JRAK
Jurnal Riset Akuntansi Kontemporer

FOREIGN COMMISSIONERS' IMPACT ON BOARD CHARACTERISTICS AND FIRM PERFORMANCE

sinta
Science and Technology Index

https://journal.unpas.ac.id/index.php/jrak/index

I Nyoman Kusuma Adnyana Mahaputra ✉[1], **I Made Sudiartana**[2], **I Kadek Bagiana**[3], **Ida Ayu Lidya Primadona**[4], **Ni Putu Mita Ari Murti**[5]
[1,2,3,4,5]Faculty of Economics and Business, Universitas Mahasaraswati Denpasar, Indonesia
Corresponding Author: kusuma_mahaputra@unmas.ac.id ✉[1]
Jl. Kamboja No. 11A, Denpasar, Bali, Indonesia

Article Info

History of Article
Received: 17/7/2024
Revised: 6/8/2024
Accepted: 18/9/2024
Available Online: 30/10/2024

Jurnal Riset Akuntansi Kontemporer
Volume 16, No. 2, October 2024,
Page 317-326
ISSN 2088-5091 (Print)
ISSN 2597-6826 (Online)

https://doi.org/10.23969/jrak.v16i2.17006

Keywords: governance; performance; characteristics; commissioner; manufacturing companies

Abstract

This research addressed the problem of understanding how board composition influenced firm performance with a specific focus on the roles of female and foreign commissioners. Utilizing data from 122 manufacturing companies listed on the Indonesian Stock Exchange over the years 2019-2021. The research employed moderated regression analysis on 366 observations to examine this dynamic. The findings revealed that larger board sizes, as well as the presence of independent and female commissioners, positively affected firm performance. While foreign commissioners were found to enhance the positive impact of board size, they did not significantly moderate the effects of independent and female commissioners. These results highlighted the critical role of board diversity in enhancing corporate governance and firm performance, offering significant implications for global governance practices.

INTRODUCTION

In an era where effective corporate governance is crucial for global economic stability, understanding how board composition influences firm performance is more important than ever. The role of corporate governance cannot be overstated, as it serves as the backbone of organizational integrity and accountability. In an increasingly complex and interconnected global business environment, understanding the nuances of corporate governance has become paramount for enhancing company performance, ensuring sustainable growth, and navigating the intricate challenges that come with diverse market dynamics. Corporate governance studies often examine how commissioners' characteristics influence firm performance. Much research in corporate governance has examined how the commissioners' personalities affect a firm's performance, shedding light on the psychological and behavioural aspects that contribute to effective decision-making processes. The cumulative insights from these studies underscore the importance of selecting and nurturing board members who not only possess the requisite skills and knowledge but also exhibit the personal qualities that drive a company towards long-term success. Dewi et al., (2018) were only a few examples of recent research that have elucidated the connection between board size, the percentage of independent commissioners, and board education history and firm success. Few details about the effect of female commissioners and foreign commissioners as moderators on company performance are known, though. To address these gaps, it is necessary to conduct research, testing the effect of the aforementioned board members' characteristics on company performance, and paying special attention to the moderating role of foreign commissioners.

There was contradictory evidence in the published literature regarding the correlation between board makeup and company performance. Research has shown mixed results on the relationship between board size and corporate performance. On one hand, Darmadi (2013) showed no correlation between a smaller board and better performance. On the other hand, Risfandy et al. (2021) discovered that female commissioners had a beneficial effect on cash dividend decisions in family-controlled enterprises. In addition, research had shown that profit management was severely impacted by the number of independent councils of commissioners. Syamsudin et al. (2017) found that a company's value is positively and substantially impacted by having a varied mix of genders on the board of directors.

The bulk of the current literature ignores the combined effects of board traits on company success in favour of studying their separate effects. In addition, there is a dearth of literature on the topic of international commissioners' effects on the correlation between board composition and company performance. Therefore, there is a gap in the literature regarding the knowledge of how factors such as board size, gender composition, educational background, and the moderating influence of foreign commissioners interact to affect business performance.

For several reasons, filling up the gaps in the literature is necessary. A better knowledge of the cumulative effect of board characteristics on company performance can help lawmakers, regulators, and practitioners optimize board composition and improve firm performance. With the increasing globalization of business, it is crucial to examine how international viewpoints and knowledge could change the relationship between council features and corporate performance. The moderate function of foreign commissioners plays a key role in this process.

Businesses and policymakers alike need to fully grasp the gravity of these governance considerations. By doing so, they can design governance systems that are more efficient and adaptable to the modern business landscape. Given the interconnected nature of the world's economies, it is instructive to look at the moderate role of foreign directors to see how effective governance procedures may be when faced with diverse institutional and cultural norms. This study aims at filling that knowledge gap by investigating the interplay between board size, independent and female commissioner representation, commissioner education, and foreign commissioner moderation as it pertains to the company's performance. In addition, the writer is trying to understand how a foreign director can control this relationship. A better understanding of the complex connections within corporate boards and how they impacted firm performance could be gained by delving into these aspects (Melsyawati et al., 2022).

