THE INFLUENCE OF GOOD CORPORATE GOVERNANCE MECHANISMS ON FINANCIAL PERFORMANCE WITH TRANSPARENCY AS A MODERATING VARIABLE IN COMPANIES LISTED ON THE INDONESIAN INDONESIA STOCK EXCHANGE IN 2020 – 2022

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Abstract
Maintaining stability is crucial for a company's overall productivity, including its financial health, workforce dynamics, and the political and social landscape in which it operates. This study aims to explore the important role of corporate governance in promoting stability and ultimately enhancing economic outcomes. The concept of good corporate governance (GCG) is highlighted as a fundamental element in guiding companies towards sustainable success. A well-defined governance framework, which includes clearly articulated mission, rules, and transparent conventions, serves as a guiding mechanism to achieve organizational objectives. To examine the relationship between corporate governance and company performance, this research utilizes the Purposive Sampling technique. Companies are selected based on strict criteria, using consecutive annual financial reports throughout the research period. The findings indicate that Variable X1 has no direct impact on Variable Y, and similarly, Variable X1 does not directly influence Variable Z. However, Variable X2 is found to indirectly influence Variable Y through its impact on Variable Z. The study emphasizes the complex relationship between corporate governance practices and various performance indicators within companies. It provides insights into the strategic considerations that can be utilized to optimize organizational productivity. Recognizing the importance of a stable operational foundation, this research advocates for the proactive adoption of sound corporate governance principles as a means to foster sustained economic improvement and propel companies towards long-lasting success.

Keywords: Good Corporate Governance, Financial Performance, Transparency

1. INTRODUCTION

The implementation of Good Corporate Governance (GCG) at this time is no longer just an obligation, but has become a necessity for every company and organization. Good Corporate Governance (GCG) is needed to provide good development for the performance of a company which makes the company long-lived and trustworthy (Rana et al., 2015; Sopiah & Syihabudhin, 2008). Timely disclosure and accurate information are the most important parts of Good Corporate Governance (Gaspersz, 2005). The implementation of corporate governance can increase company transparency. Transparency has been widely recognized by academics and market regulators, so many rules and regulations have been introduced over time to ensure companies are transparent (Ramadhani et al., 2020).

Information disclosed in the issuer's annual report can be grouped into two, namely mandatory disclosure and voluntary disclosure (Setiawan, 2020; Shin-Ping & Tsung-Hsien, 2009). Mandatory disclosure is information that must be disclosed by issuers regulated by a country's capital market regulations. Meanwhile, voluntary disclosure is the submission of information provided voluntarily by the company outside of mandatory disclosure (Berman & Evans, 2011; Widarjono, 2007).

A good corporate governance mechanism is important in improving the company's financial performance so that the company can avoid financial problems. Thus, the corporate governance system (Corporate Governance) determines the achievement of company goals, because this corporate governance determines the direction of the company's course, policies, development, and future plans (Alrawashedh et al., 2021).

Company value can be said to be good if the company's governance is good, to get good management, the company must implement good corporate governance. Good corporate governance can increase profits and can reduce the level of risk of future company losses so as to increase future company value. Initially, corporate governance was motivated by financial scandals that occurred in companies in various countries, especially developed countries. As business complexity develops in various countries in the world, corporate governance is also developing in other countries, especially in developing countries such as Indonesia. This has spurred the government to issue regulations regarding the implementation of good corporate governance for companies in Indonesia so that with good governance it will avoid the occurrence of economic crises as has happened before.

This study aims to investigate a number of key questions related to corporate governance and ownership in the context of their influence on financial performance and the level of transparency. The problem formulation includes aspects such as the influence of governance structure and ownership structure on financial performance and transparency, as well as the relationship between transparency as a mediator and the influence of governance structure and ownership structure on financial performance. Thus, the main objective of this study is to understand how these factors are interrelated and contribute to the financial condition and transparency of a company.

2. THEORETICAL FOUNDATION

2.1. Agency Theory

Agency theory is a description of the relationship between authorized parties, namely investors who are also commonly referred to as principals with managers who are authorized agents. The relationship between agents and principals is called an agency relationship (Wijaya & Christiawan, 2014).

