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INVESTIGATING THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE AND FIRM VALUE PRIOR TO AND DURING THE COVID-19 PANDEMIC

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ABSTRACT

Objective: This study aims to compare the impact of Corporate Governance on Financial Performance and Firm Value before and during Covid-19 Pandemic.

Theoretical framework: This research is based on stakeholders and shareholders who also have rights to what they have provided to the company.

Method: The study focuses on companies listed on the Indonesia Stock Exchange, analyzing the period from 2018 to 2021, which limits its scope to these entities during and before the pandemic. Utilizing ordinary least squares regression analysis through STATA, this study includes data from 146 companies.

Results and conclusion: The results indicate that company size favorably influenced Financial Performances and negatively affected Firm Value during the pandemic. However, aspects of Corporate Governance, including the board of directors, the size of the board, independent directors and the audit committee, had no significant impact on the Financial Performance of the company's value during this period. Before the pandemic, the audit committee negatively affected Firm Value, company size was favorably correlated with Financial Performance and company age favorably influenced Firm Value. However, other elements of Corporate Governance, such as the board of directors, board size and independent directors, did not significantly affect the Financial Performance of the company's value.

Implications of the research: This research offers important insights for companies in seeing how firm-related factors can lead to firm value in the capital market.

Originality/value: This study contributes to the understanding of the relationship between Corporate Governance, Financial Performance, and Firm Value in the context of the COVID-19 pandemic.

Keywords: Corporate Governance, Financial Performance, Firm Value.

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INVESTIGANDO O IMPACTO DA GOVERNANÇA CORPORATIVA E DO DESEMPENHO FINANCEIRO NO VALOR DA EMPRESA ANTES E DURANTE A PANDEMIA DE COVID-19

RESUMO

Objetivo: Este estudo tem como objetivo comparar o impacto da Governança Corporativa no Desempenho Financeiro e no Valor da Empresa antes e durante a Pandemia de Covid-19.

Referencial teórico: Esta pesquisa é baseada em stakeholders e acionistas que também têm direitos sobre o que forneceram à empresa.

Método: O estudo se concentra em empresas listadas na Bolsa de Valores da Indonésia, analisando o período de 2018 a 2021, o que limita seu escopo a essas entidades durante e antes da pandemia. Utilizando a análise de regressão de mínimos quadrados ordinários por meio do STATA, este estudo inclui dados de 146 empresas.

Resultados e conclusão: Os resultados indicam que o tamanho da empresa influenciou favoravelmente as condições financeiras e afetou negativamente o valor da empresa durante a pandemia. No entanto, aspectos da governança corporativa, incluindo o conselho de administração, o tamanho do conselho, os conselheiros independentes e o comitê de auditoria, não tiveram impacto significativo na situação financeira do valor da empresa durante este período. Antes da pandemia, o comité de auditoria afetava negativamente o valor da empresa, o tamanho da empresa estava favoravelmente correlacionado com o desempenho financeiro e a idade da empresa influenciava favoravelmente o val.or da empresa. No entanto, outros elementos da governança corporativa, como o conselho de administração, o tamanho do conselho e os diretores independentes, não afetaram significativamente a situação financeira do valor da empresa.

Implicações da pesquisa: Esta pesquisa oferece insights importantes para as empresas verem como os fatores relacionados à empresa podem levar ao valor da empresa no mercado de capitais

Originalidade/valor: Este estudo contribui para a compreensão da relação entre a administração corporativa, o valor da empresa e a condição financeira no contexto da pandemia da COVID-19.

Palavras-chave: Governança Corporativa, Desempenho Financeiro, Valor da Empresa.

INVESTIGAR EL IMPACTO DE LA GOBERNANZA EMPRESARIAL Y LOS RESULTADOS FINANCIEROS EN EL VALOR EMPRESARIAL ANTES Y DURANTE LA PANDEMIA DE COVID-19

RESUMEN

Objetivo: Este estudio tiene como objetivo comparar el impacto del Gobierno Corporativo en el rendimiento financiero y el valor empresarial antes y durante la pandemia de COVID-19.

Referente teórico: Esta investigación se basa en accionistas y accionistas que también tienen derechos sobre lo que han proporcionado a la empresa.

Método: El estudio se centra en las empresas que cotizan en la Bolsa de Indonesia, analizando el período de 2018 a 2021, lo que limita su ámbito de aplicación a estas entidades durante y antes de la pandemia. Utilizando el análisis de regresión de mínimos cuadrados ordinarios a través del STATA, este estudio incluye datos de 146 empresas.

Resultados y conclusión: Los resultados indican que el tamaño de la empresa influyó favorablemente en las condiciones financieras y afectó negativamente el valor de la empresa durante la pandemia. Sin embargo, algunos aspectos del gobierno corporativo, como el consejo de administración, el tamaño del consejo, los asesores independientes y el comité de auditoría, no tuvieron un impacto significativo en la situación financiera del valor de la empresa durante este período. Antes de la pandemia, el comité de auditoría afectaba negativamente al valor de la empresa, el tamaño de la empresa se correlacionaba favorablemente con el rendimiento financiero, y la edad de la empresa influía favorablemente en el valor de la empresa. Sin embargo, otros elementos del gobierno corporativo, como el consejo de administración, el tamaño del consejo y los directores independientes, no afectaron significativamente la situación financiera del valor de la empresa.