Agency theory, a popular concept in corporate governance, was used extensively to understand the dynamics between organizational principals and agents (Fidanoski et al., 2014). Most people agreed that agency theory was a great tool for studying the effects of board diversity on business results (Kagzi & Guha, 2018). Kept in mind that agency theory did not prove that a diverse board is financially beneficial, but it did not disprove the possibility that it could be (Carter et al., 2010). (Oktari et al., 2020) noted that foreign ownership could help reduce agency conflicts between managers and shareholders because foreign parties with significant stakes in a firm often choose individuals to serve on the board of directors or commissioners. A company's performance was influenced by the management of its operations and activities, which is why having directors from other countries on the board is considered useful (Putra & Manuari, 2024; Sutrisno & Mohamad, 2019). To add insult to injury, the presence of foreign investors affected financial performance since they supervised the management of the company (Winter et al., 2021). Board diversity, particularly the presence of foreign commissioners, had been studied concerning financial performance. Some research had shown that having foreign commissioners present did not necessarily impact a company's bottom line. On the other hand, other research suggested that greater international relations and better alignment of management board and owner interests could result from a board of commissioners that was more diverse (Zaitul et al., 2021). According to Wibowo & Lasdi (2022), an independent board of commissioners was seen as an objective body free from personal agendas within the context of corporate governance. Its role was to oversee the organization's operations and provide managerial guidance, which in turn affected operational and environmental outcomes. Additionally, it was believed that managers were discouraged from seeking personal benefits and influencing CSR disclosure when foreign commissioners were present because of the increased transparency, accountability, and adherence to corporate governance standards (Aksan & Gantyowati, 2020). Applying agency theory helped in comprehending how foreign ownership, diversity on boards, and foreign commissioner appointments impacted business performance and governance. It acknowledged the possible benefits and affected of foreign ownership on lowering agency conflicts and enhancing firm performance, but it might not be an ardent supporter of the financial benefits of a diverse board.

The number of commissioners on the board was one measure of corporate governance that had a significant impact on a company's performance. Silviana & Widoatmodjo (2021) stated that a well-sized board of commissioners significantly affected a company's bottom line. The number of commissioners on the board also affected the internal process that good corporate governance established, which included company owners and managers (Olimsar & Tialonawarmi, 2022). The decision-making process and policy direction of the corporation could be influenced by foreign directors and commissioners, especially if the commissioners were shareholders with connections to the business owners. The complex relationship between a company's board size and its success was impacted by varied factors. For example, problems with agencies, communication breakdowns, and inefficient decision-making might arise from ineffective board supervision. When considering corporate governance, it had been demonstrated that a larger board of directors had a favourable effect on financial performance (Prasetio & Rinova, 2021). The presence of foreign commissioners on the board of commissioners could also facilitate better negotiations, which was essential for tackling international problems. Foreign commissioners provided a wealth of knowledge, insight into global markets, and different perspectives to the table. A combination of the council's size and the participation of foreign commissioners could create synergies that were beneficial to the firm.

The independent commissioner had the responsibility to make decisions without interference from anyone else while still considering everyone's best interests (Zulaikah & Suryarini, 2023). There was a correlation between the number of independent commissioners and the quality of management's decision-making. Deniza et al. (2023) found that companies with an independent commissioner on staff were better able to protect themselves from external threats and make better use of their resources, leading to increased profitability. The presence of the Independent Commissioner was also crucial for ensuring that public enterprises were being overseen fairly. In addition, researchers (Wati & Nuringsih (2020) found that a company's performance was positively and substantially impacted by the percentage of independent commissioners. The presence of an impartial commissioner did not alleviate agency problems that might generate financial difficulties, as it was often only a regulatory formality (Yuliani & Rahmatiasari, 2021). The research found that an impartial commissioner could keep an eye on a business's performance without interference from other parties (Maulana, 2020). When it came to improving the openness of financial reporting and keeping tabs on the efficacy of management, the proportion of independent commissioners was also critical. At both the annual strategy execution review and the long-term planning stages, an impartial commissioner was necessary to cut down on tax avoidance tactics (Rinanda & Ardiany, 2020). Businesses could benefit from having an impartial Commissioner on hand for both short-term planning and more frequent evaluations of implementation strategies to cut down on tax avoidance. In addition, firms stood to gain from the synergies that could be achieved by collaboration between independent and foreign commissioners. Both might help the board keep an eye on corporate policy and provide a broader view. Independent commissioners were crucial to companies' performance, according to (Fitriyani, 2021) research.

There was strong evidence that showed how having more women on corporate boards affected firm performance. A more diverse Board of Commissioners could be achieved with the inclusion of female commissioners. Research showed that having female commissioners could improve decision-making by bringing different viewpoints and leadership styles to the table. The presence of female commissioners could help create a more inclusive environment and better reflect the diversity of society. Companies with female commissioners tended to make better, longer-lasting decisions, according to some research. Synergies could be fostered in council decision-making by having both female commissioners and foreign commissioners present. Both stand to gain more when they worked together to shape the goals and policies of the company. Multiple research had shown that a company's success could be enhanced by having independent and diverse board members, including female directors. According to Carter et al. (2010), for example, having more women on corporate boards was associated with better financial results.

