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CORPORATE GOVERNANCE INDEX AND FINANCIAL PERFORMANCE: MEDIATED BY THE RISK MANAGEMENT COMMITTEE

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Abstract: The influence of election politics on management risk in companies as well as the influence of politics on financial performance**.** This research aims to analyze the influence of the corporate governance index on financial performance mediated by the risk management committee (RMC), especially in the consumer goods industry which is a priority for consumers. This research used a quantitative and purposive sampling technique where the sample is 85 listed consumer goods companies on the Indonesian stock exchange from 2018-2022. The data analysis method in this research is multiple regression. The conclusion that can be drawn is that corporate governance can influence financial performance depending on several measurements. The results of this test provide a significant relationship between corporate governance and financial performance measurement by ROE, Tobin's Q, EVA and TSR ratios mediated by the risk management committee.
Keywords: Corporate Governance Index, Risk Management Committee, Financial Performance.

INTRODUCTION

The capital market plays a pivotal role in reflecting and shaping a nation's economic conditions, serving as a barometer of both economic stability and growth. Its sensitivity to economic and non-economic events underscores its strategic significance in modern economies. Among these, political events such as elections emerge as critical non-economic factors influencing investor sentiment and decision-making. The fluctuations in stock prices triggered by electoral processes not only signify market responses but also pose significant implications for corporate financial performance and long-term prospects (Fendiyani *et al.*, 2020).

Therefore, corporate governance and risk management have an important role in maintaining the company's development (Chandra & Cintya, 2021; Harahap *et al.*, 2021). Risk management is an important part of the corporate governance structure because risk can directly affect financial performance (Rimin *et al.*, 2020), thus within the scope of corporate governance, some mechanisms link leadership and control structures to improve company performance and value (Anjelina, 2020; El-Masry *et al.*, 2016; Iqbal *et al.*, 2019). The more efficient a company is in managing corporate governance, the more positive the company's financial performance and quality environmental will be (Itan *et al.*, 2023; Pintea *et al.*, 2020). The RMC includes corporate governance, which was formed based on board members who are responsible for oversight of risks from management and external parties (Peny & Meiliana, 2021; Rehman *et al.*, 2021). Research on the relationship between corporate governance and profitability has started to be conducted by many different parties, including academics, regulators, and shareholders (Achim *et al.*, 2016; Amrie Firmansyah, 2021; Pintea *et al.*, 2020). Several research studies state that

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corporate governance has effectiveness in influencing company performance in financial markets (Achim *et al.*, 2016; Amrie Firmansyah, 2021; Wahyudin & Solikhah, 2017), Company financial performance is used to evaluate the level of efficiency and effectiveness of a company in managing company activities in a certain period. The company's financial performance is a measure of the company's success in generating profits (Anita & Amalia, 2021; Anjelina, 2020). The role of the company's financial performance itself is used by management as a measure in luring interested parties to believe in management in carrying out consistency to achieve the company's vision and mission. The information that can be seen in financial performance is the company's financial condition which is equipped with the results of the analysis that will be carried out in the next period (Anjelina, 2020). Previous research Wahyudin and Solikhah (2017), states that good corporate governance practices can influence shareholders and growth in the world economy.

In an environment of unpredictability and intense competition, organizations also need to be aware of risk management. Therefore, this study attempts to quantify the financial performance mediated by the RMC and the corporate governance Index, particularly in the consumer products industrial sector (Dewi, 2018), where in general the products produced are high demand and needed by society which is usually are the prioritize by the investor on their portfolios. In this sector generally produce goods for personal or household consumption, either to meet domestic demand or to fulfill orders from abroad. This is because the goods industry produces basic products that are needed in people's daily lives, as the result community must consume these products even in times of crisis in their daily lives. This is what causes companies in this sector to be superior to other industries. As the population increases, the need for consumer goods will continue to increase, thus it is estimated that the level of demand for consumer goods industry will continue to develop. Moreover, many people consume primary and secondary materials, so RMC becomes a necessity to prevent possible crises. It can be seen that the risk in this sector can be said to be small because RMC has the task of managing external risks (Armansyah & Aprilia, 2022).