Implicaciones de la investigación: Esta investigación ofrece información importante para que las empresas vean cómo los factores relacionados con la empresa pueden conducir al valor de la empresa en el mercado de capitales

Originalidad/valor: Este estudio contribuye a la comprensión de la relación entre la gobernanza empresarial, el valor empresarial y la situación financiera en el contexto de la pandemia de COVID-19.

Palabras clave: Gobierno Corporativo, Rendimiento Financiero, Valor De La Empresa.

1 INTRODUCTION

Results of the COVID-19 pandemic, numerous businesses all over the world were impacted. These industries included the hospitality industry, the aviation industry, the manufacturing industry, and even grocery stores. All businesses are encouraged to adapt financial strategies, operating flexibility, and technological design in order to survive the COVID-19 period as a result of this impact (A Khatib & Ibrahim NOUR, 2021). There was also volatility in Financial Performance and Corporation as a result of these influences of COVID-19. Numerous Study has investigated these impacts. of Corporate Governance on and Firm Value both prior to and during the COVID-19 epidemic (Buallay et al., 2017; Candradewi & Rahyuda, 2023; Pillai & Al-Malkawi, 2018). Several studies that discuss Corporate Governance show favorable results on Financial Performance and Firm Value (Annisa et al., 2023; Oppong et al., 2023; Pucheta-Martínez & Gallego-Álvarez, 2020). The findings of other studies, on the other hand, have led study ers to the conclusion that Corporate Governance does not have any impact whatsoever on the financial success of the company or the value of the organization (Buallay et al., 2017; Candradewi & Rahyuda, 2023), this shows the inconsistency of the results of previous studies, rather than this study to recon Corporation these results.

Corporate Governance has become a popular contemporary issue around the world and attracted the attention of study on potential performance for the Corporations (Ofoeda, 2017; Sahar, 2018). Corporate Governance encompasses the various systems, methods, processes, and structures that regulate and guide companies (Aboagye et al., 2010). Enhanced Financial Performance frequently been emphasized as a primary advantage of implementing sound Corporate Governance practices and frameworks in businesses. Corporate Governance practices, however, are equally crucial for maintaining the sustainability and competitiveness of businesses (Idan et al., 2021; Xiaomei et al., 2021). Companies that prioritize the significance of effective Corporate Governance may provide greater value to their shareholders as a result of increased cash flow and reduced capital costs (Biswas, 2020; Fatma & Chouaibi, 2021). Good governance can provide confidence in the company in the eyes of consumers and build broader business confidence in the owners of capital (Aderomou & Nkhalamba, 2022). In addition to creating good business aspects, Corporate Governance is believed to create the achievement of sustainable development launched by the United Nations (Dandapani & Shahrokhi, 2022).

A corporation can enhance its performance and value by streamlining its leadership and control via the use of a set of procedures and methods known as Corporate Governance . Corporate Governance has become an important barometer in a company, because the resulting system can influence decisions made to achieve the effectiveness and efficiency of the company's operations (Makpotche et al., 2024). Various theories can elucidate Corporate Governance in developing nations, nn the other hand, the establishment of Corporate Governance systems has as its primary objective the elimination of conflicts that develop between the interests of shareholders and those of the managers of individual organizations (Fama et al., 1983). The literature that is now available often investigates and documents the impact that Corporate Governance has on the financial success of businesses (Alodat et al., 2021; Koji et al., 2020; Taliento et al., 2018). With regard to the board of directors, a number of studies have been carried out in order to investigate the connection that exists between the board of directors, independent directors, and audit committees in relation to the Financial Performance of corporations (Alodat et al., 2021; Buchdadi et al., 2019).

Hasnan et al. (2020) use agency theory and determine that the performance of the company and executive salary are negatively and significantly correlated. Furthermore, they are able to establish a robustly favorable association between the frequency of financial restatements and the level of leverage employed by corporations. In another area of study, Shu & Chiang (2020) It has been discovered that the most effective executive incentives have the capacity to align the interests of management with those of shareholders. Additionally, with regard to the control of the company, between the dual role of the CEO and the control of the family, are less likely to participate in corporate social responsibility. Outside blockholders, Including domestic and international institutional investors increases the efficacy of monitoring and, as a result, motivates businesses to practice corporate social responsibility.

Since this is the case, the objective of this study is to explore the relationship between Corporate Governance , financial performance, and business value during the year COVID-19 and before to that year. The Islamic Shariah Stock Index (ISSI) is used as a sample for this inquiry, which includes 146 public businesses that are listed on the index, as well as three proxies for Corporation performance. The results of the analysis indicate that there are relationships between board characteristics, board size, independent directors and audit committees and Financial Performanceindicators such as return on assets (ROA), return on equity (ROE) and Firm Value indicator such as Tobin's Q. In general, the average performance scores (ROA, ROE) and Firm Value (Tobins'Q) for companies listed on the ISSI are favorable , indicating a good level of Financial Performance and Firm Value.

The purpose of this study, on the other hand, is to evaluate the impact that Corporate Governance had on the Financial Performance and value of Corporations both before and after the COVID-19 crisis to determine how much of an impact it had. This is a significant departure from previous study endeavours. To achieve this, the study incorporates Corporation age and Corporation size as control variables.

Following is the outline that will be used for the paper: In the second section, the theoretical underpinnings of this investigation are presented. A comprehensive analysis of the existing literature is conducted, and hypotheses that can be tested by empirical methods are formulated. Section 3 provides a comprehensive explanation of the study design, encompassing the process of selecting data and samples, measuring variables, and specifying the model. The data, descriptive analysis and correlation between variables are presented in Section 4. Section 5 contains concluding remarks and sets out the implications of this study.

