

## THE EFFECT OF BOARD OF COMMISSIONERS SIZE, INDEPENDENT COMMISSIONERS SIZE AND BOARD OF DIRECTORS SIZE ON FINANCIAL PERFORMANCE

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### **Abstrak**

*Penelitian ini bertujuan menganalisis pengaruh ukuran dewan komisaris, komisaris independen, dan dewan direksi terhadap kinerja keuangan perusahaan manufaktur di Indonesia. Pendekatan penelitian bersifat kuantitatif dengan menggunakan analisis regresi linier berganda dan data sekunder. Populasi penelitian meliputi seluruh perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) Periode Tahun 2021-2023, dengan sampel akhir sebanyak 17 perusahaan yang memenuhi kriteria, dipilih menggunakan purposive sampling. Hasil penelitian menunjukkan bahwa secara simultan ukuran dewan komisaris, komisaris independen, dan dewan direksi berpengaruh signifikan terhadap kinerja keuangan. Secara parsial, ukuran dewan komisaris berpengaruh negatif dan signifikan, komisaris independen berpengaruh positif tetapi tidak signifikan, sedangkan ukuran dewan direksi berpengaruh positif dan signifikan. Nilai koefisien determinasi menunjukkan bahwa variasi kinerja keuangan dijelaskan oleh ketiga variabel, sementara sisanya dipengaruhi faktor lain. Temuan ini menegaskan bahwa pengelolaan struktur tata kelola perusahaan yang efektif, terutama melalui optimalisasi peran dewan direksi dan peningkatan kualitas komisaris independen, dapat mendukung kinerja keuangan perusahaan.*

**Kata kunci:** Ukuran Dewan Komisaris, Komisaris Independen, Ukuran Dewan Direksi, Kinerja Keuangan, Tata Kelola Perusahaan

### **Abstract**

*This study aims to analyze the influence of the size of the board of commissioners, independent commissioners, and board of directors on the financial performance of manufacturing companies in Indonesia. The research approach is quantitative, using multiple linear regression analysis and secondary data. The study population includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period, with a final sample of 17 companies that met the criteria, selected using purposive sampling. The results show that simultaneously, the size of the board of commissioners, independent commissioners, and board of directors significantly influence financial performance. Partially, the size of the board of commissioners has a negative and significant effect, independent commissioners have a positive but insignificant effect, while the size of the board of directors has a positive and significant effect. The coefficient of determination indicates that variations in financial performance are explained by these three variables, while the remainder is influenced by other factors. These findings confirm that effective corporate governance management, particularly through optimizing the role of the board of directors and improving the quality of independent commissioners, can support a company's financial performance.*

*Keywords: Size of the Board of Commissioners, Independent Commissioners, Size of the Board of Directors, Financial Performance, Corporate Governance*

## **1. INTRODUCTION**

In an era of escalating market rivalry, corporations are compelled to look beyond mere revenue expansion toward establishing internal governance frameworks that are transparent, responsible, and focused on sustainability. Adopting Good Corporate Governance (GCG) is now viewed as a fundamental tool for strengthening management's reputation with both shareholders and the investment community. In today's economic climate, GCG functions as a strategic maneuver to minimize risks, improve operational efficiency, and solidify market reliability. Conversely, organizations with deficient oversight mechanisms often suffer from agency problems, where the personal agendas of managers conflict with the goals of capital owners, frequently resulting in financial disadvantages for shareholders. This dynamic is primarily explained by Signaling Theory (Spence, 1973), which posits that a disparity in information or asymmetric information exists between a company's leadership and external parties. To mitigate this imbalance, firms issue "signals" through the adoption of superior governance standards, leading the market to view the company as having a bright future. Specifically, the utilization of a board of commissioners, independent oversight, and a balanced board of directors acts as a positive signal of professional management and rigorous control. For the investing public, these indicators are vital for determining a firm's financial success and its long-term value.

Current literature regarding the impact of GCG on financial outcomes remains highly inconsistent. For instance, Setiawan & Setiadi (2020) demonstrated that GCG implementation serves as a vital control mechanism that significantly enhances financial performance within the consumer goods industry. Supporting this view, Addina et al. (2023) observed that manufacturing firms on the IDX benefit from the presence of audit committees and a higher proportion of independent commissioners, which acts as a signal of objective oversight to the investment community. Conversely, other scholars report conflicting data; Fajri et al. (2022) found that excessively large boards in state-owned financial institutions can actually deter performance by fostering bureaucracy and slowing down strategic choices. Similarly, Awaliyah et al. (2023) emphasized that GCG elements do not inherently boost profitability, as the quality of internal coordination is more critical than the mere number of board members. This lack of consensus is further highlighted by Haryani & Susilawati (2023), who noted significant but varied influences of board size on financial health.