Corporate Governance

The basis of the discussion of corporate governance is agency theory (Murtina *et al.*, 2022; Yopie & Erika, 2021), where agency theory is the development carried out by Michael C. Jensen and William H. Meckling (Putra & Nuzula, 2017; Sahidah *et al.*, 2023). In agency theory, it includes the notion of a relationship based on a written contract between a manager (agent) and an owner (principal), where the principal or owner has the rights to give and make decisions to the manager in accordance with what has been stated and confirmed (Amrie Firmansyah, 2021; Chandra & Junita, 2021; Ilyasa, Raihan, 2023; Putra & Nuzula, 2017; Saputra & Zulfikar, 2023; Sitanggang & Ratmono, 2019) .The rights, obligations and responsibilities between the owner and the manager have been adjusted in the applicable contract (Putra & Nuzula, 2017). Previous studies that have been conducted by previous researchers, Wahyudin and Solikhah (2017), found that the CGPI does not only consider CG quality, but also invites companies to increase their commitment through benchmarking, evaluation and grading. The result of Wahyudin and Solikhah (2017), shows that the CGI affects financial performance. The CGI was built to assess the quality of corporate governance using a sample of companies listed on the Indonesian Stock Exchange (Fuadah *et al.*, 2019). The index constructed consists of five aspects that

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are assessed within the company governance assessment framework, such as Shareholder rights, GCG policy, GCG practice, Disclosure and Audit. CGI is built based on corporate governance developed in previous studies (Al-ahdal *et al.*, 2020; Muda *et al.*, 2018).

Risk Management Committee

The influence of RMC is based on company characteristics and on financial reporting risk which allows businesses to take advantage of an integrated risk management strategy that moves the emphasis of the risk management function from solely defensive to increasingly aggressive and strategic (Ugwu, Ikechukwu Virginus Ekwochi & Ogbu, 2021). According to Rimin *et al.* (2020), risk management also identified as one of the firm strategic that could impact the decision on set up an internal control mechanism which in controlling and asses business risk in order to maintain company financial performance and enhance investor relations (Alhaj *et al.*, 2022). Therefore, in order to reduce these risks, businesses will require RMC in their management. Agency conflicts and financial reporting issues, namely the possibility of profit retention, are strongly intertwined. A condition that shows management's tendency to preserve business performance stability while working to improve it is profit retention. High levels of inventory and receivables are linked to a stable business performance, so businesses would typically use RMC as a support system for performance monitoring. A board of commissioners engaged in overseeing activities related to enterprise risk supervision is known as the risk management committee. This variable is binary, with 1 representing businesses that report RMC in the annual report (in a special risk committee or included in the audit committee) and 0 for companies that do not declare RMC in the annual report (Halim *et al.*, 2017).

Financial Performance

Financial performance reflects a company's success in achieving its goals and provides crucial information for investor decision-making (Halim *et al.*, 2017). It serves as an indicator of the relevance of accounting information for valuation purposes. Investors rely on financial performance to guide their decisions, making it essential for companies to sustain and improve their financial outcomes. It represents the company's financial position over a specific period, highlighting key aspects or overall performance influenced by value-generating activities.

ROE

According to Rani and Zergaw (2017) ROE is the ratio most widely used by shareholders in measuring company performance. Dhea Aprilia (2019) also states that ROE ratio is used to determine the company's ability to generate returns from the total capital owned. This ratio can measure the company's level of managing funds efficiently or not on the other hand, a high level of ROE indicates that the company has utilized investment money in a productive and efficient manner, leading to favorable returns (Kapaya & Raphael, 2016).

Tobin's Q

The market value to book value ratio of assets is known as Tobin's Q. The total of the market values of liabilities and market capitalization is the asset's market value. The

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connection between market capitalization and shareholder equity in TBQ Market-to-Book is as follows: The difference between the entire assets and total liabilities of the business is its total equity. (Haque & Arun, 2016; Sitanggang & Ratmono, 2019). Basically, TBQ is defined as a comparison of the market value of an asset with the book value of the asset, where the market value of the asset is the total liabilities plus market capitalization (Achim *et al.*, 2016; Al-ahdal *et al.*, 2020; Bastomi *et al.*, 2017; Buallay *et al.*, 2017; Coleman & Wu, 2021; Farooq *et al.*, 2022; Haque & Arun, 2016; Kowalewski, 2016; Mardianto & Feeny, 2019; Mukhtaruddin *et al.*, 2019; Pintea *et al.*, 2020; Sitanggang & Ratmono, 2019).

