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The Good Corporate Governance (GCG) as a Moderating Factor in the Influence of Asset Management and Capital Structure on Financial Performance

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Abstract

The purpose of this study is to determine the impact of asset management and capital structure on financial performance moderated by good corporate governance, in food and beverage issuers verified on the Indonesia Stock Exchange in 2020 to 2024. The study population consisted of 90 companies, with sample selection carried out through purposive sampling, resulting in 25 samples according to the criteria. The analytical method used was panel data regression analysis with the help of Eviews version 12.0. The findings of this research reveal that asset management and capital structure have a positive and significant effect on financial performance. Good Corporate Governance can moderate the effect of asset management on financial performance in a significant positive way, but cannot moderate the impact of capital structure on financial performance in a significant positive way.

Keywords: *Good Corporate Governance, Asset Management, Capital Structure, Financial Performance.*

1. Introduction

The Indonesian economy continues to demonstrate its resilience despite facing various challenges amidst unfavorable economic conditions. National economic growth is significantly supported by the food and beverage sector, a key sector (Firmansyah & Yuniningsih, 2023). Economic growth in the medium- and large-scale food and beverage sector is beginning to adopt a long-term strategy, with growth of around 3% to 5% (Sari, 2022).

According to research by Mantiri & Tulung (2022), the development of the food and beverage industry reflects fierce business competition among issuers, encouraging entrepreneurs to manage their companies effectively and efficiently. This industry plays a crucial role because it meets public demand, both domestically and internationally, and it remains an essential sector.

Jakarta, CNBC Indonesia - News regarding outlet closures continues to plague the food and beverage sector, particularly restaurants in Indonesia. The latest performance of listed companies indicates that pressure on this industry has not fully eased. The Covid-19 pandemic since 2020 has shaken the fundamentals of companies in this sector, and its impact is still being felt today (www.cnbcindonesia.com, 2023).

Table 1. Profit/Loss Performance of Restaurant Issuers

Restaurant	Profit as of September 30, 2023	Profit as of September 30, 2022
NICE	Rp. 46.59 billion	(Rp. 39.56 billion)
PZZA	(Rp. 35.50 billion)	Rp. 13.31 billion
FAST	(Rp. 17.16 billion)	(Rp. 198.05 billion)
PTSP	Rp. 5.28 billion	(Rp. 22.97 billion)
MAPB	Rp. 106.82 billion	(Rp 74.04 billion)

Source: idx.co.id 2022-2023.

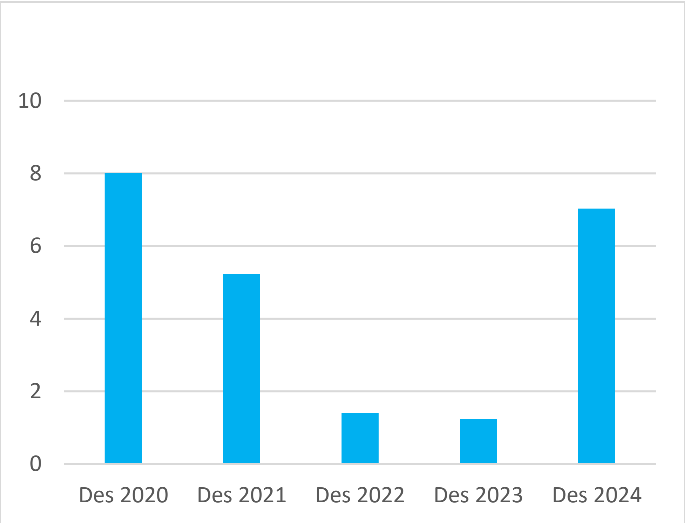
Although recovery is beginning to show, the lifting of mobility restrictions such as PPKM (Community Activity Restrictions) has not completely resolved the problem. Some restaurants, such as Warung Upnormal and Fish & Co., have opted to close some of their outlets due to ongoing operational and financial pressures. Several restaurant companies listed on the stock exchange also indicated that their performance has not fully recovered. This indicates that the challenges facing the F&B industry still require stronger adaptation strategies to address changes in consumer behavior and post-pandemic market dynamics (www.cnbcindonesia.com, 2023).

To maintain business sustainability, food and beverage companies in Indonesia often require additional funding. To survive the competition and maintain operational continuity, companies must improve and maintain their performance. Furthermore, the ability to compete with foreign products is a crucial factor in winning in an increasingly competitive market (Chasanah & Laily, 2020). Every established issuer is required to have a clear objective to ensure long-term continuity due to increasingly fierce competition (Rahman, 2020). Various local businesses in the consumer goods sector, particularly the food and beverage industry, continue to grow annually due to the basic human need for food and drink (Liando, 2021).

