant contribution to financial performance improvement. This result extends the understanding that the existence of formal monitoring mechanisms alone is insufficient without effective implementation. For transportation and logistics companies, the managerial implication of this finding is the importance of strengthening the effectiveness of the board of commissioners through improved competence, independence, and

monitoring intensity so that the board can provide greater strategic value to firm performance.

4.5. Board of Directors and Financial Performance

The results of the regression analysis indicate that the board of directors has a positive effect on financial performance. This finding suggests that the leadership quality and strategic competence of the board of directors play an important role in determining corporate policies and strategic direction. Directors with relevant expertise, including in technology and operational management, are able to encourage strategic decision-making that supports the company's long-term growth. In the transportation and logistics sector, which relies heavily on operational efficiency and technological innovation, the ability of directors to formulate adaptive strategies becomes a key factor in improving financial performance. This finding contributes theoretically by emphasizing that strategic leadership capability is an important determinant in achieving superior corporate performance.

This study is consistent with previous research findings by Liang & Liu, (2023), who argue that the technological competence of the board of directors reflects a company's ability to utilize technology effectively, which ultimately contributes to improved financial performance in the future. In addition, the results are also consistent with the findings of Ghazali, (2020), Hindasah et al., (2021), and Farooque et al., (2020) which show that a company's financial performance is positively influenced by the board of directors. However, this differs from the results of Intia & Azizah, (2021) and Serly et al., (2023) which states that the board of directors has no influence and has a negative influence on financial performance.

Conceptually, the board of directors functions as an internal governance mechanism responsible for ensuring that managerial decisions align with the company's objectives. Effective leadership enables the organization to formulate strategic policies and allocate resources more efficiently. In the transportation and logistics sector, directors who are capable of managing operational strategies, technological investments, and cost efficiency are more likely to improve corporate financial performance. Therefore, the managerial implication of this finding is that companies should prioritize the appointment of directors with strong strategic competence and industry expertise in order to enhance organizational performance.

4.6. Audit and Financial Performance Committee

The results of the regression analysis indicate that the audit committee has no effect on financial performance. This finding suggests that the existence of an audit committee does not directly contribute to improving corporate financial performance. The primary role of the audit committee focuses more on overseeing the financial reporting process, ensuring compliance with regulations, and supporting the external audit process. Therefore, the contribution of the audit committee is more closely related to enhancing transparency and improving the quality of corporate governance rather than directly increasing financial performance. This finding contributes theoretically by indicating that internal control mechanisms do not always have a direct impact on a firm's financial outcomes.

This study reinforces the empirical evidence presented by Napitupulu et al., (2023) that audit committees have no effect on financial performance, given that their role is more as a supporter of the board of commissioners in ensuring the credibility of the financial reporting process. The results of this study show a discrepancy with the findings of Farooque et al., (2020), that audit committees can improve financial performance. These differences suggest that the effectiveness of audit committees may depend on factors such as the independence of committee members, their professional competence, and the governance practices implemented within each organization. Therefore, this study provides further evidence that the relationship between audit committees and financial performance is not always direct and may vary across industries.

Conceptually, the audit committee plays an important role in strengthening corporate transparency and accountability through monitoring the financial reporting process. However, the results of this study indicate that this function contributes more to improving governance quality rather than directly enhancing financial performance. In the transportation and logistics sector, which is characterized by complex transactions and large asset structures, the presence of an effective audit committee remains essential to ensure reliable financial reporting and effective internal control systems. Therefore, the managerial implication of this finding is the need to strengthen coordination between the audit committee, management, and external auditors in order to improve the effectiveness of corporate oversight mechanisms.

4.7. Company Size, Board of Commissioners, and Financial Performance

The results of the regression analysis indicate that company size strengthens the influence of the board of commissioners on financial performance. In larger firms, the presence of the board of commissioners becomes more significant in affecting financial outcomes due to the increased complexity of assets, transactions, and operational risks that require stronger oversight. In the transportation and logistics sector, which is characterized by highcost structures and extensive operational activities, strategic supervision is especially important to ensure efficient resource management. This finding contributes theoretically by highlighting that the effectiveness of corporate monitoring mechanisms is influenced by organizational scale.

These findings are in line with the research by Annabella & Susanto, (2022) and Hindasah et al., (2021) which show that the board of commissioners has a greater contribution to financial performance in larger firms. As organizational complexity increases, the board becomes increasingly strategic in overseeing managerial policies and ensuring that decisions align with corporate objectives. However, some prior studies have reported contrasting results, suggesting that larger company size does not always enhance oversight effectiveness, as increased coordination complexity can reduce monitoring efficiency. These differences indicate that the relationship between company size and supervisory effectiveness is strongly contingent on the quality of governance and organizational structure.

