

## THE IMPACT OF GOOD CORPORATE GOVERNANCE AND ENTERPRISE RESOURCE PLANNING ON FINANCIAL PERFORMANCE

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### ABSTRACT

This study examines how Good Corporate Governance (GCG) and the implementations of Enterprise Resource Planning (ERP) system affect financial performance (NPM, OPM). The analysis concentrated on manufacturing firms in the food and beverage subsector that were listed between 2020 and 2024 on the Indonesian Stock Exchange (IDX). Using purposive sampling, 41 companies being selected as samples, with a total of 205 observations. Secondary data was analyzed using panel data regression in Eviews 10. The results showed that GCG had no positive significant effect on NPM, GCG had no positive significant effect on OPM, the implementation of ERP had a positive significant effect on NPM, the implementation of ERP had a positive significant effect on OPM and simultaneously GCG and ERP use had a significant effect on NPM and OPM.

**Keywords:** Good Corporate Governance, Enterprise Resource Planning, Financial Performance, Net Profit Margin, Operating Profit Margin.

### INTRODUCTION

The development of modern business in the era of the 4.0 industrial revolution and the emergence of various global crises have made the implementation of GCG and adopting ERP system important factors in driving company performance improvement and reducing risks related to company finances (Al-Amin et al., 2023; Alsurayyi & Alsughayer, 2021; Espinoza Pérez et al., 2022). GCG is a structured set of rules applied to manage and supervise companies effectively and aims to ensure that companies operate efficiently, transparently, and accountably (Mansour et al., 2022). Various GCG regulations have been implemented to ensure the stability and financial integration of companies. Globally, The G20/OECD Principles of Corporate Governance and Indonesia's General Guidelines for Governance Policy (PUG-KI) are GCG regulations that aim to improve the transparency, accountability, and business success of a company (National Governance Policy Committee, 2021; OECD, 2023).

Although regulations regarding GCG have been widely implemented, in reality there are still corporate scandals caused by weaknesses in corporate governance in maintaining public trust, which ultimately have a negative impact on company finances (Kyere & Ausloos, 2020). PT AISA (2017) violated GCG principles by recognizing fictitious income and recording transactions that had no economic substance, including inflating accounts receivable, inventories, and fixed assets totaling Rp5 trillion. This practice violated GCG principles because it was contrary to the principles of accountability, regulatory compliance and transparency. The impact of this scandal was significant on PT AISA's financial performance, with the company's net profit falling by -22.2%, sales falling by -25%, and operating cash flow falling by 42%. In addition, the company lost investor confidence and its credibility was tarnished, which hampered new investment opportunities and created a bad image in the capital market (Christian & Jullystella, 2021).

The PT AISA scandal phenomenon is evidence that a lack of attention to GCG principles can cause a significant weakening in a financial performance (Titania & Taqwa, 2023). The role of GCG implementation on financial performance can be analyzed through the agency theory perspective (Riyadh et al., 2023). By implementing appropriate control and supervision mechanisms, GCG can assist in minimizing conflicts of interest, increase shareholder value, and eventually enhance the business's financial results (Affes &

Jarboui, 2023). Investors have a greater tendency to invest their funds in companies that optimally apply GCG principles. Thus, GCG not only attracts investors but also contributes to the sustainable improvement of a company's financial performance (Affes & Jarboui, 2023; Kyere & Ausloos, 2020).

The phenomenon of the 4.0 industrial revolution has led to the implementation of ERP as one of the methods that is increasingly being used by various corporations globally, including corporations in Indonesia. ERP systems are capable of integrating information used by various business functions within a company, ranging from accounting, manufacturing, distribution, inventory, marketing, sales, human resources, and other functions (Samad et al., 2023) to improve performance and drive company effectiveness (Alienta et al., 2023). To further understand the ERP's effect on a business financial performance, the RBV theory approach can be used. ERP can be considered a resource that meets the VRIO criteria in RBV theory, as it enables companies to improve business process optimization and support accurate decision-making. Therefore, effective ERP implementation can contribute significantly to improving company financial performance (Putra et al., 2021).

The implementation of ERP in the manufacturing sector can provide significant benefits. Samad et al. (2023) reveal that the use of ERP promotes better capabilities in managing inventory, reducing production cycle times, production planning, reducing operational costs, financial risk management, and improving customer satisfaction. The ERP system enables businesses to promptly trends trough their real-time processing capabilities, advanced analytical functions, support responsive and continuous improvement, which ultimately has the ability to boost the company's financial performance (Samad et al., 2023).