2.2. Governance Structure

1. Board of Commissioners

   In general, the board of commissioners is a representative of the owner of interests (Shareholder) in a company in the form of a limited liability company which has the function of overseeing the management of the company carried out by management (directors), and is responsible for assessing whether management fulfills their responsibilities in managing and developing the company, as well as organizing the company's internal control (Sukandar, 2014). In essence, the board of commissioners is a supervisory mechanism and a mechanism for providing guidance and direction on company management (Rahmawati, 2017).

2. Board of Directors
Article 1 in Law No. 40 of 2007 concerning limited liability companies, what is meant by the board of directors is a company organ that is authorized and fully responsible for the management of the company for the benefit of the company, in accordance with the aims and objectives of the company, and represents the company, both inside and outside the court, in accordance with the provisions of the articles of association (Effendi, 2016)
3. Audit Committee
The Indonesian Audit Committee Association defines the audit committee as a committee that works professionally and independently formed by the board of commissioners, thus its task is to assist and strengthen the function of the board of commissioners in carrying out the supervisory function of the financial reporting process, risk management, audit implementation, and implementation of corporate governance in companies (Fransisca, 2013)

2.3. Ownership Structure

Ownership structure is part of the internal corporate governance mechanism. Ownership structure is the composition of shareholders in a company based on the number of shares owned divided by the total number of shares available. This proportion in share ownership will determine the amount of majority and minority share ownership. The theory developed by Stulz (1988) on ownership structure and found that the relationship between manager ownership and firm value is non-motoric. The ownership structure in Indonesia has different characteristics from companies in other countries. Most companies in Indonesia have a tendency to be concentrated so that founders can also sit on the board of directors or commissioners, besides that agency conflicts can occur between managers and owners as well as between majority and minority shareholders (Wiranata & Nugrahanti, 2013)

2.4. Transparency

Transparency refers to the freedom to obtain information (Mardiasmo, 2002). The National Development Planning Agency (BPPN) and the Ministry of Home Affairs state that transparency is a principle that guarantees access or freedom for everyone to obtain information about government administration, namely information about the policy making process and its implementation, as well as the results achieved.

Transparency has at least three critical aspects: (1) the availability of information; (2) the clarity of roles and responsibilities among institutions that are part of the processes required for transparency; and (3) the systems and capacities behind the production and systematic guarantee of information. These three critical aspects are interconnected, as the availability of information systems alone is not sufficient if there is no explanation of the roles and responsibilities of each institution involved in the various processes that take place, all of which must be guaranteed based on a definite system. Taking into account this explanation, it can be seen that transparency is important to generate public trust

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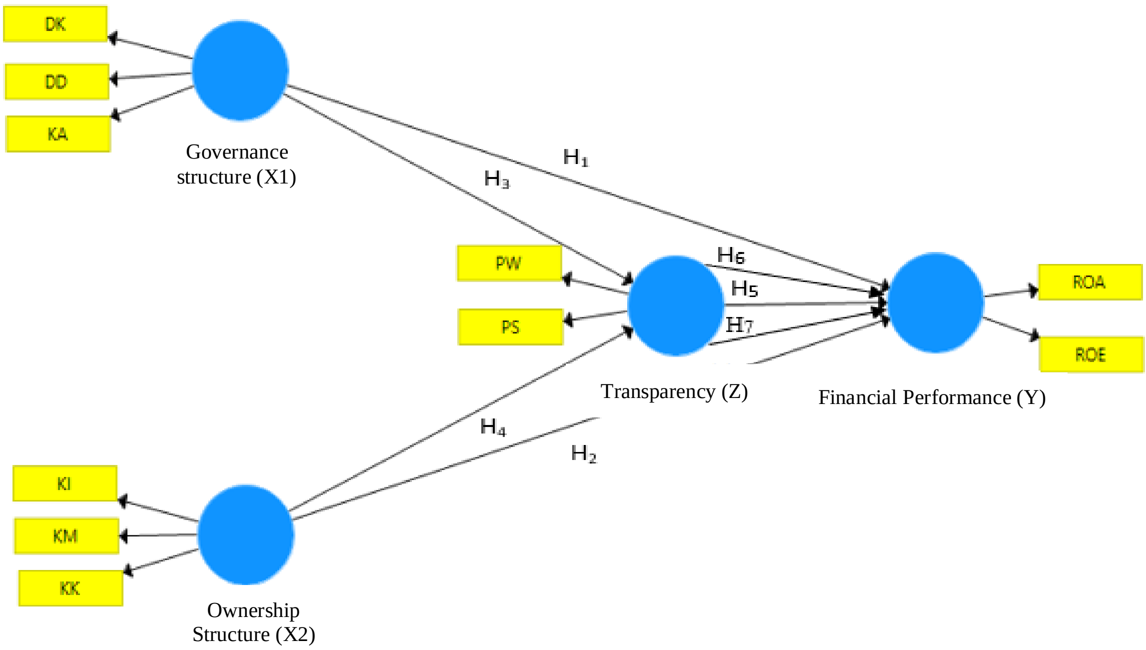
2.5. Financial Performance