2 THEORETICAL BASIS

2.1 AGENCY THEORY

The purpose of the theory of agency is to get an understanding of the difficulties that are encountered when one party, known as the agent, works on behalf of another party, which is referred to as the foundation. Therefore, agency and the theory of agency provide a knowledge of agency behaviors, such as recognizing and delivering the services of "acting for," as well as guiding and correcting the activities of agents. Furthermore, agency theory endeavors to construct theoretical explanations of behavior within the context of a dynamic relationship, as well as within the intricate networks in which these behaviors are nested. The theory is commonly considered to be a timeless and universally applicable explanation of Corporate

Governance . The primary responsibility of the board of directors, according to this point of view, is to keep an eye on management and make certain that their interests are closely aligned with those of the shareholders. This is the primary function of the board. Furthermore, it is the responsibility of the board to steer the company in the direction of creating the greatest possible profits for the shareholders. Nevertheless, agency theory is not only superficially profound, but also fixates on a reductionist view of intricate financial and business dynamics, and detrimentally emphasizes the sole corporate goal of maximizing shareholder profit.

Jensen and Meckling (1976) introduced agency theory, which suggests a division between an organization's owners (principals) and management (agents). The ability to take into account the interests of all stakeholders, not just shareholders, is something that agents should be able to do (Rastogi & Singh, 2023). Agency disputes between the parties may result from this division, and the management of the company may use excessive resources and make poor investment choices. But according to Fama et al. (1983), having a strong board reduces agency issues by keeping management of the company apart from some components of the decision-making process. Accordingly, prior study in the financial domain employed agency theory in the context of corporate finance to ascertain how disparities in the principal's and agent's priorities impact a Corporation's valuation. Additionally, they have presented strategies that businesses might employ to deal with this problem.

However, boards of directors are not only a mechanism to minimise agency conflict within companies. In a dynamic environment, they have become highly important for facilitating the overall functionality of organisations (Vitolla et al., 2020) (Alodat et al., 2021)). In addition, boards are responsible for carrying out a variety of tasks. The agency problem, management of firings, and strategic management are for instance some of the duties that need to be completed (Daud et al., 2019; Ginglinger & Raskopf, 2019; Vitolla et al., 2020).

2.2 STEWARDSHIP THEORY

The stewardship idea posits that directors can effectively fulfill the business goals of shareholders by maximizing their own utility rather than acting in a self-serving manner. Furthermore, the theory posits that granting managers the freedom to exercise discretion might serve as a catalyst for improved performance. In addition, according to Donaldson & Davis (1991), the concept of stewardship places an emphasis on the fact that managers are motivated to act in a manner that is beneficial to shareholders because they are concerned about their reputation and the advancement of their careers. Consequently, the cost of the agency is cut down to an absolute minimum. The stewardship theory can also play a role as an intermediary between shareholders and the company in making good decisions for the future of the company (Carlisle et al., 2023).

Table 1

Different Aspects Emphasised by Agency Theory and Stewardship Theory

Agency Theory	Stewardship Theory
Considerable focus is placed on the capacity of the Supervisory Board to exert meaningful oversight over the Management Board. Specifically, the Supervisory Board is required to approve any financial decisions by the Management Board that surpass a predefined threshold.	Those on the Supervisory Board have expressed their admiration and gratitude to the Management Board.
The Supervisory Board, along with the Management Board, continuously oversees the decisions and actions undertaken by the Management Board.	Trust is the cornerstone of the relationship between the management board and the supervisory board.
The primary focus is on the agent principal problem, which is to maximize the value of the shareholders and members of the Management Board for whom they are acting to the greatest extent possible.	McGregor's Theory Y is the foundation of the stewardship theory's concept.
McGregor's Theory X is the foundation of the agency theory's philosophy.	Getting satisfaction from a job well done is the main source of motivation for members of the Management Board.
The Supervisory Board acts as the representative of the owners and provides them with feedback.	Behaviours that are useful to the organisation are highly valued.
All of the factors that motivate employees are pecuniary.	The stockholders and the management board do not have any conflicts.
There is a cost associated with managers holding shares, and it must have beneficial consequences.	It is not the financial aspects that serve as the primary drive for workers.
Managers make decisions based solely on economic rationalism, disregarding situational considerations.	The Supervisory Board has no need to include expensive motivators because enough compensation is sufficient.

It appears that organizational psychology and sociology have a significant influence on the stewardship paradigm. The two opposing viewpoints of managers and employees are presented by McGregor's theory (Theory X and Theory Y). These theories explain how managers view their staff members. Stewardship theory, on the other hand, is centered on managerial conduct. The assertion posits that deriving fulfillment from successfully completing a task is the primary catalyst for motivation among manager. As a result, their actions are consistent with the goals of the organization and pro-organizational. The interests of shareholders and managers are not at odds. In turn, the core of the issues that agency theory outlines is that conflict.