Empirical evidence from the manufacturing industry suggests that adopting Good Corporate Governance (GCG) does not consistently yield higher corporate value. For instance, Aswangga & Widoretno (2025) discovered that such practices might actually diminish investor-perceived value because they empower minority shareholders, which subsequently heightens the risk of conflict with management. Additionally, the resulting dispersed ownership and increased external monitoring can weaken the control held by majority owners, further negatively affecting market perceptions of value. This is consistent with the findings of Musfiyana & Inayah (2022), who argue that GCG often becomes a mere formality limited to specific board structures. Consequently, when significant internal interests or concentrated ownership remain, GCG lacks the power to shift company value, highlighting that actual value gains require genuine oversight rather than superficial adherence.

The persistent contradictions in existing empirical findings have created a significant research gap that warrants a more nuanced investigation. While the numerical size of various board structures is traditionally linked to financial outcomes, the true efficacy of corporate governance is rooted in the professional quality, autonomy, and internal synergy of members during decision-making and oversight. This study aims to deepen the understanding of how GCG frameworks influence both financial results and corporate value, with a specific focus on the substance of implementation rather than just board headcount. The Indonesian manufacturing sector was selected for this analysis due to its vital contributions to the national GDP and employment, as well as its sensitivity to global economic shifts. In accordance with signaling theory, robust financial health in this complex sector serves as a positive indicator to the market, thereby enhancing stock value and investment appeal. Accordingly, this study explores the link between GCG indicators and firm value, specifically analyzing how financial performance serves as a key intermediary in this dynamic.

## **2. LITERATURE REVIEW**

### **Signaling Theory**

Signaling Theory, originally introduced by Spence (1973), provides a framework for management to resolve the issue of information asymmetry, wherein internal leadership holds more comprehensive data regarding a firm's true condition than external investors. To overcome this imbalance and secure a positive market reputation, companies must broadcast "signals" that verify their future stability and performance capabilities. Credible signals often include transparent Good Corporate Governance (GCG) practices such as maintaining an independent board and reporting strong financial health, both of which indicate to the market that the company is managed professionally and possesses a reliable oversight system.

According to Signaling Theory (Spence, 1973), the market reacts favorably when companies provide high-quality indicators regarding their internal state. Implementing transparent corporate governance and maintaining robust financial disclosure are primary signals that illustrate a firm's dedication to operational efficiency and long-term viability. Specific organizational features such as a strong board of commissioners, the inclusion of independent commissioners, and a balanced board of directors serve as evidence that a company possesses the oversight necessary for stability. Additionally, superior financial health, characterized by high profitability and solvency, signals a company's capacity for future value creation. Consequently, investors respond to these indicators by assigning higher market valuations, which is directly reflected in rising stock prices.

### **Financial performance**

Financial performance acts as an essential barometer for assessing how effectively an organization achieves its economic objectives. It is broadly defined by a firm's capability to produce profits, manage assets effectively, maintain capital efficiency, and satisfy external financial commitments. These evaluations are indispensable not only for internal leadership but also for external stakeholders including investors and creditors who look for indicators of long-term sustainability. According to Harahap (2013), these results offer a holistic view of a company's economic vitality, primarily through the lens of management's resource efficiency. While robust performance builds investor confidence and ensures continuity, poor results function as a negative market indicator that erodes corporate value.

The assessment of a firm's economic success typically relies on key financial ratios, including ROA, ROE, and NPM. While ROA evaluates the efficiency of asset utilization in

generating profits, ROE reflects the returns yielded to shareholders, and NPM measures the proficiency of converting top-line revenue into net earnings. Collectively, these metrics facilitate a holistic appraisal of management's ability to oversee assets, capital, and income streams. Furthermore, there is a profound connection between corporate governance standards and financial outcomes; organizations that uphold rigorous governance typically achieve superior financial health through enhanced transparency and robust monitoring frameworks. Grounded in signaling theory, this synergy posits that robust financial outcomes act as a potent market signal, reflecting the firm's enduring stability and capacity for future expansion.