Financial performance is the company's ability to generate profits at a certain level of sales, assets, and capital whose growth is an important indicator for investors in assessing the company's future prospects (Lastanti & Salim, 2019).

Performance appraisal is a form of reflection of obligations and responsibilities to report performance, activities, and resources that have been used, achieved, and carried out (Sukandar, 2014). To assess whether the goals that have been set have been achieved is not something that is easy to do. This is because it involves many aspects of management.

2.6. Research Model

The research model in this study is described as follows:



Source: Data processed (2023)

Figure 1. Research model

Research Hypothesis:

H1: Governance structure affects financial performance.
H2: Ownership structure affects financial performance.
H3: Governance structure affects transparency.
H4: Ownership structure affects transparency.
H5: Transparency affects financial performance.
H6: The effect between transparency as mediation and governance structure on financial performance.
H7: The effect between transparency as moderating with ownership structure on financial performance.

3. RESEARCH METHOD

3.1. Object of Research

The objects in this study are governance (X1), with indicators of the board of commissioners (SP1), board of directors (SP2), and audit committee (SP3). Ownership structure (X2) with indicators of institutional ownership (SK1), managerial ownership (SK2) and family ownership (SK3). Transparency (M) with indicators of voluntary disclosure (M1) and mandatory disclosure (M2) and financial performance (Y) with indicators of return on assets / ROA (Y1) and return on equity / ROE (Y2).

3.2. Research Subjects

The subjects can be summarized as the companies selected through the sampling technique in this study. The research subject is something or a certain unit where the research object is located (Anshori & Iswati, 2009). The subjects of this research are companies listed on the Indonesia Stock Exchange 2020-2022.

3.3. Data Type and Source

This type of research is quantitative research, which is research that is not concerned with the depth of data, quantitative research does not emphasize too much on the depth of data, which is important to be able to record as much power as possible from a wide population (Masyhuri & Zainuddin, 2008). The data source is the subject from which the research data is obtained (Sujarweni, 2018). The data sources used in this study were obtained from annual reports obtained from the official website of the Indonesia Stock Exchange www.idx.co.id.

3.4. Data Analysis Tools

This analysis research was conducted using PLS. PLS is an alternative to data processing from a coverlance-based SEM approach to variant-based (Syukriyah, 2020). Structural model testing in PLS is carried out with the help of SmartPLS software version 3.0 for windows. Structural equation modeling (SEM) is a method used to cover the weaknesses found in the regression method. Partial Least Square is a powerful analysis method in which this method is not based on many assumptions.

3.5. Measurement Model Evaluation

There are three types of tests carried out to evaluate the measurement model (Ghozali, 2016). These types of tests are: 1. Individual Item Reliability Test, 2. Internal Consistency Test, 3. Discriminant Validity Test.

3.6. Validation and reliability Test

The validity test is carried out to determine the ability of the research instrument to measure what should be measured. Meanwhile, the reliability test is used to measure the consistency of measuring instruments in measuring a concept. To test validity and reliability, it can be used by designing a measurement model or oulier model (Syukruyah, 2020).

3.7. Structural Model Evaluation

Evaluation of the Structural Model using R square. Changes in the R square value can be used to assess the effect of certain independent latent variables on dependent latent variables based on the research model. In general, the R square values are 0.75, 0.50, and 0.25 which are interpreted as substantial, moderate, and weak (Hair, 2006).