2.3 SHAREHOLDER THEORY

Shareholders are one of the most important factors in a company. They are one of the drivers of the company in carrying out greater development. The purpose of a corporation is certainly to prosper its shareholders, so it is not uncommon for financial decisions made by corporations to strive for shareholder prosperity (Akbar et al., 2023). According to Friedman's (1982) book Capitalism and Freedom, the sole group to which a corporation owes anything are its shareholders, and the company's objective is to maximize profits while compensating shareholders for the risk they assumed when they invested in the business. As a result, a business has no social obligation to its external stakeholders. Shareholders can have an impact on the distribution of dividends, either directly or indirectly (Rastogi & Singh, 2023). Additionally, the position of shareholders is an important factor in the governance of corporations in the modern day (Ganie et al., 2023). Regarding the inclusiveness of stakeholders' interests, particularly conflicting interests, Friedman contends that shareholder actions will result in time and money being lost, which will destroy value. According to Sternberg (2004) shareholder theory is risky and immoral since it ignores private property and the confidence that investors have placed in the company. Shareholders also have discretion in the event of problems within the company, they can send a letter directly to the company to sell their shares or can also participate in fighting the company (Carlisle et al., 2023).

2.4 STAKEHOLDER THEORY

Responsible companies are not only responsible to those outside the company, but they must also pay attention to the benefits for the stakeholders involved. In recent years, stakeholder theory has acquired significant traction in a variety of domains, including corporate strategy, economics, public policy, and business ethics. In reaction to shareholder theory, this idea was first put forth by Freeman (1984) and maintains that "a Corporation should be run in the interests of all its stakeholders rather than just the shareholders." Everyone who has an interest in the company is considered a stakeholder, even if that interest is undefined at this point (infinite). Opponents contend that managing involves more than just balancing the interests of an endless number of stakeholders. The majority of the time, though, the Corporation's stakeholders are its workers, creditors, suppliers, customers, and the neighborhood, and the extent of each stake should be determined by how much the Corporation's decisions impact each of these groups.

However, according to (Andrew L. Friedman & Samantha Miles, 2002), The majority of stakeholder theories are organization-centric and have their roots in corporate ethics or strategy-related management literature. The fact that most of the factors have a managerial focus is not surprising. Stakeholder theory has been criticized for being more of a catch-all than a unique theory in and of itself, according to Miles (2017). Through the use of an extended stakeholder theory Ees & Witteloostuijn (2008) discover that there is a favorable correlation between corporate social responsibility and financial performance.

2.5 CORPORATE GOVERNANCE

The company needs good management, because without good management it will have a bad impact in the future. Corporate Governance has become an important barometer in a company, because the resulting system can influence decisions made to achieve the effectiveness and efficiency of the company's operations (Makpotche et al., 2024). Corporate Governance, according to the World Bank, is the process of advancing accountability, transparency, and justice in business. According to the findings of the previous study, the tata kelola perusahaan is responsible for the organization of public and private entities, and it is presented as a set of regulations, guidelines, and business practices that explain how the manager of the company interacts with the people who are most significant to the company.

According to (C. Jensen & Meckling, 1976) and (M. C. Jensen, 1982)(C. Jensen & Meckling, 1976; M. C. Jensen, 1982), Corporate Governance encompasses the various systems, methods, processes, and structures that regulate and guide companies. Where as part of the supervision of the running of a corporation, with the intention of the sustainability and future of the corporation itself, as well as boosting company profitability and accountability (Rossi et al., 2021). While many Corporate Governance variables and procedures have been identified, some often thought-of mechanisms are shareholder concentration, board meetings, CEO duality, board composition, and board committees.

2.6 BOARD SIZE

In regard to the theories of economics by Fama et al. (1983), A significant part of a corporation's Corporate Governance structure is the board of directors. The question that worries shareholders is whether the board of directors can keep an eye on or exert control over management to make sure they behave in the owners' best interests. There is a widely held assumption that Corporations with large boards of directors are more inclined to have effective supervision, leading to improved company performance. (M. C. Jensen, 1982) and (Orozco et al., 2018) explained that seven to eight directors on a board of directors is more than enough in the ideal operation of a company. Raheja (2005) explain how the enormous size of the board leads to increased expenses for coordination and administration, resulting in ineffective monitoring. Nevertheless, prior study indicates that there is no ideal quantity for the number of boards of directors. Furthermore, opinions on how the size of the board of directors affects the operation of the company are divided.

Effective and independent boards contain a majority of independent outside directors who have no relevant connections, such as employment, familial, financial, or professional services, or interlocking directorships with management. Additionally, Elsayed & Elbardan (2018) find a favorable correlation between board size and financial success. Study ers who contend that reducing a board's size enhances communication and decision-making have put forth another theory regarding how smaller boards lead to improved performance (Nahum & Carmeli, 2019; Phillips-Wren, 2018; Ozbek & Boyd, 2020).

2.7 INDEPENDENT DIRECTORS

Having independent directors is crucial to Corporate Governance since they guarantee the board's efficacy. There is a notion that states having a high proportion of non-executive directors on the board increases effectiveness because it reduces conflicts of interest between the principle and agent (Jong, 2019). Independent directors can thereby influence the management's ability to make impartial and fair decisions. In order to safeguard minority shareholders and other pertinent parties, independent directors may also guarantee impartial decision-making (Rajkovic, 2020). According to Ongsakul et al. (2020) board independence reduces CSR inequality by about 34%–43%. Specifically, independent directors are associated with a lower level of CSR inequality.