### **The size of the Board of Commissioners, the size of the Independent Commissioners and the size of the Board of Directors have an impact on Financial Performance**

Crucial elements of GCG particularly the composition of the Board of Commissioners (BOC), the proportion of Independent Commissioners, and the size of the Board of Directors (BOD) are instrumental in maximizing both supervisory effectiveness and operational efficiency. Through the lens of Agency Theory, the supervisory board and its independent members act as a check on management to resolve principal-agent dilemmas, while the BOD retains responsibility for day-to-day governance. The convergence of robust monitoring and effective executive management is expected to drive enhanced financial outcomes for the firm.

Hidayat et al. (2024) provide empirical validation showing that for manufacturing firms on the IDX, financial success is significantly influenced by the structural dimensions of their governance bodies: specifically, the scale of the BOC, the ratio of Independent Commissioners, and the size of the BOD. These results bolster the argument that a well-integrated governance framework fosters a superior supervisory and managerial environment, which in turn drives better financial outcomes. Consequently, based on these theoretical foundations and prior research, the following hypothesis is formulated:

**H1:** The size of the board of commissioners, independent commissioners, and the board of directors collectively influence financial performance.

### **The size of the Board of Commissioners affects Financial Performance**

The magnitude of the Board of Commissioners (BOC) serves as a primary Good Corporate Governance (GCG) instrument designed to provide rigorous supervision of a firm's management. Theoretically, a more extensive board is thought to bolster the monitoring function by bringing together a wider spectrum of professional expertise and diverse viewpoints. Grounded in **Agency Theory**, this structure is viewed as a vital mechanism for resolving interest conflicts between corporate managers (agents) and shareholders (principals). Nevertheless, recent empirical evidence indicates that the actual effectiveness of this supervisory role is determined more by the **quality of internal coordination** and professional synergy than by simple numerical strength.

The empirical record concerning the relationship between board scale and financial success remains markedly inconclusive. However, Kusumawardhany and Shanti (2021) provide evidence to the contrary, demonstrating that for manufacturing companies on the IDX, a greater number of commissioners correlates positively with financial health, thereby suggesting that increased board size fosters better performance. Conversely, Wardati et al. (2021) found no such significant relationship, highlighting a clear contradiction in empirical findings. These divergent results suggest that the capacity of a board to improve financial results is rooted in the effectiveness of its supervisory role and

the quality of its oversight, rather than mere numerical strength. Grounded in this evidence, the subsequent hypothesis is established:

**H2:** The size of the Board of Commissioners has an effect on Financial Performance.

**The size of Independent Commissioners influences Financial Performance**

In the framework of GCG, independent commissioners are essential for maintaining unbiased and transparent supervision of company leadership. Grounded in Agency Theory, these individuals serve to resolve discrepancies between managerial actions and shareholder interests, primarily because they remain free from direct internal organizational ties. Furthermore, Signaling Theory posits that an appropriate balance of independent board members acts as a favorable indicator to the investment community, signifying a robust monitoring framework and enhancing investor assurance. Ultimately, this heightened level of scrutiny is intended to drive better financial outcomes for the firm.

Existing literature offers divergent evidence regarding the impact of independent commissioners on financial outcomes. For instance, Solikhah & Suryandani (2022) demonstrated that a higher proportion of these commissioners significantly enhances financial performance by robustly improving oversight and fostering investor trust. In contrast, Addina et al. (2023) observed that the mere number of independent commissioners does not inherently lead to significant performance gains, as the competence and professional quality of the individuals are far more critical than their quantity. Consequently, while a positive outcome is theoretically anticipated, the actual effectiveness of independent commissioners in boosting performance remains contingent upon their genuine autonomy and oversight capabilities.

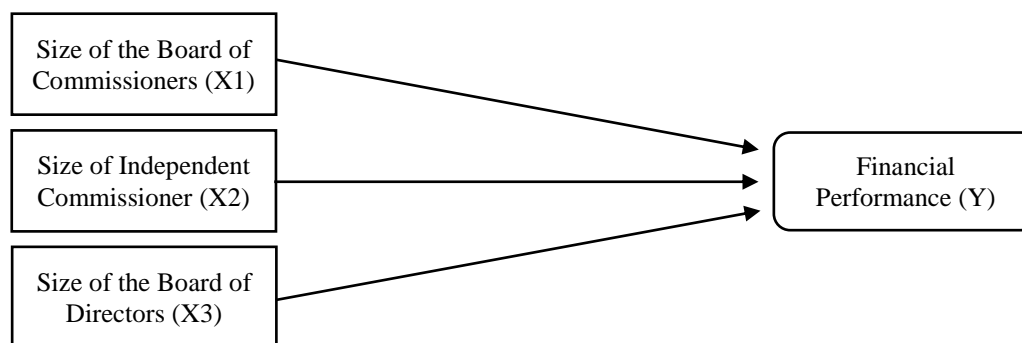
**H3:** Independent Commissioners Size influences Financial Performance.