The food and beverage sector in Indonesia is considered highly promising and is even considered a key pillar of the Indonesian economy (Irawati et al., 2021). The food and beverage industry is considered a component of Indonesia's manufacturing sector. This industry makes a significant contribution to the capital market and is the largest contributor to GDP compared to other sectors (Bidin et al., 2019). Consumer goods are an attractive investment option because they are a primary need for the community (Worotikan et al., 2021).

The Indonesian food and beverage industry has significant growth potential, driven by abundant natural resources and high domestic demand (Koropit et al., 2020). The Minister of Industry, Agus Gumiwang Kartasasmita, stated that the food and beverage industry plays a crucial role in driving Indonesia's economic growth. The industry's contribution was evident in the first quarter of 2024, accounting for 39.91% of non-oil and gas GDP and 6.97% of national GDP. During this period, the industry recorded growth of 5.87%. Exports reached US$14.73 billion or Rp237.15 trillion (at an exchange rate of Rp16,100), while imports reached US$7.27 billion between January and May 2024 (finance.detik.com, 2024).

Return on Assets (ROA) is used to evaluate an issuer's financial performance by measuring the profit generated from its assets. Therefore, ROA is used as an indicator in this research (Wulandari et al., 2020). The following is the average ROA movement of issuers in the Food & Beverage Subsector for the period December 2020-December 2024:



Des 2020	Des 2021	Des 2022	Des 2023	Des 2024
8.01	5.23	1.4	1.24	7.03

Figure 1. Average ROA movement of food and beverage companies in 2020-2024

During 2020-2024, ROA fluctuated as shown in Figure 1. In 2020, ROA was 8.01, falling to 5.23 in 2021 due to the COVID-19 pandemic, which depressed purchasing power. The decline continued in 2022 to 1.40 due to the slow economic recovery, coupled with operational and distribution challenges. In 2023, ROA fell again to 1.24

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due to inflation weakening purchasing power. However, in December 2024, ROA rose significantly to 7.03, reflecting the economic recovery and increasing demand for food and beverage products.

Several factors influence financial performance, including asset management, capital structure, and good corporate governance. Asset management is an organized process for effectively managing and maintaining assets. Issuers who manage investments on behalf of others are typically described in this manner (Wulandari et al., 2020). Research by Wulandari et al. (2020) measures asset management using Total Asset Turnover (TATO).

Company performance is influenced by capital structure as a source of long-term funding to maximize investor wealth. Therefore, financial managers need to assess capital structure and understand the risks and potential returns (Oktaviani et al., 2019). In this research, capital structure is measured using the Debt-to-Equity Ratio. This ratio measures the extent to which a company utilizes debt financing (Liando, 2021).

The system that regulates issuer management to achieve added value and improve financial performance is known as Good Corporate Governance (Sobiroh & Kadarningsih, 2023). Issuer performance is considered to be able to be improved by implementing good corporate governance principles. Its application is expected to provide benefits, minimizing conflicts arising within the company due to a lack of oversight of differences of opinion between management and shareholders (Putri & Raflis, 2024).

Previous research on the impact of asset management on company performance showed a significant effect, according to Wulandari et al. (2020) and Karina & Rosmery (2023). However, research by Clarissya & Dewi (2024) indicated no significant effect.

The research results of Yuliani, (2021), and Liando, (2021) show that capital structure has a significant positive effect on financial performance, but these results contradict the research by Cahyani & Windhy, (2023) which revealed that capital structure has no effect on financial performance.

Research conducted by Ayuningtyas & Mawardi (2022) revealed that good corporate governance can moderate the impact of asset management on financial performance, while research by Nazariyah et al. (2021) found that good corporate governance cannot moderate the impact of asset management on financial performance. Research by Putri & Raflis (2024) found that good corporate governance can moderate the impact of capital structure on financial performance. This contrasts with research by C. Cahyani et al. (2023), which stated that good corporate governance cannot moderate the impact of capital structure on financial performance.

This study analyzes various factors influencing the financial performance of issuers in the food and beverage subsector. Furthermore, it examines the role of good corporate governance as a strengthening element in the relationship between capital structure and asset management on financial performance. This research contributes by incorporating good corporate governance as a moderating factor.

2. Research methods

This research focuses on companies included in the Food and Beverage list for 2020–2024. This research is causal-associative using a quantitative approach to determine the cause-and-effect relationships between variables. The population includes 90 food and beverage companies for 2020–2024. The purposive sampling method used was based on the following criteria:

1. Food and beverage sub-sector companies verified on the IDX for the 2020 to 2024 period.
2. Food and beverage sub-sector companies that did not publish complete financial reports for 2020 to 2024.