Mishra (2020) asserts that not all Indian-listed corporations' earnings management strategies are impacted by board independence. Reguera-alvarado and Bravo (2017) in contrast, find that the board's independence has a beneficial impact on the Corporation's performance using specific values of directors' tenure and external directorships. This study emphasizes the need for a more focused method based on the individual traits of independent directors to investigate their impact on business choices, tactics, and results. Wei et al. (2018) however, declare in a fascinating study that board independence had no impact on the financial reporting of the Asian listed companies under investigation. The predictions of stewardship theory and agency theory for the makeup of the board are different. The board of directors can successfully oversee whether they are independent of management, according to agency theory. It is said that outside directors are incentivized to safeguard their reputation, which drives them to exert decision-making authority.

2.8 AUDIT COMMITTEE EFFECTIVENESS

The establishment of audit committees has been a requirement in both developed and developing nations in order to comply with rules. Studying its characteristics and actions is crucial as a result (Deli & Gillan, 2000). The voluntary creation of audit committees (Azhari et al., 2019; Deli & Gillan, 2000; Menon, Krishnagopal; Williams, 1994), the efficacy of internal controls (Ashfaq & Rui, 2019), a process for monitoring Corporate Governance quality improvement (Velte, 2017) and corporate financial reporting (Raimo et al., 2020). That are a few examples of the subjects evaluated in prior study. Additionally, the audit committee's function is vital to sustaining its ability to distribute duties in an efficient manner. Consequently, it follows that an audit committee requires members who possess the dedication and expertise necessary to spearhead the committee's efforts (Chaudhry et al., 2020).

The number of audit committees in the corporation is an essential aspect to be assessed (Collier et al., 2006). The analysis demonstrates that there is a direct and meaningful correlation between the size-related audit fees and the existence of an audit committee. By contrast, Salehi et al. (2018) state that there is no noteworthy connection between the size of the audit committee and the financial success of the company. In regard to the integrated reporting quality, based on agency theory, audit committee size has a favorable effect on IRQ and a non-significant effect on financial expertise (Raimo et al., 2020).

2.9 PREVIOUS STUDIES

Many study ers from different regions of the world are conducting study on Corporate Governance and financial performance. Some of these study ers are located in different countries. On the other hand, the amount of study that has been done on Corporate Governance and Financial Performancein Indonesia is still quite limited (Purbawangsa et al., 2020; Siagian et al., 2013; Tjahjadi et al., 2021). Nevertheless, none of these studies have examined how, in the Indonesian setting, Corporate Governance affects the Financial Performanceof businesses using ROA, ROE, and Tobin's Q as dependent (dependant) variables.

Siagian et al. (2013) found that there is a favorable correlation between business value and Corporate Governance. According to this study, companies with higher values also employ superior Corporate Governance. In contrast, there is a negative correlation between reporting quality and the Corporation's value, according to the study's second premise. As a result, Corporate Governance is a vital practice in Indonesia's public organizations and ought to encourage businesses to enhance their governance. There is a favorable correlation between the value of a Corporation and its Corporate Governance, and Financial Performanceas a moderating factor. Also included in this category is the importance of Financial Performance(Handayani et al., 2020).

By analyzing data from 81 non-financial companies listed on the Amman Stock Exchange Alodat et al. (2021), investigate the relationship between Corporate Governance and the Financial Performanceof a company. The study reveals a robust and favorable correlation between the qualities of the audit committee and the board of directors and the Financial

Performanceof the company, as measured by Tobin's Q and ROE. In the context of evaluating Corporation performance and internal Corporate Governance in Turkey, Ciftci et al. (2019) discover that big boards, foreign ownership, and the institutional environment all favorable ly impact financial performance. The effectiveness of internal auditing is examined by Vadasi et al. (2020) in relation to Corporate Governance . This study's findings demonstrate how internal audit professionalization affects audit committees and CEO duality as well as the efficacy of internal auditing. Comparable study on the effects of internal control disclosure (ICDIS) practices in South Asia is conducted by Ashfaq and Rui (2019) On the basis of empirical findings, it is possible to conclude that board and audit committee characteristics, in addition to government ownership, have a substantial favorable influence on ICDIS. The sole anomaly pertains to the substantial adverse effects stemming from the underrepresentation of women and international individuals on audit committees.

Fiandrino et al. (2018) reconcile the dichotomy between Corporate Governance and CSR by illustrating how corporate Financial Performance and Corporate Governance mechanisms significantly impact social and environmental practices, thereby influencing CSR. Considerable influence on the Financial Performanceof a company in Ghana can be attributed to the ownership structure, shareholder concentration, board size, and meeting frequency. On the contrary, board committees frequently exert an adverse influence on the Financial Performanceof the organization, while the existence of a dual chief executive officer does not affect it (Puni & Anlesinya, 2020). Therefore, it is interesting to conduct in-depth observations of company management. So that the scientific literature on company management becomes more and more and makes it easier for various parties inside and outside the company to see the company that will and has become a place of investment.

According to a recent study by Al-ahdal et al. (2021) the performance of listed Corporations in the Gulf and India, as gauged by Tobin's Q, has a detrimental impact on the composition of the board of directors. On the other hand, there were favorable effects on leverage, governance effectiveness, and transparency and disclosure. In their respective studies. Pintea et al. (2021) and Queiri et al. (2021) note that while Corporate Governance procedures do not significantly affect performance as evaluated by ROE, EVA, or TSR, there is a Substantial and favorable association for Tobin's Q. According to Antounian et al. (2021) there is a lower CEO turnover as a result of subpar performance, which is indicative of growing CEO entrenchment. CEO entrenchment, on the other hand, is negatively correlated with both Firm Value and performance.