**The size of the Board of Directors affects Financial Performance**

The scale of a firm's BOD is a primary indicator of its managerial strength and its proficiency in making strategic choices. Grounded in Agency Theory, the board functions as the central entity authorized by shareholders to lead the organization. It is theoretically anticipated that a more extensive board can alleviate agency problems, as the decision-making process becomes more regulated and rooted in collective deliberation. Furthermore, Signaling Theory suggests that a substantial board size acts as a favorable indicator to the investment community, broadcasting a message of professional competence and efficient resource management. Ultimately, this robust structure is expected to foster superior financial outcomes for the company.

Empirical findings regarding the impact of director board size remain inconsistent across current literature. According to Haryani and Susilawati (2023), the breadth of the Board of Directors is a critical driver of financial success; a larger body facilitates more robust strategic deliberation, thereby yielding significantly improved fiscal outcomes. In contrast, Awaliyah et al. (2023) report that such an effect is not always present; they argue that an oversized board can lead to coordination obstacles, strategic delays, and operational inefficiencies, thereby failing to significantly boost performance. Consequently, while Agency and Signaling theories suggest that a robust board reduces conflicts and attracts investors, the actual success of the board size is determined by the effectiveness of managerial coordination and the quality of decision-making functions.

**H4:** The size of the board of directors has an effect on financial performance.



**Figure 1. Framework of Thought**  
 Image source: Researcher 2026

### 3. RESEARCH METHODS

To evaluate the underlying hypotheses, this research utilizes a quantitative design driven by secondary data. Following Sugiyono (2019), this method is grounded in positivism and employs structured collection and statistical analysis to examine specific populations. The initial population included 37 manufacturing firms on the IDX, which was then refined using purposive sampling. Through a systematic elimination process, 20 firms were excluded: seven due to financial losses, six for incomplete reporting, six for using US dollar currency, and one for missing stock data. This resulted in a final sample of 17 companies that met all criteria for analyzing the relationships between GCG, financial health, and company value. This rigorous selection method is consistent with previous research by Desmonda & Yanti (2024), which emphasized the use of complete governance and financial datasets.

This research models financial performance (ROA) as the dependent variable against three independent governance metrics: the sizes of the BOC, Independent Commissioners, and BOD. Employing SPSS version 25, the analysis followed a structured sequence: first, classical assumption tests were performed to verify model suitability. Once these prerequisites were met, multiple linear regression was applied to determine the significance of the board variables, assessing their effects both individually and jointly on the firm's financial success.

An F-test served as the primary instrument for determining the aggregate significance of the governance framework by measuring simultaneous effects. In contrast, t-tests were deployed to scrutinize the distinct, partial influence exerted by each individual board structure on the company's financial results. The coefficient of determination ( $R^2$ ) served to quantify the percentage of variance in financial success—specifically measured through ROA—that can be attributed to the size of the board of commissioners, independent commissioners, and directors. This structured methodology allows the study to offer a data-driven analysis of how Good Corporate Governance (GCG) frameworks enhance the operational and financial effectiveness of firms within the Indonesian manufacturing sector. The mathematical framework for this research is defined by the following multiple linear regression model:

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

Information:

Y = Financial performance

$\alpha$  = Constant (value of Y when  $X_1, X_2, X_3 = 0$ )

$\beta_1, \beta_2, \beta_3$  = Regression coefficient of each independent variable

$\varepsilon$  = Error term

**4. RESULTS AND DISCUSSION**

**Descriptive Statistics**

**Table 1. Descriptive Statistics Results**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Board of Commissioners Size	51	200	700	374.51	154.717
Independent Commissioner Size	51	17	67	39.92	11.230
Board of Directors Size	51	200	700	403.92	153.572
Financial Performance	51	1	23	6.94	5.435
Valid N (listwise)	51				

Source: SPSS 25 output

Based on the descriptive statistical analysis of 51 observations, a comprehensive overview of the governance variables in the manufacturing sector was established. The "Board of Commissioners Size" exhibited a broad range, with a minimum of 200 and a maximum of 700, resulting in a mean of 374.51. The high standard deviation of 154.717 indicates that board sizes are remarkably diverse among the sampled firms, highlighting significant structural differences and varied management strategies across the industry. Conversely, the "Independent Commissioner Size" showed more stability, with values ranging from 17 to 67 and an average of 39.92. While the standard deviation of 11.230 suggests some variation in the number of independent members, the distribution remains within a reasonable and less extreme range, indicating a more uniform approach to independent oversight.