Based on these criteria, 25 companies qualified, with a total of 125 data points (25 companies × 5 years). Financial reports and annual reports of issuers served as secondary data sources through www.idx.co.id and the relevant issuer websites. In this research, panel data (pooled data) was used for data analysis, combining time series and cross-sectional data. Hypothesis testing was conducted using a panel data regression model and moderated regression analysis (MRA) on the moderating variables, processed using Eviews 12 for Windows (Makmur et al., 2022).

The Framework of this research examines the influence of Asset Management and Capital Structure as independent variables on Financial Performance as the dependent variable, with Good Corporate Governance (GCG) as a moderating variable

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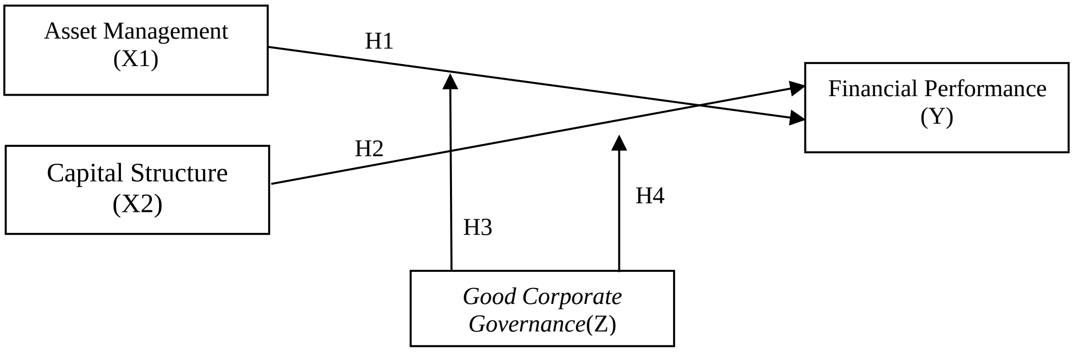

Figure 2. Conceptual framework

3. Results and Discussion

Classical Assumption Test Normality Test

One of the stages of the classical assumption test is the normality test, which aims to see whether the data in the study is normally distributed or not (Ghozali, 2021).

Table 2. Normality Test

	Prob.
Probability	0.338406

Source: SPSS Processed Data, 2025

Based on Table 4.1 Normality Test, the probability value obtained includes 0.338406 > 0.05. In the normality test criteria, if the value is > 0.05, the conclusion is that it passes the normality test.

Panel Data Regression Estimation

Regression analysis aims to estimate a regression model with panel data using three methods: common effect, fixed effect, and random effect. Determining the panel data regression model can be done through testing stages such as the Chow Test, the Hausman Test, and the Lagrange Multiplier (LM) Test according to the characteristics of the data (Ariani & Hasymi, 2019).

Table 3. Panel Data Regression Test Results

Test	Prob.
Chow Test	0.0000
Hausman test	0.0434
LM (Lagrange Multiplier) Test	0.0000

Source: SPSS Processed Data, 2025

From the output in table 4.2 for the Chow test, if the Cross section F probability value shows p > 0.05, so the common effect model is selected; conversely, if p < 0.05, the fixed effect model is selected, resulting in the Chow test with a probability value of 0.0000 < 0.05 is stated to be selected, namely FEM. In the Hausman test, if the p value > 0.05, the selected model is a random effect model. If p < 0.05 the selected model is a fixed effect model, the Hausman test is obtained with a probability of 0.0434 < 0.05 the selected model is FEM, as well as the LM test, the prob. value < 0.05 the selected model is REM, if the prob. value > 0.05 the selected model is CEM. The LM test obtained with a probability result of 0.0000 < 0.05 the best model used is the Random Effect Model (REM).

Based on the results of the Chow Test, Hausman Test, and LM Test, the best model in the research is the Fixed Effect Model.

F Test (Model Feasibility)

Table 4. F Test

F-statistic	201.5985
Prob (F-statistic)	0.000000

Source: SPSS Processed Data, 2025

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Based on the output, the F-statistic value is 201.5985 and the F-table value is 2.680. Therefore, the F-statistic is 201.5985 > F-table 2.680, and the Prob value (F-statistic) is 0.000000 < 0.05. Therefore, the conclusion is that the variables in this study, namely TATO, DER, and DKI, simultaneously have a significant impact on financial performance.