3 METHODS

3.1 STUDY DESIGN

The present study employed quantitative study methods and panel data. Incorporating observations from numerous units over an extended duration of time, the panel regression methodology yields outcomes that are not readily discernible through cross-sectional or time-series investigations. From 2018 to 2021, the influence of Corporate Governance practices on ISSI-listed companies was the subject of an investigation. The study focused on variables such as board size, audit committees, independent directors, Financial Performanceindicators (ROA, ROE), and Firm Value (Tobin's Q). The study utilized a panel design approach with unbalanced panel data.

3.2 SAMPLE SELECTION

From the existing population on the Indonesia Stock Exchange, researchers narrowed the model to obtain more specific companies. This was done because researchers wanted to conduct research during the pandemic and after the pandemic. The study's sample consists of non-financial Indonesian listed companies on the ISSI that have made changes to their financial reporting between 2018 until 2021. The Indonesia Stock Exchange (IDX) website provided the specifics of these businesses' annual reports. After that, these businesses were scrutinized to see if the relevant Corporation Financial Performance and Corporate Governance data were available.

Companies having missing information and those that have been delisted were not included in the study's final sample. Following the selection process, 584 final samples were obtained from 146 listed businesses that have restated their financial accounts for this study. This data was then analyzed using statistical software.

3.3 DATA COLLECTION

3.3.1 Input variables

Data on corporate governance practices was gathered from secondary sources, specifically the annual reports and official websites of companies listed on the stock exchange from 2018 to 2021. This data encompassed various aspects of corporate governance, such as the composition of the board, including the total number of board members, the presence of independent directors, and the structure of the audit committee. The metric used to evaluate the board's composition focused on the current membership count, employing the overall number of board members as a gauge for board size. Furthermore, the balance between internal and external directors provided insight into the level of independence within the board, with a specific emphasis on the ratio of independent directors. Additionally, the composition of the audit committee was analyzed as an indicator of its functionality and effectiveness in overseeing corporate audits.

3.3.2 Dependent (Dependant) Variables

A dependent variable, often known as a response variable, is a component within research or experimentation that changes based on alterations in another variable, termed the independent variable. It is the aspect being tested or measured in an experiment, influenced by modifications in the independent variable. In this particular study, the dependent variables include return on assets and return on equity, along with Tobin's Q, which serves as an indicator of corporate value. These metrics of financial performance were obtained from the annual reports and websites of publicly traded companies over the period from 2018 to 2021. The selection of performance indicators was comprehensive, incorporating both accounting and market-based measures to assess the financial health of a company.

3.3.3 Control Variables

This study not only made observations with independent variables, but also tried combinations with control variables. The establishment of control variables is important in designing scientific experiments to ensure the validity of the results and to be able to draw appropriate conclusions about the relationship between the independent and dependent (dependant) variables. Previous study suggests that various variables can alter the impact of Corporate Governance on Financial Performance and Firm Value. The study ers incorporate business size and Corporation age as control variables. There are previous studies that state that Corporation size and Corporation age affect Financial Performance and Firm Value (Annisa et al., 2023; Laili et al., 2019; Younis & Sundarakani, 2020).

Table 2

Summary of Variable Definition and its Measurement

Variable Type	Variable name	Definition and measurement
Dependent (dependant) variables	ROA	Net income divided by total assets times 100 is the return on assets.
	ROE	Net profit/equity times 100 is the return on equity metric.
	Tobin's Q	The market value of the company's common shares plus its total debt divided by its gross asset book value.
Input variables	Board of Director	Determined by the number of directors on the board.
	Board Size	Quantified as the number of directors on the board of the business.
	Independent Director	Quantified as the percentage of independent directors on the board of the business.
	Audit Committee	Determined by audit committee membership.
Control Variables	Corporation Size	Based on the size of the company
	Corporation Age	Based on the age of the company

4 RESULTS AND DISCUSSION

4.1 DESCRIPTIVE STATISTICS

Before The Pandemic

Figure 1

Descriptives Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
ROA	730	-1.885169	51.70145	-1396.863	1.808634
ROE	730	-.8081241	20.22612	-544.4536	2.244585
TobinsQ	730	11.18507	214.8304	.0236185	5737.052
BoD	730	4.553425	1.807778	2	12
BoardSize	730	8.60411	3.062358	3	21
Independen~s	730	.4780822	.5369084	0	3
AuditCommi~e	730	2.993151	.3571065	0	5
FirmSize	730	28.44755	1.366028	18.17144	32.03341
FirmAge	730	35.9863	20.037	4	204

Source: Output, Stata 17

Figure 2

ROA

Source	SS	df	MS		
				Number of obs =	292
				F(6, 285) =	1.44
Model	.16822366	6	.028037277	Prob > F =	0.1992
Residual	5.54971697	285	.019472691	R-squared =	0.0294
				Adj R-squared =	0.0090
Total	5.71794063	291	.019649281	Root MSE =	.13954

ROA	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
BoD	.0117075	.0094513	1.24	0.216	-.0068956	.0303107
BoardSize	-.0059834	.0054275	-1.10	0.271	-.0166664	.0046996
Independent~s	-.0101255	.0154373	-0.66	0.512	-.0405112	.0202602
AuditCommit~e	.0005436	.0192151	0.03	0.977	-.0372779	.0383651
FirmSize	.016511	.0075455	2.19	0.029	.001659	.0313631
FirmAge	-.0000142	.0004166	-0.03	0.973	-.0008342	.0008058
_cons	-.4439637	.2091876	-2.12	0.035	-.8557123	-.032215

Source: Output, Stata 17

The Board of Directors (BoD), Bord Size, Independent Directors, Audit Committee, Corporation Size dan Corporation Age variable's t-statistic value during the period prior to COVID-19 does not have an effect on ROA. According to the hypothesis and the findings of past study , which show that Corporate Governance has a favorable effect on financial success, these data contradict the theory. (A Khatib & Ibrahim NOUR, 2021; Oppong et al., 2023; Pucheta-Martínez & Gallego-Álvarez, 2020).