The statistical summary for the Board of Directors Size across 51 observations reveals a minimum of 200 and a maximum of 700, resulting in a mean value of 403.92. The high standard deviation of 153.572 confirms that board sizes are remarkably diverse among the sampled firms, highlighting substantial structural differences within the sector. This disparity underscores that manufacturing companies calibrate their managerial capacity based on their specific business scale and strategic objectives.

Descriptive statistics for financial performance, proxied by ROA, reveal a broad spectrum of economic health across the 51 observations studied. With a minimum of 1 and a maximum of 23, the resulting mean of 6.94 suggests that Indonesian manufacturing firms generally maintain a positive level of profitability. However, the standard deviation of 5.435 is notably high relative to the average, indicating significant disparities in how efficiently individual companies utilize their assets. This variation underscores the diverse financial stability found within the sector during the 2021–2023 period.

**Normality Test**

**Table 2. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			51
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	4.06586903	
Most Extreme Differences	Absolute	.154	
	Positive	.154	
	Negative	-.067	
Test Statistic			.154
Asymp. Sig. (2-tailed)			.004 <sup>c</sup>
Monte Carlo Sig. (2-tailed)	Sig.	.160 <sup>d</sup>	
	99% Confidence	Lower Bound	.150
		Upper Bound	.169

	Interval		
a. Test distribution is Normal.			
b. Calculated from data.			

Source: SPSS 25 output

To ensure the regression model's residuals followed a normal distribution, the researchers employed the Kolmogorov-Smirnov. While the asymptotic significance was initially recorded at 0.004 suggesting a lack of normality it is widely recognized that these results can be overly sensitive and biased in studies where the number of observations exceeds 30. Consequently, the study utilized the Monte Carlo significance test, which produced a value of 0.160. Because this result is greater than the 0.05 threshold and is derived from a robust resampling process involving thousands of random samples, it confirms that the normality assumption is satisfied, allowing the analysis to proceed to the next stage.

**Multicollinearity Test**

**Tabel 2. Hasil Statistik Deskriptif**

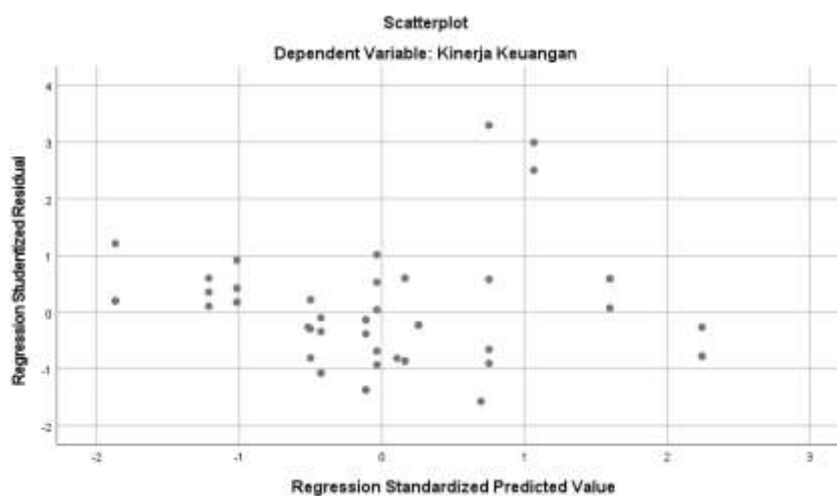
Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Board of Commissioners Size	.635	1.574
	Independent Commissioner Size	.804	1.243
	Board of Directors Size	.747	1.339

a. Dependent Variable: Financial Performance

Source: SPSS 25 output

The integrity of the regression model was verified through multicollinearity testing, employing Tolerance and VIF indicators. Based on the standards established by Ghozali (2018), the model is considered statistically sound if Tolerance exceeds 0.10 and VIF stays below 10. Results from SPSS version 25 demonstrated that all variables met these criteria: the Board of Commissioners (Tolerance: 0.635; VIF: 1.574), Independent Commissioners (Tolerance: 0.804; VIF: 1.243), and the Board of Directors (Tolerance: 0.747; VIF: 1.339). Consequently, the lack of multicollinearity confirms that these independent variables are distinct and appropriate for testing the study's hypotheses.