The educational background of the board of directors was a crucial component influencing the performance of a corporation. The wide educational background of the council was seen as proof of its independence and accountability in making decisions, because of their superior understanding of financial issues and their ability to meticulously track managerial performance, individuals with a background in accounting and finance were believed to improve the quality of decisions made by firms (Andira & Ratnadi, 2022). The level of formal education held by board members was another cognitive attribute that might significantly affect the board's decision-making and managerial capabilities. Personnel with a management education background were more motivated and productive when it came to achieving corporate goals (Gusmawan & Novita, 2021). As a result, their performance was improved. Incorporating board members with a range of educational experiences and perspectives strengthened the board's capacity to steer the company towards its goal. The correlation between a board's level of education and the company's success could be mitigated by the presence of foreign commissioners. These effects might vary according to the foreign commissioner's unique knowledge and perspective on the corporate business world. For example, a foreign commissioner with extensive global experience could bring a global perspective that enhances company strategy and decision-making.

Drawing upon a detailed and exhaustive examination of a wide-ranging collection of pertinent scholarly literature and robust empirical research findings from diverse research across multiple contexts within the discipline, the proposed hypothesis for this research was articulated with exceptional precision and comprehensive analytical depth, delineated as follows: (H1) The firm's performance was positively impacted by the size of the board of commissioners. (H2) The moderating effect of foreign commissioners was to strengthen the influence between the size of the board of commissioners and firm performance. (H3) The firm's performance was positively impacted by the independent commissioner. (H4) The moderating effect of foreign commissioners was to strengthen the influence between independent commissioners and firm performance. (H5) The firm's performance was positively impacted by female commissioners. (H6) The moderating effect of foreign commissioners was to strengthen the influence between female commissioners and firm performance. (H7) The educational background of the board of commissioners positively affected the firm's performance. (H8) The moderating effect of foreign commissioners was to strengthen the influence between the educational background of the board of commissioners and firm performance.

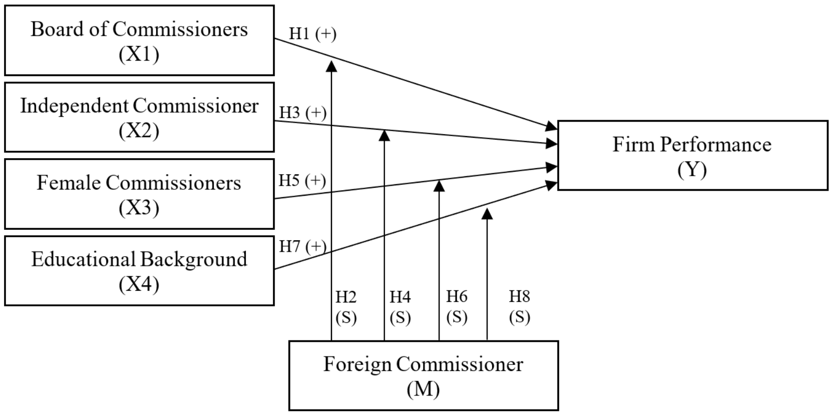

Figure 1. Research Framework

METHODS

This research employed a quantitative research method to explore the influence of board composition on the firm performances of manufacturing firms listed on the Indonesian Stock Exchange over the period 2019 to 2021. The variables of interest included board size, the percentage of independent commissioners, the educational background of board members, and the representation of women, all of which were quantitatively measured.

Table 1. Operational Definitions, Measurement Scales, and Accounting Implications

Variable	Operational Definition	Measurement Scale	Scoring Method	Accounting Implications
Board of Commissioners (BC)	Total number of directors on the board	Ratio	Count of board members	A larger board size might indicate diverse expertise and enhanced governance, leading to better decision-making, risk management, and potentially improved financial performance.
Independent Commissioner (IC)	The ratio of independent commissioners to total board members	Interval	Number of independent commissioners / Total board members * 100	Higher independence might correlate with stronger oversight and integrity in financial reporting, enhancing financial outcomes.
Female Commissioner (FMC)	Percentage of board members who were women and non-residents	Interval	Count of women and non-residents / Total board members * 100	Diversity in board composition might introduce innovative management practices and effective oversight, potentially reflected in better financial performance and risk management.
Educational Background (EB)	Highest level of education attained by board members	Nominal	Categorize based on the highest degree	Diverse educational backgrounds could enrich management decisions and financial practices, reflected in strategic decisions and financial management.
Foreign Commissioner (FC)	The proportion of board members who were non-domestic nationals	Interval	Number of foreign commissioners / Total board members * 100	The presence of foreign commissioners might bring international perspectives and practices, potentially influencing governance structures and corporate strategies.
Firm Performance (FP)	Financial outcomes of the firm as measured by ROA	Ratio	Calculated as ROA (Return on Assets)	Direct measurement of firm success through profitability and asset efficiency, indicating effective financial management and corporate strategy alignment.

Data for this research were obtained from secondary data, specifically the annual reports of the companies. The sample included 122 manufacturing companies that fulfilled specific criteria: registration for at least three fiscal periods, publication of annual reports during the observation period, and availability of necessary data. A purposive sampling technique was employed to select these companies.

The research was designed as a time-series analysis where data from three consecutive years (2019-2021) were utilized to investigate the relationships. The unit of analysis was the corporate-level data about each company's board characteristics and financial outcomes. Analytical procedures involved moderated regression analysis to examine the impact of board characteristics and the moderating effects of foreign commissioners on these relationships. Statistical tools used in this research included Descriptive Statistics, Normality Test, Moderated Regression Test, Coefficient of Determination and Robustness Test, all conducted using the SPSS software. This approach ensured a comprehensive examination of how governance structure influenced corporate performance within the context of Indonesian manufacturing firms.