EVA

The financial performance metric that most closely approximates a company's actual profitability is called EVA (Bhasin, 2017). Operating profit is subtracted from the cost of debt and equity capital to arrive at the ECA The EVA value is obtained by dividing the EVA change value by the previous period's sales (Uyun, 2016). A company's return on capital (ROC) and cost of capital are measured using equity value added (EVA). EVA assesses the entire cost of capital, which is a significant distinction from conventional accounting's method of measuring profit. The income statement's net worth figure does not account for the cost of equity; instead, it solely takes into account interest, one sort of capital cost that is highly visible (Masyiyan & Isynuwardhana, 2020).

TSR

Total Shareholder Return is a ratio that measures the amount of capital gains and dividends received by shareholders. When the company's performance is not very good, TSR can still be used as a ratio measurement, because TSR prioritizes the stock market which can reflect the expectations of a shareholder regarding the level of company performance in the future (Pintea *et al.*, 2020).

Corporate Governance Index and Financial Performance

One of the sources in the CGI is transparency, where the financial reports issued by the company will be disclosed to the public and the results of the financial reports will be used by the general public, especially shareholders to assess a company (Putra & Nuzula, 2017). Corporate governance is generally seen as a key factor influencing economic growth prospects, because corporate governance can reduce risks for shareholders also can improve financial performance based on ROE, TBQ, EVA and TSR. As you can see financial performance is something that is produced by an organization over a specific length of time according to established standards. Assessment of a company's financial performance is a very important activity, because it can measure the company's success over that period of time (Fuadah *et al.*, 2019). According to Fuadah Fuadah *et al.* (2019) the better a company manages corporate governance, the better its financial performance will be. Based on research Wahyudin and Solikhah (2017), shows that CGI influences financial performance, which is similar to researcher Al-Homaidi (2019) who found that corporate governance has a significant influence on financial performance, where companies that exhibit strong governance practices tend to demonstrate higher levels of operational efficiency. Managers employ effective and efficient strategies to decrease capital expenses and mitigate risks, perhaps leading to increased profitability.
The following is a hypothesis formulation from the explanation above:
H1: The implementation of the CGI has a significant positive impact on ROE.

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H2: The implementation of the CGI has a significant positive impact on Tobin's Q.
H3: Implementation of the CGI has a significant positive impact on EVA.
H4: Implementation of the CGI has a significant positive impact on TSR.

Corporate Governance Index and Risk Management Committee

Risk management has an important role, that are part of the corporate governance structure, because risk can directly affect financial performance (Rimin *et al.*, 2020). (Anjelina, 2020; El-Masry *et al.*, 2016; Iqbal *et al.*, 2019). The RMC includes corporate governance, which was formed based on board members who are responsible for oversight of risks from management and external parties (Peny & Meiliana, 2021; Rehman *et al.*, 2021). RMC is a way to oversee dangers that influence the fulfillment of company capacities. In 2004, COSO launched Enterprise Risk Management (ERM), an coordinates framework that describes the fundamental components, principles and ideas of venture risk management for all sizes of organizations (Halim *et al.*, 2017). These standards have resulting in increased expectations of the board of director on corporate governance, where the committees must exercise greater oversight on risk management processes that exist in the organization (Gouiaa, 2018).

H5: Implementation of the CGI has a significant positive impact on risk management committee.