**Heteroscedasticity Test**



**Gambar 2. Hasil Uji Heterokedasitas**

Source: SPSS 25 output

Verification of homoscedasticity was achieved by examining the spread of residuals to ensure they did not exhibit varying variance across observations. The scatterplot generated from Regression Standardized Predicted Values and Regression Studentized Residuals displayed a stochastic distribution of points above and below the Y-axis zero line. Since no discernible funnel shape or trend emerged, the model is deemed free from heteroscedasticity, satisfying a key assumption for accurate regression analysis.

**Autocorrelation Test**

**Table 3. Autocorrelation Test Results**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.664 <sup>a</sup>	.440	.405	4.194	.911
a. Predictors: (Constant), Size of BOD, Size of Independent Commissioners, Size of BOC					
b. Dependent Variable: Financial Performance					

Source: SPSS 25 output

An autocorrelation test was performed using the Durbin-Watson (DW) method to identify potential correlations between residuals across different observation periods. According to the Model Summary results, the analysis yielded a DW value of 0.911. Within the standard scale of 0 to 4, where a value of 2 represents no autocorrelation, this result indicates a tendency toward positive autocorrelation. While the classical assumption for independent residuals was not entirely satisfied, the study suggests this outcome is likely a reflection of the panel data's limited time-series characteristics over the relatively short 2021–2023 window.

**Multiple Linear Regression Test**

**Table 4. Multiple Linear Regression Test**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.259	3.297		.382	.704		
	Size of the Board of Commissioners	-.017	.005	-.493	-3.603	.001	.635	1.574
	Size of Independent Commissioners	.090	.059	.186	1.527	.134	.804	1.243
	Size of the Board of Directors	.021	.004	.600	4.755	.000	.747	1.339
a. Dependent Variable: Financial Performance								

Source: SPSS 25 output

$$Y = 1,259 - 0,017X_1 + 0,090X_2 + 0,021X_3 + \varepsilon$$

Information:

- Y = Financial Performance
- α = 1.259 (Constant)
- β<sub>1</sub> = -0.017 (Coefficient of Board of Commissioners Size)
- β<sub>2</sub> = 0.090 (Coefficient of Independent Commissioners Size)
- β<sub>3</sub> = 0.021 (Coefficient of Board of Directors Size)
- ε = Error term

The multiple linear regression assessment yields a constant of 1.259, indicating the projected financial performance level assuming all predictor variables equal zero. The partial hypothesis testing demonstrates that the magnitude of the Board of Commissioners exhibits a statistically significant inverse relationship (coefficient = -0.017,  $p = 0.001$ ), indicating that each incremental addition to the commissioner count diminishes financial performance by 0.017 units. Conversely, while Independent Commissioner Size demonstrates a favorable coefficient of 0.090, this relationship lacks statistical significance ( $p = 0.134$ ), rendering it ineffective within the research framework. Meanwhile, the Board of Directors Size demonstrates a statistically significant positive correlation (coefficient = 0.021,  $p = 0.000$ ), with each supplementary director contributing 0.021 increments to organizational performance. The standardized beta weights reveal that the Board of Directors emerges as the predominant factor (Beta = 0.600), surpassing the Board of Commissioners (Beta = -0.493) in explanatory power.

**Simultaneous Test (F)**

**Table 5. Simultaneous Test (F)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	650.259	3	216.753	12.325	.000 <sup>b</sup>
	Residual	826.565	47	17.586		
	Total	1476.824	50			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Size of BOD, Size of Independent Commissioners, Size of BOC						

Source: SPSS 25 output

The ANOVA assessment validates that the theoretical framework demonstrates statistical adequacy for hypothesis evaluation, producing an F-statistic of 12.325 at a significance threshold of 0.000. This statistical evidence indicates that the predictor variables collectively demonstrate substantial concurrent effects on organizational financial performance. These findings emphasize that corporate fiscal well-being stems not from individual governance elements acting independently, but from the cohesive and unified contributions of these three governance frameworks.