3.8. Direct Effect Analysis

Abdillah and Hartono (2015) explain that the significance measure can use a comparison of the t-table and t-statistic values. The hypothesis is accepted if the t-statistic is higher than the t table value or it can also be by comparing the p-value with the α value used. The hypothesis can be accepted if the t-statistic value> t table or p-value <0.05.

3.9. Analysis of indirect effects (Mediation)

Imam Ghozali argues that the determination of intervening variables depends on the theoretical form, for example in the A→B→C model where it is clear that the A→C relationship does not directly have to go through B, then if A to B is significant and B to C is also significant, then B is intervening and the A to B relationship does not directly pass through B (Ghozali, 2018). To find out whether there is perfect or partial mediation, it is done by seeing whether the coefficient c1 is statistically significant. Perfect/complete mediation occurs when the independent variable does not affect the dependent when the mediator is controlled (Baron and Kenny, 1986). If the coefficient c1 is statistically significant and there is also significant mediation, it is called partial mediation (MacKinnon, Fairchild and Fritz, 2007).

4. RESULT AND DISCUSSION

4.1. Results

4.1.1. Outer Loading Factory

A loading factor value of 0.70 or more is considered to have a strong enough validation to explain the latent construct (Hair, 2006). The initial outer loading value on the variables can be seen in table 1 below as follows : Dewan Komisioner

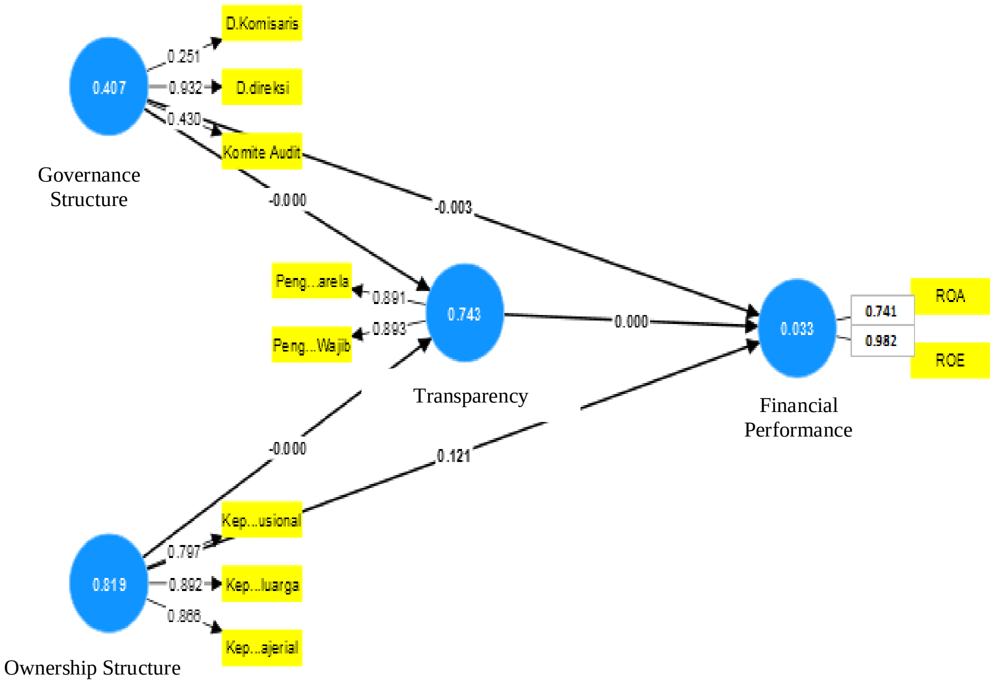
Table 1. Outer Loading

	Outer Loadings
Board of Commissioner <- x1	0.251
Director Board <- x1	0.932
Institutional ownership <- x2	0.797
Family ownership <- x2	0.892
Managerial ownership <- x2	0.866
Audit Committee <- x1	0.430
Voluntary Disclosure <- z	0.891

Mandatory Disclosure <- z	0.893
ROA <- y	0.741
ROE <- y	0.982

Source: Data processed by researchers, 2023

Shown in Figure 2. below:



Source: Data processed (2023)