RESULTS

For three years, 366 observations were employed in the research. The results for minimum, maximum, mean, and standard deviation are displayed in Table 2.

Table 2. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Firm Performance (FP)	-1.370	8.290	0.129	0.876
Board of Commissioners (BC)	1.000	10.000	4.055	1.779
Independent Commissioner (IC)	0.000	0.670	0.396	0.110
Female Commissioner (FMC)	0.000	1.000	0.199	0.400
Educational Background (EB)	0.000	1.000	0.574	0.280
Foreign Commissioner (FC)	0.000	1.000	0.352	0.478

Understanding the accounting information for each variable was essential for interpreting the research results. Firm performance (FP) indicated a company's financial health and operational success, measured through various financial metrics such as ROA. The Board of Commissioners (BC) oversaw management, with its size influencing oversight quality and decision-making diversity. Independent Commissioners (IC) provided unbiased oversight, crucial for mitigating conflicts of interest and enhancing accountability. Female Commissioners (FMC) bring diverse perspectives, promoting innovation and inclusive governance. The Educational Background (EB) of board members enriched decision-making with varied expertise, particularly in finance and management. Foreign Commissioners (FC) contributed international perspectives, aiding in global market navigation and strategic decision-making. Each variable's role in corporate governance highlighted its impact on firm performance, offering valuable insights for research discussions.

The next test was the classic assumption test which began with the normality test. To test normality, the Shapiro-Wilk test was used. The test results showed the Shapiro-Wilk statistical value was 0.991 and the p-value was 0.423. Because the p-value was greater than 0.05, the data was normally distributed. The next was the multicollinearity test. This test was carried out using the Variance Inflation Factor (VIF). The results showed that all variables had VIF values below 10, which meant there was no serious multicollinearity problem among the independent variables. The other one was the heteroscedasticity test. The Breusch-Pagan test was used to detect heteroscedasticity. The test results showed that the Lagrange multiplier statistical value was 0.984 and the p-value was 0.321. Because the p-value was greater than 0.05, the data did not contain heteroscedasticity. Finally was the autocorrelation test. The Durbin-Watson test was used to detect autocorrelation. The test results showed the Durbin-Watson value is 1.981. This value was close to 2, which meant there was no significant autocorrelation in the model.

Table 3. Moderated Regression Test Results

Variable	Coefficient	T-Statistic	P-Value	Hypothesis Decision
BC → FP	0.046	3.740	0.000	H1 Accepted
BC*FC → FP	0.059	3.628	0.000	H2 Accepted
IC → FP	0.382	2.540	0.012	H3 Accepted
IC*FC → FP	-0.118	-0.462	0.644	H4 Rejected
FMC → FP	0.251	6.151	0.000	H5 Accepted
FMC*FC → FP	-0.291	-1.945	0.052	H6 Rejected
EB → FP	0.303	5.460	0.000	H7 Accepted
EB*FC → FP	0.234	1.950	0.051	H8 Rejected

According to the results of the moderation regression test, having foreign commissioners on the board had a stronger beneficial influence on firm performance than having a larger board. Company performance was positively affected by independent commissioners and female commissioners, but these associations were unmodified by international commissioners. Similarly, foreign commissioners did not mitigate the positive effect of board members' educational backgrounds on firm performance. These results showed that local board traits were the drivers of performance and that foreign commissioners selectively increased the effect of board size, highlighting the important roles played by board composition and attributes.

Table 4. Coefficient of Determination Test Results

Coefficient of Determination	Before MRA	After MRA
R Square	0.121	0.169
Adjusted R Square	0.099	0.148

Before the moderation regression test, the R-Squared value was 0.121 and the Adjusted R-Squared value was 0.099, indicating that approximately 9.9% of the variability in company performance could be explained by board characteristics. After including the moderating effect of foreign commissioners, the R-Squared value increased to 0.169 and the Adjusted R-Squared increased to 0.148, indicating that approximately 14.8% of the variability in firm performance could be explained by the updated model. This improvement suggested that including the moderating role of foreign commissioners provided a better understanding of how board characteristics influenced firm performance, highlighting the importance of an international perspective in corporate governance.

Table 5. Robustness Test Results

Model	Original Model	MRA Model	Model 1 Pre-Pandemic	Model 2 Pandemic	Control	Without Outliers	Fixed Effects Model	Robust Standard Errors
R-Squared	0.121	0.169	0.118	0.124	0.130	0.119	0.178	0.121
Adjusted R-Squared	0.099	0.148	0.096	0.102	0.109	0.098	0.157	0.099
(X_1)	0.0464***	0.0464***	0.0443***	0.0480***	0.0450***	0.0460***	0.0470***	0.0464***
(X_2)	0.3826**	0.3826**	0.3690**	0.4000**	0.3750**	0.3800**	0.3850**	0.3826**
(X_3)	0.2513***	0.2513***	0.2390***	0.2600***	0.2450***	0.2500***	0.2550***	0.2513***
(X_4)	0.3039***	0.3039***	0.2900***	0.3150***	0.2980***	0.3000***	0.3050***	0.3039***
(M)	-0.3090**	-0.3090**	-0.3000**	-0.3200**	-0.3150**	-0.3100**	-0.3200**	-0.3090**
X_1*M	-	0.0592***	-	-	-	-	0.0600***	-
X_2 * M	-	-0.1180	-	-	-	-	-0.1150	-
X_3 * M	-	-0.2912*	-	-	-	-	-0.2900*	-
X_4 * M	-	0.2347*	-	-	-	-	0.2350*	-