The study outcomes indicate that corporate governance characteristics particularly the numerical aspects of board of commissioners, independent commissioner representation, and board of directors composition jointly determine organizational financial results. Although specific metrics, including independent commissioner quantity, demonstrated statistical insignificance during individual testing phases, the concurrent examination verifies that their collective influence maintains substantial significance. This reinforces that organizational profitability emerges from the coordinated operation of the complete board architecture rather than discrete governance elements..

**Partial Test (t)**

**Table 6. Partial Test (t)**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.259	3.297		.382	.704
	Board of Commissioners Size	-.017	.005	-.493	-3.603	.001
	Independent Commissioner Size	.090	.059	.186	1.527	.134
	Board of Directors Size	.021	.004	.600	4.755	.000
a. Dependent Variable: Financial performance						

Sumber : Output SPSS 25

The partial regression analysis indicated that the size of the BOC had a significant negative impact, evidenced by a coefficient of -0.017 and a significance level of  $p = 0.001$  ( $p < 0.05$ ). This suggests that commissioner board magnitude exerts an inverse and statistically meaningful relationship with fiscal outcomes. Put differently, expanded commissioner representation may potentially reduce organizational financial effectiveness, presumably attributed to elevated coordination expenses and conflicting interests during supervisory activities.

The independent commissioner representation parameter yielded a coefficient of 0.090 with statistical insignificance at  $p = 0.134$  ( $p > 0.05$ ). These findings demonstrate that independent commissioner scale fails to exert meaningful influence on organizational fiscal performance. This implies presence should theoretically enhance supervisory effectiveness, empirical evidence suggests that increased numbers do not necessarily generate substantial impacts on organizational outcomes.

The analysis demonstrated that the size of the Board of Directors had a significant positive effect, marked by a coefficient of 0.021 and a significance value of  $p = 0.000$  ( $p < 0.05$ ). This reveals that director board magnitude demonstrates a favorable and statistically significant association with financial outcomes. Therefore, organizations with larger director representation possess enhanced managerial capabilities and strategic decision-making capacity, which ultimately contributes to improved organizational fiscal performance.

**Coefficient of Determination (R<sup>2</sup>)**

**Table 7. Coefficient of Determination (R<sup>2</sup>)**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664 <sup>a</sup>	.440	.405	4.194
a. Predictors: (Constant), Size of BOD, Size of Independent Commissioners, Size of BOC				
b. Dependent Variable: Financial Performance				

Source: SPSS 25 output

The individual regression outcomes demonstrate that commissioner board scale generates an inverse and statistically meaningful relationship with fiscal outcomes, evidenced by a coefficient of -0.017 at significance level 0.001. This counterproductive association indicates that increasing commissioner numbers typically diminishes organizational ROA, since administrative overhead and coordination limitations frequently exceed supervisory advantages. Additionally, expanded boards commonly experience competing interests and delayed decision-making processes, which ultimately impede overall profitability.

The Adjusted value of 0.405 verifies that, subsequent to accounting for predictor quantity and sample parameters, the independent variables offer consistent explanation for 40.5% of performance variation. This indicator confirms the statistical reliability of the regression framework for downstream hypothesis evaluation. Nevertheless, the evidence recognizes that substantial performance variations continue to stem from external elements absent from this model, including organizational scale, debt ratios, and revenue expansion rates.

## **Discussion**

### **The Influence of the Size of the Board of Commissioners, the Size of Independent Commissioners and the Size of the Board of Directors on Financial Performance**

The study demonstrates that the GCG indicators specifically the sizes of the BOC, independent commissioners, and the BOD jointly contribute to a firm's financial outcomes. These results confirm that a robust governance framework enhances the effectiveness of supervisory and strategic functions, which leads to improved operational efficiency and profitability. Essentially, the disciplined application of GCG serves as a catalyst for bolstering financial health and, consequently, elevating the company's valuation within the market.

Empirical evidence highlights that financial performance serves as a vital bridge between governance structures and a firm's market valuation, as investors are naturally drawn to companies demonstrating strong economic results. Research by Hidayat et al. (2024) further confirms that GCG mechanisms, specifically independent boards and audit committees, are instrumental in bolstering these financial outcomes. These insights align with Signaling Theory, which suggests that robust oversight reduces agency conflicts and motivates management to prioritize operational excellence. Consequently, the arrangement of board sizes including commissioners, independent members, and directors is a strategic asset rather than a mere structural requirement, as it reinforces internal discipline and fosters sustainable growth.