Financial performance is one key metric that show how well management has explored the company's resources to achieve strategic objectives, namely generating profits and increasing company value (Tania & Abdi Maswar, 2023). Companies with good financial performance are considered to have brighter future prospects (Sintowati A, 2023). Financial performance is also a crucial evaluation tool for determining the stability, sustainability, and competitiveness of corporations in the market. By conducting an in-depth analysis of financial performance, various internal and external parties can acquire a better grasp of capital structure, operating efficiency, and the company's ability to fulfill its financial commitments (Astuti & Lestari, 2024).

Results from earlier research on GCG's impact on financial performance are still erratic. Research by Affes & Jarboui (2023) show that the enforcement of GCG can improve financial outcomes. The previous findings are consistent with the research by Hermuningsih et al (2020), which showed that GCG influences the improvement of financial performance in companies. Meanwhile, conflicting research results were found by (Riyadh et al., 2023) which showed that the influence of GCG is only significant through the board of directors, while audit committees and independent commissioners are unable to have an impact on financial improvement.

The variation in the research results indicates a gap in the existing literature, suggesting the possibility of other independent variables that may affect financial performance but have not been adequately indicated in previous analyses. Previous research by Martin Kyere and Marcel Ausloos (2020) provides important suggestions for further research to add other independent variables to test their effect on financial performance. Previous research also suggests adding independent variables such as the use of technology in companies because it is likely to influence the financial outcomes of firm (Kyere & Ausloos, 2020). According to the suggestions provided by previous studies, this study adds the implementation of ERP as a new independent variable.

This study provides an in-depth understanding of the various determinants that contribute to corporate financial performance. The integrated of GCG and ERP as independent variables in this study is expected to provide new insights into how GCG aspect and the use of technology can complement each other in improving a firm financial outcome. By combining GCG and ERP usage, this study confirms that these two independent variables are likely to exert a substantial impact on the financial outcomes of the firm. The selection of the manufacturing sector, more specifically the food and beverage sub-sector, as the sample in this study aims to fill the gaps found in previous studies. Mumtazatur Rahmatin & Ika Neni Kristanti (2020) explain that the gap in their research lies in the research sample used, which is the miscellaneous industry sector, so that the research results are not specific and do not represent each sector (Rahmatin & Kristanti, 2020). This study and analysis aim to fill this gap by selecting a more specific sample, namely the food and beverage sub-sector. Thus, the research findings can be more representative in describing how each independent variable affects the dependent variable in a more specific sector.

## LITERATURE REVIEW

### Agency Theory

Jensen and Meckling developed the agency theory in 1976, emphasizing the contractual link between agents and principals (Jensen & Meckling, 1976). Due to information asymmetry, the two parties may experience agency conflict (Jensen & Meckling, 1976). GCG, which incorporates effective supervision, transparency, and accountability, serves to reduce information asymmetry, agency costs, and inequality by ensuring that managers behave in the best interests of shareholders and enhance the financial performance of the business (Affes & Jarboui, 2023; Anandamaya & Hermanto, 2021).

### Resource Based View (RBV) Theory

Jay Barney created the RBV theory in 1991, RBV is a theoretical approach that emphasizes the relevance of internal corporate resources in generating sustained competitive advantage. RBV theory asserts that internal company resources with the characteristics of Value, Rarity, Imperfect imitability, Organization (VRIO) have the potential to create sustained competitive advantage (Jay Barney, 1991; Utami & Alamanos, 2023). In the context of RBV theory, ERP can be considered a company resource that meets the VRIO criteria, as it enables companies to optimize business processes, increase productivity, and support accurate financial decision-making. Therefore, optimal ERP implementation has been proven empirically verified to strengthen the financial performance of entities (Putra et al., 2021).

### Financial Performance

Financial performance reflects a firm financial capacity in a given accounting period, which includes assets, liabilities, expenses, sales, and profits. This performance can be analyzed by examining the firm financial statements (Rahman et al., 2023). Companies with optimal financial performance are considered to have the potential to show more promising prospects in the future (Sintowati A, 2023). The financial performance of an entity is influenced by both internal and external factors. This research will focus on examining two internal factors, namely GCG and information technology investment in the form of ERP use, which can maximize a company's financial performance (Hermuningsih et al., 2020; Putra et al., 2021).

### Good Corporate Governance (GCG)

The initial idea of GCG emerged in 1992 in the United Kingdom through a publication by the Cadbury Committee, which emphasized the importance of good corporate standards to ensure transparency, accountability, and equal distribution of authority between management and shareholders (Al-ahdal et al., 2020; Titania & Taqwa, 2023). In 2021, KNKG published the Indonesian Corporate Governance General Guidelines (PUG-KI), in

which GCG refers to the application of procedures and structures as an effort to increase business success and corporate accountability transparency with long-term goals to maximize shareholder value, while still paying attention to the alignment of the urgency of the stakeholders involved (National Governance Policy Committee, 2021).