Figure 2. PLS results of the structural model

The indicators eliminated in this model are the Board of Commissioners and the Audit Committee. After eliminating invalid variable indicators in the model, then the model is calculated again so as to produce a new outer loading value and can be seen in the following table :

Table 2. Outer Loading

	Outer loadings
Director board <- x1	1.000
Institutional ownership <- x2	0.797
Family Ownership <- x2	0.892
Managerial ownership <- x2	0.866
Voluntary Disclosure <- z	0.891
Mandatory Disclosure <- z	0.893

ROA <- y	0.741
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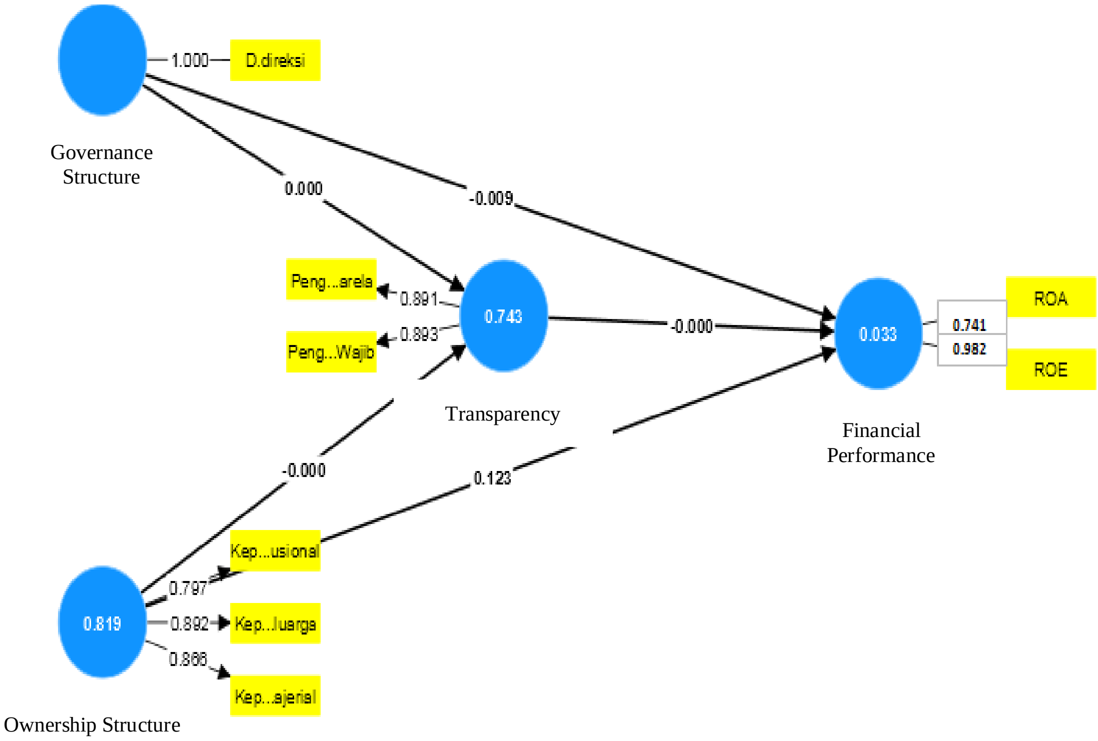
Source: Data processed by researchers, 2023

Shown in Figure 3. Below:



Source: Data processed (2023)

Figure 3. PLS results of the structural mode

4.1.2. Reliability and Validity Test

The reliability instrument in this study was measured by two criteria, namely the composite reliability value and Cronbach's alpha. The use of Cronbach's alpha tends to underestimate variable reliability compared to composite reliability so it is recommended to use composite reliability (Haryono, 2017). A construct can be said to be reliable if the Cronbach’s alpha value is greater than 0.70, while according to (Ghozali, 2018) variables are said to be reliable if the composite reliability value is above 0.70.

Table 3. Reliability and Validity Test Result

	Cronbach's alpha	Composite reliability (rho a)	Composite reliability (rho c)	Average variance extracted (AVE)
Governance Structure (X1)	0.946	0.947	0.965	0.902
Ownership Structure (X2)	0.819	0.890	0.888	0.727
Financial Performance (Y)	0.993	0.993	0.996	0.993
Transparency (Z)	0.711	0.734	0.872	0.774

Source: Data processed by researchers, 2023

4.1.3. Discriminant Correlation Test

Discriminant correlation test is conducted to see the correlation between constructs and other constructs. If the square root of average AVE value of each construct is greater than the correlation value between the construct and other constructs in the model, it can be concluded that the construct has a good level of validity.