Figure 3

ROE

Source	SS	df	MS			
				Number of obs	=	292
				F(6, 285)	=	0.62
Model	3837.09586	6	639.515977	Prob > F	=	0.7103
Residual	291651.243	285	1023.3377	R-squared	=	0.0130
				Adj R-squared	=	-0.0078
Total	295488.339	291	1015.42385	Root MSE	=	31.99

ROE	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
BoD	-.558552	2.166638	-0.26	0.797	-4.823194	3.70609
BoardSize	.6022108	1.244208	0.48	0.629	-1.846792	3.051214
Independent~s	-2.767507	3.538906	-0.78	0.435	-9.733216	4.198202
AuditCommit~e	-.7995898	4.40493	-0.18	0.856	-9.469912	7.870733
FirmSize	2.090142	1.729764	1.21	0.228	-1.314591	5.494876
FirmAge	.0076631	.095502	0.08	0.936	-.1803156	.1956417
_cons	-60.38245	47.95483	-1.26	0.209	-154.773	34.00814

Source: Output, Stata 17

Before the occurrence of COVID-19, the BoD, Bord Size, Independet Directurs Audit Commite, Corporation Size, Corporation Age variable had a t-statistic does not have an impact on ROE. According to the premise and the findings of prior study , which demonstrate that Corporate Governance has a favorable effect on financial performance, these conclusions are in direct opposition to the findings of the study ers who came before them (A Khatib & Ibrahim NOUR, 2021; Oppong et al., 2023; Pucheta-Martínez & Gallego-Álvarez, 2020)

Figure 4

Tobin's Q

Source	SS	df	MS			
				Number of obs	=	292
				F(6, 285)	=	6.50
Model	44.7492221	6	7.45820369	Prob > F	=	0.0000
Residual	326.91875	285	1.14708333	R-squared	=	0.1204
				Adj R-squared	=	0.1019
Total	371.667972	291	1.27720953	Root MSE	=	1.071

TobinsQ	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
BoD	-.0343651	.0725395	-0.47	0.636	-.1771462	.1084159
BoardSize	-.0067685	.0416563	-0.16	0.871	-.0887616	.0752246
Independent~s	.0606387	.1184833	0.51	0.609	-.1725746	.293852
AuditCommit~e	-.782263	.1474779	-5.30	0.000	-1.072547	-.4919789
FirmSize	.0633274	.0579128	1.09	0.275	-.0506637	.1773186
FirmAge	.0087366	.0031974	2.73	0.007	.002443	.0150302
_cons	1.668224	1.605537	1.04	0.300	-1.491991	4.82844

Source: Output, Stata 17

The Input variables of the Board of Directors, Bord Size, Independent Directors, Corporation Size had a t-statistic value no impact on Tobin's Q at the time before the SARS-

CoV-2 pandemic occurred. However, Audit Committee and Corporation Age have in impact in Tobin's Q. Both the conclusions of this study and the findings of preceding studies are in agreement with one another, demonstrating that Corporate Governance does not have an effect on the value of a company (Buallay et al., 2017; Lusiana Yulianti & Hendri Maulana, 2021).

4.2 AT THE TIME OF THE PANDEMIC

Figure 5

Descriptives Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
ROA	292	-4.759875	81.74676	-1396.863	1.808634
ROE	292	-.216412	2.757989	-41.65122	1.364064
TobinsQ	292	25.98915	339.4841	.0236185	5737.052
BoD	292	4.373288	1.782226	2	11
BoardSize	292	8.321918	2.837973	3	17
Independen~s	292	.2945205	.4928047	0	3
AuditCommi~e	292	3.023973	.2257648	2	5
FirmSize	292	28.43186	1.516552	18.17144	32.03341
FirmAge	292	37.4863	20.01382	7	204

Source: Output, Stata 17

Figure 6

ROA

Source	SS	df	MS			
				Number of obs	=	292
				F(6, 285)	=	10.91
Model	363185.64	6	60530.94	Prob > F	=	0.0000
Residual	1581431.56	285	5548.88265	R-squared	=	0.1868
				Adj R-squared	=	0.1696
Total	1944617.2	291	6682.53332	Root MSE	=	74.491

ROA	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
BoD	-5.196424	4.700116	-1.11	0.270	-14.44777	4.05492
BoardSize	-2.471659	2.966116	-0.83	0.405	-8.309932	3.366615
Independent~s	.4234421	9.288453	0.05	0.964	-17.85923	18.70611
AuditCommit~e	-18.47754	20.02849	-0.92	0.357	-57.90006	20.94498
FirmSize	26.92116	3.44084	7.82	0.000	20.14848	33.69384
FirmAge	-.0134887	.2243187	-0.06	0.952	-.4550202	.4280428
_cons	-670.6276	102.6851	-6.53	0.000	-872.745	-468.5102

Source: Output, Stata 17

The BoD, Bord Size, Independent Directors, Audit Committee and Corporation Age not a effect on ROA. However, Corporation Size have an effect on ROA. In contrast to previous study and the theory, which proposes that Corporate Governance contributes to increased financial performance, our data contradict the argument (A Khatib & Ibrahim NOUR, 2021; Oppong et al., 2023; Pucheta-Martínez & Gallego-Álvarez, 2020).