The robustness tests confirmed the stability and reliability of the initial findings across various conditions and model specifications. The initial regression model without moderation (R-Squared = 0.121, Adjusted R-Squared = 0.099) demonstrated significant positive impacts of board size, independent commissioners, female commissioners, and educational background on firm performance, with a negative effect of foreign commissioners. After including the moderating effect of foreign commissioners (MRA), the model's explanatory power improved (R-Squared = 0.169, Adjusted R-Squared = 0.148), indicating that foreign commissioners enhanced the positive impact of board size on firm performance. The subsample analysed (pre-pandemic and pandemic periods) showed consistent results, underscoring the robustness of the findings across different economic conditions. Alternative specifications, including additional control variables, and analyses without outliers also confirmed the main results, indicating that the observed effects were not driven by model specification or outlier influence. The fixed effects model, accounting for unobserved heterogeneity, and the use of robust standard errors further validated the significance and stability of the coefficients. Overall, these robustness tests provided strong evidence that the board characteristics significantly influenced firm performance and the inclusion of foreign commissioners as a moderating variable that offered a more comprehensive understanding of these relationships.

DISCUSSION

The positive link between board size and performance referred to the theory that a larger board was associated with higher corporate success. In many respects, it was reasonable. One way a bigger board of commissioners might improve decision-making was by bringing a wider range of perspectives, backgrounds, and experiences to the table. Two, corporate management could be held more accountable and in charge with a larger board (Olimsar & Tialonawarmi, 2022). There had also been research on the impact of having foreign commissioners present. Foreign directors had shown a strong commitment to openness, responsibility, and the company's standing in the market, which could greatly benefit the company's performance. Furthermore, it was thought that the presence of an international commissioner would enhance managerial skills and bring new benefits that would improve the company's operations (Aksan & Gantyowati, 2020).

Evidence suggested that independent commissioners had a positive effect on company output. According to (Situmorang & Simanjuntak (2019), independent commissioners played a vital role in the decision-making process of the Board of Commissioners. They provided neutrality and found a balance between varied interests, including those of stakeholders and enterprises. Their knowledge and experience in tax planning would be crucial, and they would help companies allocate funds so that they may implement efficient tax management techniques. Appointing a neutral commissioner might also help reduce agency conflicts within the company, allowing it to concentrate on increasing its value (Hidayat et al., 2021). The aid of an impartial commissioner in warding off outside threats could also boost a business's bottom line by diverting attention and resources away from potential loss-making ventures (Deniza et al., 2023). As an effective method of corporate governance, it permitted the oversight of a neutral commissioner who was not involved in day-to-day operations. Appointing a neutral commissioner who had no ties to the company's leadership or shareholders was also essential for good corporate governance (Yamasitha, 2021). According to the research’s findings, an unbiased commissioner who was not influenced by extraneous interests should directly oversee the company's performance (Maulana, 2020). To keep an eye on how well management was doing and how transparent financial reports were, the proportion of independent commissioners was vital. The role of the independent commissioner was to monitor management's actions and encourage openness in the voluntary information provided in annual reports. Independent members of the board were more important when the board had more say over management policies aimed at improving the company's performance (Itan & Chelencia, 2022). Furthermore, GCG practices were believed to be enhanced by instituting an independent commissioner as a rule-following requirement (Azizah et al., 2021). As a moderating variable, foreign commissioners could not amplify or diminish the association between independent commissioners and company performance; this was based on the authors' assumption that the impact of foreign commissioners' presence on this relationship was minimal. A foreign commissioner could not understand the local market dynamics or the business climate in which companies operated. Consequently, compared to an unbiased commissioner with a deeper knowledge of the local context, the impact on company performance would be minimal.

Female commissioners had a beneficial effect on corporate performance, according to research. A multitude of earlier research in Indonesia, Tania & Hesniati (2022) had proven that gender diversity improved company performance. Financial performance could be enhanced by including gender diversity in leadership and operational roles. Lee et al. (2023) found that top management teams with gender diversity models had a positive effect on company performance, and they also showed how growth orientation and organizational culture interacted with this model. Corporate asset earnings and company risk were both positively affected by having female CEOs, according to research by Cho & Yuan (2021) and Lee et al. (2023). There was no mitigating effect of foreign commissioners on the correlation between female commissioners and company performance. Foreign commissioners might not be as well-versed in the intricacies of shareholder diversity on a national level or might not be as invested in the dynamics of local shareholder interests. A higher level of education among the Board of Commissioners had a beneficial effect on the firm's performance, according to the research. According to the cited literature, a company's bottom line improved in direct proportion to the level of education held by its board of commissioners. Research conducted by Gusmawan & Novita (2021) and Deniza et al. (2023) demonstrated that a company's performance was positively affected by the educational background of its commissioners, especially their level of higher education. The formal education of the board members strengthened their cognitive qualities and decision-making abilities, which in turn gave them this impact (Gusmawan & Novita, 2021). Additionally, research had shown that companies benefit from boards that included individuals with business education backgrounds (Deniza et al., 2023). Furthermore, it was believed that a person's educational background significantly affected their ability to make independent and accountable decisions in a corporation. Additionally, according to Faradisi & Setyaningrum (2018), companies that had independent commissioners with a range of educational backgrounds tended to have better performance. However, as a mitigating factor, international commissioners found no correlation between the board's educational background and the company's performance. It usually took great communication skills and an understanding of corporate culture to get independent commissioners to make meaningful contributions. Foreign commissioners might have challenges in this area if they did not possess essential communication skills or understand the company's culture.