Table 4. Discriminant Correlation Result

	x1	x2	y	z
Governance Structure (X1)	**0.610**			
Ownership Structure (X2)	**0.490**	**0.853**		
Financial Performance (Y)	**0.291**	**0.735**	**0.709**	
Transparency (Z)	**0.256**	**0.543**	**0.555**	**0.892**

Source: Data processed by researchers, 2023

4.1.4. Structural Model Testing

Structural model testing is carried out to see the relationship between constructs, the significance value and R square of the research model. The R square value can be used to assess the effect of certain independent variables on the dependent variable. The estimated value of R square is seen in table below:

Table 5. R-Square Value Result

	R-square	R-square adjusted
Financial Performance (Y)	0.647	0.612
Transparency (Z)	0.605	0.590

Source: Data processed by researchers, 2023

4.1.5. Direct Effect Analysis

Whether or not a hypothesis is accepted, it is necessary to test the hypothesis using the Bootstrapping function in SmartPLS. The hypothesis is accepted when the significance level is smaller than 0.05 or the t-statistic value exceeds the critical value (Hair, 2006). The t statistics value for the 5% significance level is 1.96. For this research can be seen in table below :

Table 6. Direct Influence Result

	Original sampel (O)	Mean (M)	Standar deviasi (STDEV)	T statistik (|O/STDEV|)	P value
Governance Structure on Financial performance	-0.009	-0.020	0.118	0.308	0.693
Governance Structure on Transparency	0.000	0.023	0.145	0.890	0.757
Ownership Structure on Financial performance	0.123	0.561	0.109	5.054	0.000
Ownership Structure on Transparency	-0.000	0.536	0.110	4.977	0.000
Transparency on Financial Performance	-0.000	0.234	0.086	2.711	0.012

Source: Data processed by researchers, 2023

4.1.6. Analysis of Indirect Influence (Mediation)

To see whether the relationship between the independent variable and the dependent variable through the mediating variable in this study can be seen in table below:

Table 7. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Transparency x Governance structure on Financial Performance	-0.003	0.005	0.033	0.085	0.932
Transparency x Ownership structure on Financial Performance	0.121	0.117	0.057	2.113	0.035

Source: Data processed by researchers, 2023

4.2. Discussion

4.2.1. The Effect of Governance Structure on Financial Performance

Based on the findings of this study, it can be concluded that the governance structure of a company does not have any impact on its financial performance. This conclusion is supported by several statistical measures, including the p value, t value, and significance value. The p value of 0.758 indicates that there is no significant relationship between governance structure and financial performance. Similarly, the t value of 0.308 suggests that the level of governance structure does not have a significant influence on financial performance. Additionally, the significance value of 0.887, which is higher than the commonly accepted threshold of 0.05, further supports the conclusion that governance structure does not affect financial performance.

These findings are in line with the initial research hypothesis, which stated that governance structure has no effect on financial performance. Therefore, the hypothesis is disproven based on the results of this study. The research coefficient also indicates that the level of governance structure does not significantly influence the financial performance of the company.

Overall, these results suggest that companies should not solely rely on governance structure to improve their financial performance. Other factors, such as strategic decision-making, operational efficiency, and market conditions, may have a more significant impact on financial performance. It is important for future research to explore these other factors and their relationship with financial performance to gain a more comprehensive understanding of the drivers of corporate success.

4.2.2. Effect of Governance Structure on Transparency

Based on the findings of this study, it can be concluded that there is no relationship between Governance Structure and transparency. The initial research hypothesis, which proposed that Governance Structure has no impact on transparency, has been disproven. This conclusion is supported by several statistical measures, including the P value of 0.929, the t value of 0.089, and the significance value of 0.929. The significance value being higher than the threshold of 0.05 (0.757>0.05) indicates that the findings align with the research hypothesis.

