

Chapter V

Conclusion

This research seeks to analyze the impact of corporate governance practices on the financial performance of manufacturing firms in Indonesia and Japan during periods of market uncertainty from 2020 to 2024. The study employs Return on Assets (ROA) as a measure of financial performance and adopts a comparative regression approach in examining the influence of board independence, ownership concentration, director remuneration, and audit committee independence.

The findings show that corporate governance practices have a greater effect on firm performance in Indonesia compared to Japan. Board independence, ownership concentration and director remuneration have significant positive effects on the performance of firms in Indonesia, while audit committee independence does not exhibit a significant effect. On the other hand, director remuneration is found to be the only factor with a significant positive impact on firm performance in Japan, highlighting the importance of performance-based remuneration in a mature governance environment. Firm performance in Japan may be influenced more by internal management practices, organizational culture, and long-term orientation rather than formal governance practices. These findings show that emerging markets may benefit more from strengthening corporate governance than developed countries. In conclusion, the results indicate that corporate governance practices vary between countries, especially between emerging and developed markets, and depend on institutional, regulatory, and ownership structures.