Corporate Governance and Financial Performance through the Risk Management Committee

Corporate governance is a comprehensive perspective that requires transparency and effective risk management in managing the company. The aim of risk management is to protect shareholders and monitor other stakeholders. When a risk is not managed properly, corporate governance will deteriorate. This can result in corporate financial institutions experiencing large losses which could lead to a global economic crisis (Rehman *et al.*, 2021). The effectiveness of the supervisory function, such as in topics related to business operations and investments, is most likely influenced by the level of board activity in corporate governance. A board that is exercising greater diligence in discharging its supervisory duties will probably oversee risk management operations with a higher degree of supervision. In order to improve information and knowledge about company conditions, particularly company risks monitoring and managing risks that will affect the implementation of the supervisory function supports the formation of RMC, it is hoped that Board of Commissioners on corporate governance meetings will be held more frequently (Halim *et al.*, 2017). The following is a hypothesis formulation from the explanation above:

H6: Implementation of the CGI has a significant positive effect on Tobin's q, EVA and TSR through the RMC

METHODS

This sort of research is included in quantitative research, where in this inquire about the information utilized by analysts is secondary information. Secondary information sources are taken from indirect sources or what are usually called mediator. The testing method used in this investigation was a purposive testing method and the tests obtained were 85 companies within the consumer sector from 2018-2022. The observation period

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of 2018-2022 was chosen to capture recent trends and dynamics, ensuring the analysis reflects the most relevant and up-to-date insights for the study. The investigate information obtained comes from annual reports of companies that are recorded on the Indonesian Stock Trade or reported as BEI (www.idx.co.id) and annual reports that have been examined by a public accounting firm (Budikasi *et al.*, 2022).

Variable Method & Measurement

Table 1. Definition and Operational of Variables

Variable		Formula
CGI	Corporate Governance Index	For every rule, observations were categorized as 1 for a positive response (should the principle be applied) or as a negative response (should the rule not be applied) (Al-ahdal *et al.*, 2020).
ROE	Return On Equity	Net Income/Total Equity (Wahyudin & Solikhah, 2017).
TBQ	Tobin's Q	(Market Capitalization + Total Debt)/Total Aset (Achim *et al.*, 2016).
EVA	Economic Value Added	NOPAT - WACC x Total Capital (Pintea *et al.*, 2020).
TSR	Total Shareholder Return	((P1 - P0) + Dividend)/P0 (Pintea *et al.*, 2020).
RMC	Risk Management Committee	This variable is binary, with 1 representing companies that disclose RMC in their annual report (in a specific risk committee or audit committee) and 0 representing businesses that do not report RMC in their annual report (Halim *et al.*, 2017).
DTE	Debt To Equity	Total Liabilities/Total Equity (Anita & Amalia, 2021).
CSIZE	Company Size	Log (Total Assets) (Anita & Amalia, 2021).

The analysis used in this research is multiple linear regression (Liana, 2009) because the presence of mediating or intervening variables changes simple linear regression analysis into multiple linear regression analysis. In measuring mediating variables, there are 2 methods, namely the causal step method and the product of coefficient or usually referred to as the Sobel test (Munawaroh *et al.*, 2015). Multiple linear regression analysis requires several assumptions to be fulfilled, namely the normality test, non-multicollinearity test, heteroscedasticity (homoscedasticity) test and non-autocorrelation, these four assumptions are classic assumptions that need to be tested in measuring multiple linear regression analysis.

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RESULTS AND DISCUSSION

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CGI	425	0.51	1	0.9111	0.06273
ROE	425	-3.77	2.71	0.0579	0.48942
TBQ	425	0.33	17.68	1.7098	1.85074
EVA	425	-14944612.44	10468925.6	344369.9585	1737617.65
TSR	425	-0.85	4.73	0.089	0.56466
DER	425	-30.15	114.29	1.6571	7.03642
CSIZE	425	4.93	8.26	6.7549	0.5269

Source: Processed by SPSS application (2023)