Hypothesis Testing

Table 5. Hypothesis Testing

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	2,225728	0.086884	25.61734	0.0000
X1 (TATO)	0.528010	0.029581	17.84964	0.0000
X2 (DER)	0.684561	0.092675	7.386693	0.0000

Source: SPSS Processed Data, 2025

Table 6. Moderation Test

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	2.029096	0.137964	14,70738	0.0000
X1 (TATO)	0.687482	0.064514	10.65639	0.0000
X2 (DER) Z	0.934553	0.113526	8.232029	0.0000
(DKI)	0.806452	0.287058	2,809371	0.0060
TATO*DKI	0.304037	0.143118	2,124373	0.0362
DER*DKI	0.305249	0.212589	1.435861	0.1543

Source: SPSS Processed Data, 2025

The Influence of Asset Management on Financial Performance

Judging from the hypothesis output, it is known that the asset management variable measured using the Total Assets Turnover Ratio has a significant positive effect on financial performance. Proven by the t-statistic results of 17.84964 > t table 1.980 and a Prob. value of 0.0000 < 0.05. This finding indicates that the higher the total asset turnover ratio, which reflects the efficiency of the use of company assets in generating revenue, the more optimal the issuer's financial performance states that efficient asset management is considered a crucial factor in supporting improved financial performance.

This research aligns with findings by Wulandari et al. (2020) and Karina & Rosmery (2023), which found that asset management has a significant positive effect on financial performance. A statistically significant relationship was found between the Total Assets Turnover ratio and financial performance. This means that the more effective an issuer's asset management is, the more its financial performance improves.

The Effect of Capital Structure on Financial Performance

Judging from the hypothesis output, the capital structure variable, measured using the Debt to Equity Ratio (DER), has a significant positive impact. This is in accordance with the t-statistic value of 7.386693 > t table 1.980 and a Prob. value of 0.0000 < 0.05. This indicates that an increase in capital structure reflects an issuer's increased debt level. This condition will create obligations to meet debt payments, which can encourage more productive asset management, thereby increasing the issuer's profits. This research finding aligns with findings by Yuliani (2021) and Liando (2021), who revealed that capital structure has a significant positive impact on financial performance. Issuers with high profitability will attempt to reduce their tax burden by increasing their debt ratio, thereby reducing taxes through additional debt. This action will undoubtedly affect the issuer's financial performance.

The Influence of Good Corporate Governance in Moderating Asset Management on Financial Performance

According to the mediation test output, asset management has a t-statistic value of 2.124373 > t-table (1.980) and a probability value of 0.0362 < 0.05, indicating that asset management has a significant positive impact on financial performance through Good Corporate Governance. This finding aligns with institutional theory, which highlights that issuers that adhere to widely recognized norms, values, and practices will gain support and trust from stakeholders. This support improves capital management efficiency and company performance.

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The implementation of GCG not only strengthens a company's internal structure but also enhances external competitiveness through investor confidence and the issuer's operational continuity. This research is consistent with the findings of Ayuningtyas & Mawardi (2022), who stated that asset management has a significant positive impact on company performance through Good Corporate Governance as a moderating variable. The implementation of GCG establishes an effective governance system between management, shareholders, and stakeholders, thereby improving overall company performance.

The Influence of Good Corporate Governance in Moderating Capital Structure on Financial Performance

In accordance with the mediation test above, capital structure does not have a significant impact on financial performance through Good Corporate Governance, as seen in the t-statistic value of 1.435861 < t table (1.980) with a probability value of 0.1543 > 0.05. This indicates that the implementation of GCG is unable to strengthen the relationship between capital structure and financial performance. Therefore, the effectiveness of capital structure in improving issuer performance is not significantly influenced by the existence or quality of the implementation of GCG principles.

This research finding aligns with research by Cahyani et al. (2023), which found that capital structure had no significant effect on financial performance through Good Corporate Governance as a moderating variable. This research indicates the presence of other, more dominant factors, such as asset management or operational efficiency, which may play a larger role in mediating the relationship between capital structure and financial performance.

Thus, this research highlights the importance of considering additional factors beyond GCG to better understand the relationship between capital structure and financial performance. A more holistic approach could include, for example, Corporate Social Responsibility (CSR), as research by Ruhiyat & Kurniawan (2024).

4. Conclusion

Based on the research results, it can be concluded that: (1) Asset management has a significant positive impact on financial performance, (2) Capital structure has a significant positive impact on financial performance, (3) Good Corporate Governance can strengthen the influence of asset management on financial performance, conversely Good Corporate Governance cannot strengthen capital structure on financial performance.

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