### **The Influence of Board of Commissioners Size on Financial Performance**

The BOC serves as a vital Good Corporate Governance (GCG) mechanism, primarily responsible for monitoring management to ensure their actions remain aligned with shareholder interests. Their core mandate is to guarantee that corporate management is conducted with transparency and accountability while adhering to established governance principles. However, this research yields a counterintuitive finding: a larger BOC significantly hampers financial performance. This adverse relationship suggests that excessive board membership fosters logistical bottlenecks, slows strategic deliberation, and heightens interpersonal conflict, ultimately undermining the quality of supervisory governance.

Existing literature presents a variety of perspectives that contrast with the findings of this study. For example, Kusumawardhany and Shanti (2021) observed that increasing the number of commissioners correlates with improved financial performance. This relationship is attributed to signaling theory, where a larger board is perceived by the market as an indicator of superior governance quality and organizational stability. Similarly, Febrina & Sri (2022) noted that companies with robust Good Corporate Governance (GCG) implementation and adequate board sizes typically achieve higher profitability. These differing results suggest that board size does not have a universal impact; rather, an oversized board can lead to diminished supervisory effectiveness if not supported by strong coordination and high performance standards. Therefore, it is crucial for firms to maintain a proportional board composition to ensure that their oversight functions successfully drive financial performance.

### **The Influence of Independent Commissioner Size on Financial Performance**

Theoretically, independent commissioners are essential for ensuring that corporate management remains transparent, accountable, and focused on the interests of shareholders. Despite this mandate, empirical evidence from this research indicates that their presence does not consistently yield a statistically significant impact on a firm's financial results. The analysis reveals that the effectiveness of this oversight is often

hampered because the role is treated as a suboptimal formality rather than a substantive monitoring function. Consequently, simply meeting regulatory requirements for the number of independent members is insufficient for driving improvements in a company's profitability or operational efficiency..

Consistent with earlier findings by Addina et al. (2023), this study confirms that the presence of Independent Commissioners does not significantly dictate financial success. Their analysis of IDX-listed manufacturers indicates that increasing the ratio of independent directors yields negligible performance gains, implying that the substantive effectiveness of oversight mechanisms outweighs the importance of numerical representation. This finding is consistent with the work of Ernawati & Santoso (2022), who also determined that independent commissioners fail to significantly influence profitability. Collectively, these results imply that the ability of independent members to enhance corporate value is contingent upon the intrinsic quality of their supervisory role rather than their total number or board size.

### **The Effect of Board of Directors Size on Financial Performance**

The size of the BOD is a fundamental determinant of strategic effectiveness and decision-making quality within a corporation. According to the sources, a proportional board structure enhances managerial capacity, allowing for more efficient task delegation and a swifter response to shifting business dynamics. This operational agility directly bolsters financial performance by ensuring that decisions remain coordinated and focused. Grounded in Signaling Theory (Spence, 1973), this viewpoint suggests that a well-calibrated board composition serves as a positive signal to investors, indicating a strong corporate commitment to effective oversight and strategic resource allocation. Supporting this, Setiawan & Setiadi (2020) and Haryani & Susilawati (2023) demonstrate that such GCG mechanisms improve management integrity and market competitiveness, ultimately leading to superior financial results.

## **5. CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

1. The size of the board of commissioners has a negative and significant effect on a company's financial performance. A larger number of board members tends to decrease financial performance because it can create coordination constraints, increase oversight costs, and create conflicting interests in the decision-making process.
2. The size of the independent commissioners has a positive but insignificant effect on a company's financial performance. This indicates that the presence of independent commissioners has not yet fully contributed optimally to improving a company's financial performance.
3. The size of the board of directors has a positive and significant effect on a company's financial performance. A larger number of board members can strengthen managerial capacity and increase the effectiveness of decision-making, thereby driving improved financial performance.
4. The size of the board of commissioners, independent commissioners, and board of directors collectively have a significant effect on a company's financial performance. This indicates that corporate governance structure plays a crucial role in enhancing the effectiveness of company oversight and management, thereby driving improved financial performance.

### **Recommendations**

Companies are advised to adjust the number of board commissioners to maintain a proportional level so that the supervisory function can operate effectively without hindering the decision-making process. Furthermore, companies need to strengthen the role of independent commissioners not only in terms of quantity, but also in terms of quality, competence, and level of independence to optimize their oversight of management. Companies also need to ensure that board members possess the appropriate competencies and experience in their respective fields, so that the company's management process can run more effectively and improve financial performance. Future research is recommended to include other variables related to corporate governance and company characteristics to enable a more comprehensive analysis of the factors influencing financial performance.

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