Based on the results of descriptive statistical tests showing the following data, the minimum for the CGI cannot be less than 0,51, where the maximum for the CGI is 1, meaning that if it is below 1 then the company does not apply this principle. if it is above 1, it means the company is implementing the principle. The average value of the ROE is 0,0579, This means that the average company has an ROE ratio of 0.0579. The average value of the TBQ is 1,7098, It can be seen that the average company measured based on TBQ produces a value of 1.7098, which means that the average company operating in the consumer sector has a book value of more than 1 which is classified as overvalued. The average value of the EVA is 344369,9585, It can be seen that the average company measured based on EVA produces a value of 344369,9585, which means that the average company operating in the consumer sector has the potential to add growth value to the company's economy, and the higher the EVA value will certainly meet the expectations of an investor. The minimum value for the TSR is -0.85, while the maximum value is 4.73. Based on the TSR ratio, shareholders experience a minimum return of -0.85, indicating no benefit from their investment. However, the maximum return is 4.73, indicating a profit of 4.73 based on the TSR ratio. The average value of the DTE is 1,6571, This means that on average consumer sector companies have capital that is greater than their debt and the company has the potential to pay off debt in the long term. The average value of the CSIZE is 6,7549, This means that the average manufacturing sector company has a company size of 6.7549 and std. The deviation in the CSIZE is 0,52690.

Regression 1, Independent variable to dependent variable.

Table 3. T Test

Model	ROE Value	TBQ Value	EVA Value	TSR Value
CGI	0.007	0.003	0.019	0.014
DER	0.000	0.849	0.000	0.000
CSIZE	0.102	0.341	0.000	0.000

Source: Processed by SPSS application (2023)

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Table 4. Simultaneous F Test

Predicators: (Constant)	ROE Value	TBQ Value	EVA Value	TSR Value
CGI, CSIZE, DER	0.000	0.026	0.000	0.000

Source: Processed by SPSS application (2023)

Table 5. Correlation Coefficient R Test

Predicators: (Constant)	ROE Adjsuted R Square	TBQ Adjsuted R Square	EVA Adjsuted R Square	TSR Adjsuted R Square
CGI, CSIZE, DER	0.445	0.015	0.644	0.427

Source: Processed by SPSS application (2023)

The result on the table shows that the Adjusted R value on variable CGI, DER, CSIZE to ROE is 0,445 or 44,50%. This means that the CGI, DER and CSIZE can explain the ROE by 44,50%, while the remaining 55,5% is explained by other models. The Adjusted R value variable CGI, DER, CSIZE to TBQ is 0,015 or 1,50%. This means that the CGI, DER and CSIZE can explain the TBQ by 1,50%, while the remaining 98,50% is explained by other models. The Adjusted R Square value on variable CGI, DER, CSIZE to EVA is 0,644 or 64,40%. This means that the CGI, DER and CSIZE can explain the EVA by 64,40%, while the remaining 35,60% is explained by other variables models. And the Adjusted R value on variable CGI, DER, CSIZE to TSR is 0,427 or 42,70%. This means that the CGI, DER and CSIZE can explain the TSR by 42,70%, while the remaining 57,30% is explained by other variables model.

Regression 2, Independent variable to intervening variable.

Table 6. T Test

Model	RMC Value
CGI	0.001
DER	0.500
CSIZE	0.001

Source: Processed by SPSS application (2023)

Table 7. Simultaneous F Test

Predicators: (Constant)	RMC Value
CGI, CSIZE, DER	0.000

Source: Processed by SPSS application (2023)

Table 8. Correlation Coefficient R Test

Predicators: (Constant)	RMC Adjsuted R Square
CGI, CSIZE, DER	0.445

Source: Processed by SPSS application (2023)

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The Adjusted R Square value is 0.445 or 44.50%. This means that the CGI, DER and CSIZE can explain the RMC by 44,50%, while the remaining 55,50% is explained by other variables not explained in this study.

Regression 3, Independent variable, intervening variable to dependent variable.

Table 9. T Test

Model	ROE Value	TBQ Value	EVA Value	TSR Value
CGI	0.001	0.006	0.755	0.026
RMC	0.049	0.002	0.000	0.000
DER	0.812	0.537	0.000	0.187
CSIZE	0.000	0.004	0.000	0.577

Source: Processed by SPSS application (2023)

Table 10. Simultaneous F Test

Predicators: (Constant)	ROE Value	TBQ Value	EVA Value	TSR Value
CGI, CSIZE, DER	0.000	0.000	0.000	0.000

Source: Processed by SPSS application (2023)