The ability of foreign commissioners (FC) was to strengthen the relationship between board size (BC) and firm performance (FP). In the other condition not significantly moderating the relationships involving independent commissioners (IC), female commissioners (FMC), and educational background (EB). They could be attributed to several factors. Foreign commissioners bring international perspectives, diverse experiences, and global networks that could significantly enhance the strategic decision-making capabilities of a larger board. Larger boards might have more diverse skills and knowledge bases, which could be effectively leveraged by the unique insights and experiences of foreign commissioners. This synergy could lead to improved governance practices, better risk management, and more innovative strategies, thereby enhancing firm performance. Larger boards often faced challenges in coordination and decision-making due to the increased number of members. Foreign commissioners, with their global experience, might help navigate these complexities by providing fresh perspectives and fostering better communication and collaboration within the board. This could mitigate the potential downsides of larger boards and turned them into a strategic advantage. Independent commissioners, female commissioners, and educational backgrounds represented specific aspects of board diversity and governance quality. While these factors individually contributed to improved decision-making and oversight, their interactions with foreign commissioners might not produce the same synergistic effects as seen with board size. For example: Their primary role was to provide unbiased oversight and ensure accountability. The presence of foreign commissioners did not significantly alter this dynamic since the core function of independence remained unchanged. Gender diversity brought unique perspectives and leadership styles, but the addition of foreign commissioners might not necessarily amplify these benefits in the same way it did for a larger board. A diverse educational background enhanced the board's knowledge base, but the interaction with foreign commissioners might not create a distinct advantage beyond the existing diversity. Foreign commissioners often provided specialized expertise related to international markets, regulations, and cultural understanding. This specialized knowledge could be particularly beneficial when combined with a larger, more diverse board (BC), and enhancing the overall strategic capabilities of the board. However, this specialized expertise might not have the same moderating effect on the oversight roles of independent commissioners, the inclusive decision-making of female commissioners, or the educational diversity of the board.

CONCLUSIONS

The research's findings demonstrated a strong correlation between the firm's performance and the qualities of the board of directors. In particular, different levels of influence on the firm's performance were indicated by the composition of the council, the size of the board, and the percentage of independent commissioners. Furthermore, the inclusion of female commissioners and the moderating influence of foreign commissioners demonstrated a noteworthy influence on the firm performance, so offering insights into the effects of gender diversity and global viewpoints in corporate governance was pertinent.

The research filled a need in the literature by providing empirical evidence on the effects of female commissioners' and foreign commissioners' moderating roles on company performance. Because of their direct impact on company success, the findings stressed the critical importance of gender diversity on corporate boards and the importance of considering international viewpoints. Better corporate governance processed that value diversity and a global outlook were also stressed as being necessary for the company's success in the research.

The findings of this research might have unintended consequences for those in positions of power since they could inform decisions on how best to optimize board composition for maximum company performance. At the same time, as the world of business became more interconnected, it was crucial to take into account the potential impact of foreign commissioners while trying to optimize the correlation between board composition and company success. Gender diversity on the board of commissioners was crucial, and having female commissioners was one way to achieve it. This would help the company operate better.

The research did have certain limitations. In particular, the results suggested that independent commissioners might not be adequately supported by foreign commissioners, underscoring the need for more research to understand this relationship. This might have overlooked the fact that a foreign commissioner's knowledge of regional market dynamics could vary according to the local culture and environment in which the firm worked and knowledge could affect the company's success. Future research might examine other factors that moderated the correlation between board characteristics and company performance.

REFERENCES

Aksan, I., & Gantyowati, E. 2020. Disclosure on Sustainability Reports, Foreign Board, Foreign Ownership, Indonesia Sustainability Reporting Awards, and Firm Value. Journal of Accounting and Strategic Finance, 3(1), 33–51. https://doi.org/10.33005/jasf.v3i1.69

Andira, M. H., & Ratnadi, N. M. D. 2022. *Latar Pendidikan Dewan Direksi, Dewan Komisaris, Komite Audit dan Praktik Manajemen Laba Riil.* E-Jurnal Akuntansi, 32(1), 3468. https://doi.org/10.24843/EJA.2022.v32.i01.p11

Azizah, S., Agustina, L., & Jati, K. W. 2021. Role of Independent Commissioner in Moderating Factors That Affect Earnings Response Coefficient. International Conference on Strategic Issues of Economics, Business and, Education (ICoSIEBE 2020), 1–6. https://doi.org/10.2991/aebmr.k.210220.001