Conceptually, larger companies tend to face higher potential conflicts of interest due to the growing separation between ownership and management. Therefore, the presence of an effective board of commissioners becomes increasingly important in balancing the interests of management and shareholders. In the transportation and logistics sector, where firms operate extensive activities and hold substantial asset investments, strong supervisory functions help ensure managerial decisions remain aligned with company objectives. The managerial implication of this finding is that large firms should strengthen the oversight capacity of the board of commissioners through enhanced competence, independence, and quality of coordination in monitoring activities.

4.8. Company Size, Board of Directors, and Financial Performance

The results of the regression analysis indicate that company size neither strengthens nor weakens the relationship between the board of directors and financial performance. This finding suggests that the contribution of the board of directors to improving financial performance remains relatively consistent across firms of different sizes. The role of directors in formulating strategic policies and managing operations is not directly influenced by organizational scale. In the transportation and logistics sector, which heavily relies on operational efficiency and coordination of business activities, the quality of leadership is a more critical factor than company size itself. This finding contributes theoretically by demonstrating that the effectiveness of strategic leadership is relatively stable across varying levels of organizational scale.

This study reinforces the empirical evidence presented by Putri & Supramono, (2022) which indicate that company size does not moderate the relationship between the board of directors

and financial performance. These results suggest that the strategic role of the board in setting corporate direction is not substantially influenced by firm size. However, contrasting studies, such as Permatasari & Musmini, (2023) and Alam et al., (2025), report that in larger companies, the board of directors exerts a stronger influence on financial performance due to greater resources and more complex organizational structures. These differences suggest that the effect of company size on the effectiveness of board leadership may vary depending on industry characteristics, governance practices, and organizational complexity.

Conceptually, larger firms typically face higher managerial complexity. Nevertheless, the findings of this study indicate that company size does not necessarily determine the effectiveness of the board in enhancing financial performance. More decisive factors include leadership quality, professional competence, and the board's ability to formulate adaptive business strategies. In the transportation and logistics sector, directors' capacity to manage operational efficiency, technology investments, and risk management has a greater impact than company size alone. Therefore, the managerial implication of this finding is the importance of ensuring that board structures are composed of individuals with strong strategic competence to achieve optimal company performance.

4.9. Company Size, Audit Committees, and Financial Performance

The results of the regression analysis indicate that company size strengthens the influence of the audit committee on financial performance. In larger firms, the role of the audit committee becomes increasingly important in affecting the quality of financial management due to the higher complexity of operational activities, transaction volumes, and financial reporting risks. In the transportation and logistics sector, which is characterized by large asset structures and complex operational processes, the presence of effective oversight mechanisms is essential to maintain the quality of financial reporting. This finding contributes theoretically by demonstrating that the effectiveness of internal control mechanisms can increase with organizational scale.

These findings are in line with the research by Anaima & Trisnarningsih, (2021) and Yudhanto et al., (2025), who show that larger companies often have better organizational infrastructure, allowing audit committees to perform their duties more effectively. A more structured oversight system enables audit committees to ensure financial reporting quality and support more accurate managerial decision-making. However, other studies have reported contrasting results, suggesting that company size does not always enhance the role of audit committees, as increased organizational complexity may reduce oversight effectiveness. These differences indicate that the effectiveness of audit committees is strongly influenced by governance quality, member independence, and the implementation of internal control practices.

Conceptually, growth in company size is typically accompanied by increased organizational complexity and potential conflicts of interest. In such contexts, the audit committee serves as an important mechanism to ensure transparency and accountability in financial reporting. In transportation and logistics firms with extensive operational activities and substantial asset investments, a robust oversight system is critical for maintaining stable financial performance. Therefore, the managerial implication of this finding is the need to strengthen the role of the audit committee by enhancing member independence, professional competence, and coordination with management and external auditors to improve the overall effectiveness of corporate governance.

5. Conclusion

This study aims to examine how corporate management mechanisms affect financial performance, as well as the role of company size as a moderating variable. This study finds that the board of directors improves financial performance, but the audit committee and board of commissioners do not directly influence it. Furthermore, it was proven that company size increases the influence of the audit committee and supervisory board on

financial performance, but does not moderate the relationship between performance and the board of directors.

This study has several limitations, including a sector-specific sample, the use of a single financial performance proxy (ROA), and governance measured only by size or number. Future research is recommended to use more representative indicators of governance quality and effectiveness, expand the industrial sector, extend the observation period, and consider additional factors such as ownership structure, operational complexity, and corporate risk profile. Methodological improvements, such as panel regression, dynamic models, or a governance quality index, can also provide more comprehensive and accurate results.

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