Table 11. Adjusted R Square

Predicators: (Constant)	ROE Adjsuted R Square	TBQ Adjsuted R Square	EVA Adjsuted R Square	TSR Adjsuted R Square
CGI, RMC, DER, CSIZE	0.116	0.047	0.59	0.14

Source: Processed by SPSS application (2023)

Table 12. Sobel Test

Variable	Statistical Test ROE	TBQ	EVA	TSR
CGI > RMC	1.72985304	2.27987938	3.13353996	2.94471002

Source: Processed by SPSS application (2023)

The value of the Adjusted R Square is 0,116, or 11,60%. This indicates that 11,60% of the ROE can be described by the CGI, RMC, DER, and CSIZE, with the remaining 88,40% being explained by variables not covered in this study. The value of the Adjusted R Square is 4,70%, or 0.047. This indicates that the TBQ can be explained by the CGI, RMC, DER, and CSIZE by 4,7%, with the remaining 95,3% not being explained by the study. The value of the adjusted R square is 0,590, or 59,00%. This indicates that 59,00% of the EVA can be described by the CGI, RMC, DER, and CSIZE, with the remaining 41,0% being explained by variables not covered in this study. The value of the adjusted R square is 14,00%, or 0,140. Thus, the TSR can be explained by the CGI, RMC, DER, and CSIZE by 14,000%, with the remaining 86,000% being explained by variables not covered in this study.

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Hypothesis Testing

This T statistical test shows how much big variable independent explained variable dependent individually. Regression test results in a way Partial has shown in table and table. Following is results testing hypothesis in research this:

According to testing H1, ROE is significantly improved by the CGI's implementation. Table 3's test results demonstrate that the CGI and DER significantly impact ROE. and ROE is not significantly impacted by CSIZE. Based on previous research, Bhatt (2017) found that the CGI had a significant positive effect on ROE. Based on the findings of H1, it can be proven that a well-established corporate governance system leads to optimal maintenance of firm earnings. ROE is a financial statistic that measures the benefit of a company in connection to its shareholders' value. When corporate governance is well handled, it ensures the trust of shareholders in making investments, leading to a rise in the money invested. Based on Wahyudin and Solikhah (2017), companies that have strong governance practices tend to demonstrate enhanced operational efficiency. Managers employ effective and efficient strategies to decrease capital expenses and mitigate risks, perhaps leading to increased profitability

In testing H2, it states that the implementation of the CGI has a significant positive effect on financial performance TBQ. From the test results in Table 3, it shows that the CGI has a significant effect on the TBQ, but the DER and CSIZE does not have a significant effect on ROE. Based on previous research Coleman and Wu (2021) and Farooq *et al.* (2022) found that the CGI had a significant positive effect on TBQ. Based on Farooq Farooq *et al.* (2022), Corporate governance have a strong positive correlation with a firm's performance in every aspect. Investors prioritise governance standards in firms due to their financial investment, thereby attributing more value to organizations with strong governance processes. The findings corroborate prior research indicating that corporate governance (CG) facilitates the optimal and productive allocation of resources, monitors management activities to prevent self-serving behaviour, facilitates access to financial resources at favourable terms, and mitigates information asymmetry between managers and shareholders, ultimately leading to improved firm performance.

The results of testing H3 indicate that the CGI's installation significantly improves EVA. The test findings in Table 3 demonstrate that the EVA is considerably impacted by the CGI and by the DER and CSIZE. Based on previous research Rahayu (2019) states that EVA theory can support and explain the differences between the goals of managers (agents) and owners. In straightening out the goals of both parties, Corporate Governance is one of the important points. That way, EVA will encourage managers to make wise decisions not only in measuring company profitability but also in measuring investment risks and costs. Rahayu and Anggraeni (2019), also stated that corporate governance has a significant effect on EVA.

