CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. Conclusions

Based on the research findings using multiple regression analysis and the discussion on the effect of Board Size, Independent Board Commissioners, Audit Committee Size, and Leverage on Financial Performance in consumer non-cyclical sector companies listed on the Indonesia Stock Exchange for the 2021–2023 period which has been carried out using panel data regression analysis, the conclusions are as follows:

1. Board Size does not affect the financial performance of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange for the 2021–2023 period.
2. Independent Board Commissioners have a positive effect on the financial performance of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange for the 2021–2023 period.
3. Audit Committee Size has a positive effect on the financial performance of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange for the 2021–2023 period.
4. Leverage does not affect the financial performance of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange for the 2021–2023 period.

B. Implications

Based on the results and discussion in the previous chapter, the following are the implications that can be used as material for decision making for companies listed in the consumer non-cyclical sector in the future:

1. The results of this study are expected to contribute to the development of financial theory, particularly regarding the factors that influence financial performance.
2. The results of this study indicate that Independent Board Commissioners and Audit Committee Size have positive effects on financial performance of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange. The presence of independent board commissioners enhances objectivity and oversight in corporate governance, thereby protecting shareholder interests through neutral decision-making and reducing agency conflicts. A larger audit committee positively affect by effectively supervising the company's operations, leading to stronger implementation of good corporate governance practices, which boosts financial performance.
3. The results of this study also indicate that board size and leverage do not affect the financial performance of non-cyclical consumer sector companies listed on the Indonesia Stock Exchange. This is because a larger board size alone does not guarantee better performance, as effective decision-making depends primarily on the board members' competence and coordination rather than their number. Moreover, leverage enhances performance only when borrowed funds

are used productively, while these companies prefer conservative strategies with internal funding.

4. This research provides valuable insights for management in consumer non-cyclical sector companies aiming to enhance their financial performance. Companies are encouraged to optimize the number and effectiveness of Independent Board Commissioners and the Audit Committee, as these governance mechanisms positively influence financial outcomes. Additionally, stakeholders should consider the quality and structure of corporate governance when making informed investment and managerial decisions.

C. Research Limitations and Recommendations

Based on the findings and scope of this study, the following are the research limitations encountered and recommendations for future research:

1. Future researchers can consider adding variables, for example sales growth, that may potentially influence the financial performance of consumer non-cyclical sector companies.
2. This study only uses ROA (Return on Assets) to measure the financial performance of companies. Future researchers are encouraged to use other measurements, such as Net Profit Margin, to provide a comparative perspective on financial performance assessment.
3. This study employs a random effects model, although random effects models tend to be less efficient than fixed effects models when the variability of effects

is minimal or insignificant. In these situations, the random effects model may yield less accurate estimates. Moreover, random effects models require the estimation of between-study variance, which can be imprecise, particularly when the number of studies is limited. This can result in unreliable conclusions about the distribution of true effects, posing a challenge in understanding the underlying processes of panel data dynamics.