Figure 7

ROE

Source	SS	df	MS		
				Number of obs =	292
				F(6, 285) =	0.84
Model	38.5729052	6	6.42881753	Prob > F =	0.5380
Residual	2174.92027	285	7.63129918	R-squared =	0.0174
				Adj R-squared =	-0.0033
Total	2213.49317	291	7.60650574	Root MSE =	2.7625

ROE	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
BoD	-.0079916	.1743031	-0.05	0.963	-.3510762	.3350931
BoardSize	.1371957	.109998	1.25	0.213	-.0793158	.3537072
Independent~s	-.3245075	.3444609	-0.94	0.347	-1.002518	.3535025
AuditCommit~e	.135862	.7427533	0.18	0.855	-1.326116	1.59784
FirmSize	-.1573861	.127603	-1.23	0.218	-.40855	.0937778
FirmAge	.0035991	.0083188	0.43	0.666	-.012775	.0199732
_cons	2.701399	3.808061	0.71	0.479	-4.794092	10.19689

Source: Output, Stata 17

During the pandemic, BoD, Board Size, Independent Directors, Audit Committee, Corporation Size, Corporation Age were found to have no partial effect on ROE. This conclusion can be reached because the t-statistic value is 0.43. In contrast to the findings of previous studies and the assumption that Corporate Governance brings about improvements in financial performance, our findings suggest the exact reverse (A Khatib & Ibrahim NOUR, 2021; Oppong et al., 2023; Pucheta-Martínez & Gallego-Álvarez, 2020).

Figure 1

Tobin's Q

Source	SS	df	MS		
				Number of obs =	292
				F(6, 285) =	14.19
Model	7715388.53	6	1285898.09	Prob > F =	0.0000
Residual	25822194.7	285	90604.1918	R-squared =	0.2301
				Adj R-squared =	0.2138
Total	33537583.2	291	115249.427	Root MSE =	301.01

TobinsQ	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
BoD	19.09081	18.9924	1.01	0.316	-18.29237	56.47399
BoardSize	13.10812	11.98559	1.09	0.275	-10.48339	36.69964
Independent~s	22.34542	37.53313	0.60	0.552	-51.53189	96.22273
AuditCommit~e	79.01943	80.93185	0.98	0.330	-80.28057	238.3194
FirmSize	-122.047	13.90387	-8.78	0.000	-149.4144	-94.67974
FirmAge	.1272337	.9064352	0.14	0.888	-1.656923	1.911391
_cons	3053.136	414.9337	7.36	0.000	2236.412	3869.859

Source: Output, Stata 17

In further testing, it was found that BoD, Board Size, Independent Directors, Audit Committee and Corporation Age had no impact on Tobin's Q Value. Meanwhile, Corporation Size has an impact on Tobin's Q value. According to the findings of this investigation, which are in line with the findings of other studies that have demonstrated that Corporate Governance does not have an effect on the value of a company (Buallay et al., 2017; Lusiana Yulianti & Hendri Maulana, 2021)**.**

From the statistical analysis that has been carried out, it is found that the majority of the indicators contained in corporate governance do not have an impact on the company's market value. but this remains a concern for the company, because the company's internal factors are one of the capital of a company. When this factor can be maintained, of course the stability within the company will be good. And this will allow the company to continue to survive in the midst of economic competition

5 FINAL CONSIDERATIONS

During and before the SARS-CoV-2 pandemic took place, BoD, Bord Size, Independent Directors, Audit Committee, and Corporation Age had no effect on Financial Performanceas measured by return on assets. The size of the company, which serves as a control variable, has an impact on the return on assets both before and during the epidemic. The fact that this is the case suggests that the quantity of human resources in the Corporate Governance system, regardless of how great or small it may be, does not have any impact on the Financial Performanceof the company, both before and during the epidemic.

During and before the pandemic, BoD, Board Size, Independent Directors, Audit Committee, Corporation Age, and Corporation Size had no effect on the company's financial performance, namely on return on equity. This indicates that the Corporate Governance factors in the company have no impact on the return on capital that has been used during the pandemic or before the pandemic. This also provides evidence that the number of human resources in the stakeholder position has no impact on the Financial Performanceof the company itself. Likewise, Corporation age and Corporation size as control variables cannot affect financial performance, namely return on equity, both during and before the pandemic.

During a pandemic or before a pandemic, BoD, Bord Size, and Independent Directors have no effect on Firm Value, namely on the Tobins'Q ratio. Meanwhile, the number of audit committees had a negative effect on Firm Value before the pandemic. This indicates that too many audit committees can have a negative effect on investor confidence, thus affecting Firm Value. Meanwhile, Corporation age as a control variable has a favorable effect on Firm Value before the pandemic occurs. This can be a sign that the longer the company stands, the greater investor confidence in the company. Meanwhile, when the pandemic takes place, Corporation size, as a control variable, has a negative effect on Firm Value.

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