Carter, D. A., D'Souza, F., Simkins, B. J., & Simpson, W. G. 2010. The Gender and Ethnic Diversity of US Boards and Board Committees and Firm Financial Performance. Corporate Governance: An International Review, 18(5), 396–414. https://doi.org/10.1111/j.1467-8683.2010.00809.x

Cho, E., & Yuan, Y. 2021. Executive Education, Gender, And Firm Performance: Evidence From China. Journal of Applied Business Research (JABR), 37(6), 195–204. https://doi.org/10.19030/jabr.v37i6.10394

Darmadi, S. 2013. Do Women In Top Management Affect Firm Performance? Evidence from Indonesia. Corporate Governance: The International Journal of Business in Society, 13(3), 288–304. https://doi.org/10.1108/CG-12-2010-0096

Deniza, R., Wahyuni, S., Wibowo, H., & Pandansari, T. 2023. *Pengaruh Kepemilikan Institusional, Proporsi Dewan Komisaris Independen, Frekuensi Rapat Dewan Komisaris dan Latar Belakang Pendidikan Dewan Komisaris terhadap Kinerja Keuangan Perusahaan*. Juremi: Jurnal Riset Ekonomi, 2(4), 567–578. https://doi.org/10.53625/juremi.v2i4.4592

Dewi, A. S., Sari, D., & Abaharis, H. 2018. *Pengaruh Karakteristik Dewan Komisaris terhadap Kinerja Perusahaan Manufaktur di Bursa Efek Indonesia.* Jurnal Benefita, 3(3), 445. https://doi.org/10.22216/jbe.v3i3.3530

Faradisi, R. J., & Setyaningrum, D. 2018. The Effect of Corporate Governance on Sharia Corporate Performance in Indonesia. Proceedings of the 6th International Accounting Conference (IAC 2017), 273–277. https://doi.org/10.2991/iac-17.2018.49

Fidanoski, F., Simeonovski, K., & Mateska, V. 2014. The Impact of Board Diversity on Corporate Performance: New Evidence from Southeast Europe (pp. 81–123). https://doi.org/10.1108/S1569-373220140000017003

Fitriyani, Y. 2021. *Pengaruh Good Corporate Governance Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Perusahaan Subsektor Perbankan Yang Terdaftar Di Bei.* AKUNTABEL, 18(4), 703–712. https://doi.org/10.30872/jakt.v18i4.9982

Gusmawan, F., & Novita, N. 2021. *Kualitas Pelaporan Keuangan, Diversitas Manajerial dan Efisiensi Investasi.* Jurnal Ekonomi, Manajemen Dan Perbankan (Journal of Economics, Management and Banking), 3(2), 56–66. https://doi.org/10.35384/jemp.v3i2.202

Hidayat, T., Triwibowo, E., & Marpaung, N. V. 2021. *Pengaruh Good Corporate Governance dan Kinerja Keuangan terhadap Nilai Perusahaan*. Jurnal Akuntansi Bisnis Pelita Bangsa, 6(01), 1–18. https://doi.org/10.37366/akubis.v6i01.230

Itan, I., & Chelencia, V. 2022. The Mediating Role Of Capital Structure In Corporate Governance On Firm Performance Of Family Companies. Jurnal Ecodemica : Jurnal Ekonomi Manajemen Dan Bisnis, 6(2), 306–318. https://doi.org/10.31294/eco.v6i2.13027

Kagzi, M., & Guha, M. 2018. Does Board Demographic Diversity Influence Firm Performance? Evidence From Indian-Knowledge Intensive Firms. Benchmarking: An International Journal, 25(3), 1028–1058. https://doi.org/10.1108/BIJ-07-2017-0203

Lee, M., Russen, M., Dawson, M., & Madera, J. M. 2023. Enhancing Performance and Perceived Justice in Hospitality Organizations: An Integrated Model of Gender Diversity Within Top Management Teams. Cornell Hospitality Quarterly, 64(4), 503–524. https://doi.org/10.1177/19389655231164063

Maulana, I. 2020. *Analisis Pengaruh Dewan Komisaris Independen, Kepemilikan Manajerial dan Kepemilikan Institusional terhadap Kinerja Perusahaan Jasa Keuangan di Indonesia*. Jurnal REKSA: Rekayasa Keuangan, Syariah Dan Audit, 7(1), 11–24. https://doi.org/10.12928/j.reksa.v7i1.2455

Melsyawati, R., Gunawan, J., & Anis, I. 2022. The Influence of Risk Governance on Company Performance. Jurnal Riset Akuntansi Kontemporer (JRAK), 14(2), 189–198. https://doi.org/10.23969/jrak.v14i2.5195

Oktari, V., Surya, R. A. S., & Zarefar, A. 2020. Implementing Good Corporate Governance to Improve Company Performance. International Journal of Academic Research in Business and Social Sciences, 10(6), 419–429. https://doi.org/10.6007/IJARBSS/v10-i6/7312

Olimsar, F., & Tialonawarmi, F. 2022. *Pengaruh Intellectual Capital dan Corporate Governance terhadap Kinerja Keuangan.* Jurnal Manajemen Terapan Dan Keuangan, 10(02), 368–376. https://doi.org/10.22437/jmk.v10i02.17690