As a result, the second hypothesis, which suggests that governance structure does not affect corporate financial performance, is also rejected. This implies that there may be a relationship between governance structure and corporate financial performance, although this study did not find evidence to support it.

These findings have important implications for organizations and policymakers. It suggests that simply having a certain governance structure does not guarantee transparency in an organization. Other factors may play a more significant role in determining transparency levels. Additionally, the study highlights the need for further research to explore the relationship between governance structure and corporate financial performance, as the current findings do not provide a definitive answer.

4.2.3. Effect of Ownership Structure on Financial Performance

The findings of this study provide strong evidence that the ownership structure of a company has a significant impact on its financial performance. The research hypothesis, which proposed that the ownership structure affects financial performance, has been confirmed based on the statistical analysis conducted.

The P value of 0.000 indicates that the likelihood of obtaining the observed results by chance alone is extremely low. This suggests that there is a true relationship between ownership structure and financial performance. The t value of 5.054 further supports this conclusion, as it indicates that the relationship between ownership structure and financial performance is statistically significant.

The significance value of 0.000, which is less than the commonly used threshold of 0.05, provides additional evidence that the ownership structure has a significant impact on financial performance. This means that the relationship between ownership structure and financial performance is unlikely to be due to random chance.

The positive research coefficient indicates that as the ownership structure increases, the company's financial performance also improves. This suggests that companies with a more concentrated ownership structure or higher institutional ownership tend to have better financial performance. This finding aligns with the research hypothesis and supports the idea that ownership structure plays a crucial role in determining a company's financial success.

Based on these findings, the third hypothesis, which states that institutional ownership positively influences the company's financial performance, is accepted. This means that higher levels of institutional ownership are associated with better financial performance for the company.

Overall, this study provides strong evidence that the ownership structure of a company has a significant impact on its financial performance. These findings have important implications for investors, managers, and policymakers, as they highlight the importance of considering ownership structure when assessing a company's financial prospects.

4.2.4. Effect of Ownership Structure on Transparency

The findings from this study provide strong evidence that the ownership structure of a company has a significant impact on its level of transparency. The research hypothesis, which proposed that the ownership structure affects transparency, is confirmed by the statistical analysis. The P value of 0.000, t value of 4.977, and significance value of 0.000 all indicate a high level of statistical significance.

The significance value being lower than 0.05 (0.000 < 0.05) further supports the conclusion that the ownership structure does indeed influence transparency. This means that there is a less than 5% chance that the observed relationship between ownership structure and transparency is due to random chance.

The data also reveals that members of the board of directors and board of commissioners have unrestricted ownership of the company's shares. Specifically, the data shows that these individuals collectively own 53% of the company's shares. This indicates that some members of the board and commissioners have a personal stake in the company they work for.

With such a high percentage of share ownership, these management individuals who are also shareholders have the ability to shape company policies, including those related to information transparency. This suggests that their personal interests may influence the level of transparency within the company.

Hence, these findings highlight the importance of considering the ownership structure when assessing a company's transparency. Companies with a higher level of managerial ownership may be more prone to potential conflicts of interest, as the individuals in management positions have the power to control and shape the flow of information.

4.2.5. Effect of Transparency on Financial Performance

The findings of this research provide strong evidence that transparency plays a crucial role in influencing financial performance. The research hypothesis, which posits that transparency affects financial performance, is supported by the results obtained from the statistical analysis. The statistical measures, such as the P value, t value, and significance value, further reinforce this conclusion.

The P value, which measures the probability of obtaining results as extreme as the ones observed in the study, is calculated to be 0.012. This value indicates that there is only a 1.2% chance of obtaining these results by random chance alone. Therefore, the low P value suggests that the relationship between transparency and financial performance is not due to random variation, but rather a genuine effect.

The t value, which measures the strength and direction of the relationship between transparency and financial performance, is calculated to be 2.711. This value indicates that there is a significant positive relationship between transparency and financial performance. In other words, as transparency increases, financial performance also tends to improve.

Furthermore, the significance value, which represents the level of confidence in the results, is calculated to be 0.007. This value is lower than the commonly accepted threshold of 0.05, indicating that the relationship between transparency and financial performance is statistically significant. In simpler terms, the results are highly unlikely to have occurred by chance alone.