In testing H4, it states that the implementation of the CGI has no significant positive effect on TSR. From the test results in Table 3 it shows the variables CGI, DER, and CSIZE have insignificant impact on TSR. Both TSR and ROE share the same measurement, as ROE evaluates the profitability of capital invested by shareholders in terms of profits generated (Kapaya & Raphael, 2016), while TSR measures the level of return that the company can provide to shareholders (Pintea *et al.*, 2020). It can be concluded that when corporate governance is managed optimally, the level of profits that can be provided by the company will increase. So TSR and ROE measurements have a direct relationship to corporate governance, the better the corporate governance, the level of shareholder trust

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can be guaranteed. So, this hypothesis can be accepted.

Based on the tests in Table 6, it shows that the CGI is 0,001, the CSIZE is 0,001 meaning this has a significant effect on the RMC. This shows that statistically, the frequency of board of commissioner's meetings has a positive effect on the RMC. The research Wahyuni and Harto (2012), demonstrating that a greater meeting frequency is linked to both an increase in the standard of independent audits and a drop in the frequency of financial reporting issues. If there is no information asymmetry or the board of commissioners receives high-quality information about risk management, the number of financial reporting issues will go down. With quality information it can produce decisions that are relevant, accurate and timely. Quality information will be obtained if there are competent parties to assist the board of commissioners in obtaining this information. Thus, the increasing frequency of meetings encourages more intensive reporting of company conditions to reduce information asymmetry. This will encourage the company to organize a RMC to assist the board of commissioners in obtaining relevant, accurate and timely information.

In testing H6, it states that the implementation of the CGI has a significant positive effect on Tobin's q, EVA and TSR through the RMC on Table 9, which means that the RMC can mediate the CGI on TBQ, EVA and TSR. Based on previous research, Rehman *et al.* (2021), found that the RMC can be used as a mediator of financial performance, this research shows the importance of companies in managing risk. According to Halim *et al.* (2017), this study proposes that the implementation of Risk Management Control (RMC) aids companies in strengthening their internal control systems to effectively manage and mitigate operational risks, both financial and non-financial. As a result, it leads to improved accounting practices and market performance for the organization. Moreover, the results corroborate the assertion of the agency theory that a competent RMC has a crucial function in managing and reducing conflicts of interest between owners and agents, which might potentially result in improved corporate performance (Alhaj *et al.*, 2022). But the statistic of ROE show that RMC cannot mediate the CGI and ROE. This discrepancy may arise due to the fact that ROE is a metric that specifically measures a company's profitability, however the Covid-19 pandemic led to a significant downturn in the overall performance of most companies. Therefore, the outcomes of evaluating corporate governance and RMC mediation are unlikely to have a substantial impact on ROE measurements.

CONCLUSION

This research aims to examine the influence of corporate governance on financial performance, which is mediated by the RMC using ROE, TBQ, EVA & TSR measurements. Where the sample used is public companies listed on the Indonesia Stock Exchange from 2018 - 2022. The sector used as a test is the consumer goods sector because consumer goods companies are companies that support primary life, namely the main thing that cannot be removed. Based on the process of data collection, analysis and interpretation, the conclusion that can be drawn is that the ability of corporate governance can influence financial performance. Depending on several measurements, such as the measurement of corporate governance mediated by the risk management committee on return on equity, the results are not significant. This could be because ROE is a measurement that focuses on company profitability, whereas during the Covid-19 pandemic, the average company experienced a drastic decline. Therefore, the results of measuring corporate governance and RMC mediation cannot have a significant effect on ROE measurements. But this study found that RMC can mediate between TBQ, EVA, TSR and CGI, this is due to RMC supports firms by improving their internal control systems to efficiently oversee and reduce operational risks, encompassing both financial and non-financial aspects. Consequently, this leads to enhanced accounting methodologies and superior market performance for the organization. Moreover, the results corroborate the agency theory's assertion that an effective RMC is essential for managing and reducing conflicts of interest between owners and agents, which may improve business performance. Furthermore, this research has limitations in taking references, because sample tests on the TSR and EVA ratio are very rare to find. Considering that this research does not concern other sectors, this research focuses more on the influence of corporate governance and RMC on companies in the consumer goods sector, which is one of the unavoidable ingredients of life. Therefore, the author hopes for further research is expected to support the measurement of the TSR ratio, apart from that, it is hoped that the research can be expanded by using other variables related to the TSR ratio measurement and growth opportunity.

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