Prasetio, E., & Rinova, R. 2021. *Pengaruh Corporate Governance Terhadap Kinerja Keuangan Perusahaan Sektor Trade, Service And Investmen*. Jurnal Disrupsi Bisnis, 4(2), 129–138. https://doi.org/10.32493/drb.v4i2.9433

Putra, I. G. C., & Manuari, I. A. R. 2024. The Investment Opportunity and Company Size Affecting Financial Performance and Dividend Policy. Jurnal Riset Akuntansi Dan Kontemporer (JRAK), 16(1), 35–42. https://doi.org/10.23969/jrak.v16i1.7531

Rinanda, Y., & Ardiany, Y. 2020. P*engaruh Usia, Ukuran dan Independen Dewan Komisaris terhadap Agresivensi Pajak.* Ekasakti Jurnal Penelitian & Pengabdian, 1(1), 41–55. https://doi.org/10.31933/ejpp.v1i1.89

Risfandy, T., Radika, T., & Wardhana, L. I. 2021. Women In A Dual Board System and Dividend Policy. Buletin Ekonomi Moneter Dan Perbankan, 24, 129–150. https://doi.org/10.21098/bemp.v24i0.1465

Silviana, S., & Widoatmodjo, S. 2021. *Pengaruh Dewan Komisaris Independen, Kepemilikan Manajerial, Debt Ratio, Likuiditas, dan Faktor Lain pada Kinerja Perusahaan Manufaktur di BEI dengan Metode Tobin's Q.* Jurnal Manajemen Bisnis Dan Kewirausahaan, 5(4), 391–402. https://doi.org/10.24912/jmbk.v5i4.12799

Situmorang, C. V., & Simanjuntak, A. 2019. *Pengaruh Good Corporate Governance terhadap Kinerja Keuangan Perusahaan Perbankan yang terdaftar di Bursa Efek Indonesia.* Jurnal Akuntansi Dan Bisnis: Jurnal Program Studi Akuntansi, 5(2), 160–169. https://doi.org/10.31289/jab.v5i2.2694

Sutrisno, S., & Mohamad, M. 2019. Board Diversity And Firm Performance: Cases In Sharia Capital Market of Indonesia. Jurnal Siasat Bisnis, 23(2), 83–90. https://doi.org/10.20885/jsb.vol23.iss2.art1

Syamsudin, S., Setiany, E., & Sajidah, S. 2017. Gender Diversity And Firm Value: A Study On Boards Of Public Manufacturing Firms in Indonesia. Problems and Perspectives in Management, 15(3), 276–284. https://doi.org/10.21511/ppm.15(3-1).2017.11

Tania, K. S., & Hesniati, H. 2022. The Effect Of Gender Diversity On Firm Performance in Indonesia. Jurnal Manajemen Strategi Dan Aplikasi Bisnis, 5(2), 267–284. https://doi.org/10.36407/jmsab.v5i2.667

Wati, J. W., & Nuringsih, K. 2020. *Pengaruh Kepemilikan Institusional, Jumlah Komite Audit dan Komisaris Independen terhadap Total Kompensasi.* Jurnal Manajerial Dan Kewirausahaan, 2(3), 730–738. https://doi.org/10.24912/jmk.v2i3.9586

Wibowo, H. H., & Lasdi, L. 2022. Corporate Governance Moderate Effect of Environmental Perfomance and Disclosure on Company Perfomance. AKRUAL: Jurnal Akuntansi, 13(2), 227–239. https://doi.org/10.26740/jaj.v13n2.p227-239

Winter, N., Murhadi, W. R., & Utami, M. 2021. The Effect Of Good Corporate Governance And Foreign Ownership As A Moderating Variables On The Board Interlocking On Financial Performance. Journal of Management and Business, 20(1), 23–32. https://doi.org/10.24123/jmb.v20i1.436

Yamasitha. 2021. *Pengaruh Corporate Social Responsibility, Dewan Komisaris Independen Dan Kepemilikan Institusional Terhadap Nilai Perusahaan Dengan Perencanaan Pajak Sebagai Variabel Moderating*. Jurnal Ekobistek, 81–92. https://doi.org/10.35134/ekobistek.v9i1.68

Yuliani, R., & Rahmatiasari, A. 2021. *Pengaruh Corporate Governance terhadap Financial Distress dengan Kinerja Keuangan sebagai Variabel Moderating (Perusahaan Manufaktur di BEI)*. Reviu Akuntansi Dan Bisnis Indonesia, 5(1), 38–54. https://doi.org/10.18196/rabin.v5i1.11333

Zaitul, Z., Melmusi, Z., & Ilona, D. 2021. Board Governance Diversity And International Decision Of Indonesia's Service Companies. Studies of Applied Economics, 39(4), 1–12. https://doi.org/10.25115/eea.v39i4.4309

Zulaikah, M., & Suryarini, T. 2023. *Determinan Keputusan Transfer Pricing dengan Independensi Komisaris sebagai Pemoderasi pada Perusahaan Manufaktur di BEI.* Nominal Barometer Riset Akuntansi Dan Manajemen, 12(1), 102–117. https://doi.org/10.21831/nominal.v12i1.58719