As such, these statistical measures provide robust evidence that transparency has a significant impact on financial performance. The findings of this research support the hypothesis that transparency affects financial performance, highlighting the importance of transparency in achieving positive financial outcomes.

4.2.6. The Effect of Governance Structure on Financial Performance with Transparency as a Mediating Variable

Based on the findings of this research, it can be concluded that the governance structure does not have a significant impact on financial performance when transparency is considered as a mediating variable. This conclusion is supported by the statistical analysis, including the P value of 0.932, the t value of 1.118, and the significance value of 0.932. The significance value being higher than the commonly accepted threshold of 0.05 (0.932>0.05) indicates that there is no significant relationship between governance structure and financial performance when transparency is taken into account.

These findings contradict the initial research hypothesis proposed in this study, which suggested that the governance structure would have an impact on financial performance. However, the results indicate that transparency plays a mediating role in this relationship, suggesting that other factors may be influencing the relationship between governance structure and financial performance.

The research findings highlight the importance of considering transparency as a mediating variable when studying the relationship between governance structure and financial performance. This suggests that simply focusing on the governance structure alone may not provide a complete understanding of its impact on financial performance. Future research could explore other potential mediating variables or factors that may influence this relationship.

Further, this research contributes to the existing literature by providing insights into the complex relationship between governance structure, transparency, and financial performance. It emphasizes the need for a more comprehensive approach when studying the impact of governance structure on financial outcomes.

4.2.7. The Effect of Ownership Structure on Financial Performance with Transparency as a Mediating Variable

The results of this research suggest that the ownership structure of a company has a direct influence on its financial performance. However, this influence is mediated by the level of transparency within the organization. The research hypothesis, which proposed that ownership structure affects financial performance through transparency, is supported by the findings.

The statistical analysis of the data revealed a P value of 0.035, indicating that the relationship between ownership structure and financial performance is statistically significant. Additionally, the t value of 2.001 further supports the significance of this relationship. The significance value of 0.035, which is less than the commonly accepted threshold of 0.05, provides further evidence that ownership structure has a significant impact on financial performance when transparency is taken into account.

These findings highlight the importance of both ownership structure and transparency in determining a company's financial performance. Companies with a more transparent ownership structure are likely to have better financial performance compared to those with less transparency. This suggests that stakeholders, such as investors and regulators, should pay attention to the ownership structure and level of transparency within a company when assessing its financial performance.

Hence, this research contributes to the understanding of the relationship between ownership structure, transparency, and financial performance. It provides empirical evidence to support the hypothesis that ownership structure influences financial performance through transparency. These findings have implications for corporate governance practices and can guide decision-making processes aimed at improving financial performance.

5. CONCLUSSION

The results of statistical testing conducted to evaluate various hypotheses have provided insights into the relationship between governance structure, ownership structure, transparency, and the financial performance of companies listed on the Indonesia Stock Exchange from 2020 to 2022. Firstly, it was found that the governance structure has no significant impact on the financial performance or transparency of these companies. This suggests that a lower governance structure does not exert a substantial influence on financial performance.

Secondly, the variable test revealed that ownership structure does affect the financial performance of the listed companies, with higher ownership structures correlating with better financial performance. Additionally, a similar pattern was observed for the transparency of these companies, indicating that a higher percentage of share ownership, particularly when management is also a shareholder, positively influences information transparency.

Furthermore, the analysis of transparency's impact on financial performance revealed that a high level of information and adequate disclosure can reduce information asymmetry between management and stakeholders. The indirect effects of governance structure and ownership structure on financial performance, mediated by transparency, were also explored. The results indicated that governance structure indirectly has no effect on financial performance when transparency is considered as a mediating variable, while ownership structure indirectly influences financial performance through transparency as a mediating variable.

Despite these findings, the study acknowledges certain limitations. To address these, the researchers offer suggestions for future research. Companies are encouraged to enhance their awareness of the importance of Good Corporate Governance and Transparency for improved financial performance. Academics can use this research as a reference for further studies in the same field, contributing to the development of accounting science. Future researchers are urged to explore additional variables or use different types of variables related to financial performance for more comprehensive results. Extending the observation period and considering variables such as Firm Value could enhance the richness of information and provide a deeper understanding of the relationships between variables.

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