### **Enterprise Resource Planning (ERP)**

ERP can be defined as a system that has the ability to integrate various aspects of a company's business, ranging from human resources, accounting, inventory, manufacturing, sales, marketing, distribution, and other functions (Samad et al., 2023) in order to improve performance and drive company effectiveness (Alienta et al., 2023). ERP not only enables companies to build internal integration between departments but also enables companies to create external integrations with both suppliers and customers. This integration enables organizations to minimize production costs and procurement costs and has an impact on improving performance because the more optimal the integration, the more optimal the performance of the entity (Tarigan et al., 2021).

## **HYPOTHESIS**

### **The Impact of Good Corporate Governance on Net Profit Margin**

A previous study conducted by Wajdi Afes and Anis Jarboui (2023) shows that GCG has a significant positive effect on company financial performance (Affes & Jarboui, 2023). Research results by Mansour et al. (2020) also show that GCG, proxied by 32 indicators, has a significant positive effect on corporate financial performance (Mansour et al., 2022). Aligned with the principles of agency theory, which elucidate the relationship between agents and principals where there is potential for conflicts of interest between the two, GCG serves as a suitable supervision and control system that can minimize conflict of interest, lower agency expenses, increase shareholder value, and ultimately improve corporate financial performance (Affes & Jarboui, 2023). H1. Good Corporate Governance has a significant positive impact on Net Profit Margin.

### **The Impact of Good Corporate Governance on Operating Profit Margin**

Companies that are regulated with good governance practices tend to achieve better financial and profits (Bazhair, 2021). GCG principles can encourage increased effectiveness and operational oversight, and better operations can help companies achieve their goals in terms of improving financial performance, especially in operational aspects (Purwanti & Ekani, 2024). In line with agency theory, the existence of GCG principles enables firms to function with greater effectiveness and efficiency, which in turn enhances their operational performances (Mansour et al., 2022). Increased efficiency and effectiveness in company operations can improve financial performance through operations, namely Operating Profit Margin (Gusma Putra & Rahayu, 2020). H2: Good Corporate Governance has a significant positive effect on Operating Profit Margin

### **The effect of Enterprise Resource Planning usage on Net Profit Margin**

Research conducted by Putra et al (2021) found that the use of ERP can improve firm financial performance in terms of Net Profit Margin. In line with the Resource Based View theory, ERP can be considered a company resource that meets the VRIO criteria, as it enables companies to optimize business processes, increase productivity, and support accurate financial decision-making. Therefore, effective ERP implementation can contribute significantly to improving a firm financial performance (Putra et al., 2021). H3: The use of Enterprise Resource Planning has a significant positive effect on a Net Profit Margin

### **The Effect of Enterprise Resource Planning usage on Operating Profit Margin**

Wulan et al. (2024) found that efficient ERP deployment can improve organizational and financial efficiency through reduced operational costs, increased productivity, reduced production time, and improved inventory management (Sri Wulan et al., 2024). Operational cost efficiency can improve financial performance through the Operating Profit Margin. The

use of ERP can improve the efficiency and effectiveness of companies in managing financial resources, the implementation of ERP can increase the Operating Profit Margin and improve the competitiveness of companies in the future (Insana & Myndarto, 2019). H4: The usage of Enterprise Resource Planning has a significant positive effect on Operating Profit Margin.

### METHODS

The methodology used was quantitative study with secondary data. Financial performance is the dependent variable proxied using NPM and OPM, whereas GCG and ERP usage are the independent variables. GCG is proxied using 32 indicators used in the study by Mansour et al. (2022), which will later produce a GCG score (Mansour et al., 2022). Companies that manufacture food and beverages and are listed on the IDX for the 2020-2024 timeframe make up the study's population. Purposive sampling was used to select the study's sample based on three criteria, specifically: 1) Food and beverage manufacturing companies that were continuously listed as active issuers on the IDX during the observation period of 2020-2024; 2) The entity provides complete annual reports for 5 consecutive years, namely the period 2020-2024; 3) Have comprehensive information and statistics on the variables examined during the 2020-2024 observation period; 4) Of the 96 populations, there were 41 companies that met the three purposive sampling criteria above, resulting in 205 observations. The statistical tests in this study were conducted using E-views software version 10. Table 1 show lists the measurements for every variable used in this study.

**Table 1. Research Variables Measurements**

| Variables                                 | Measurements  | Source  |
|---|---|---|
| Financial Performance                     | <i>Net Profit Margin</i> (NPM)  | (Lendrawati & Abdi, 2021; Putra et al., 2021) |
|   | $NPM: \frac{Net\ Income}{Revenue} \times 100\%$   |   |
|   | <i>Operating Profit Margin</i> (OPM)  |   |
|   | $OPM: \frac{Operating\ Profit}{Revenue} \times 100\%$   |   |
| <i>Good Corporate Governance</i> (GCG)    | $CGI: \frac{number\ of\ indicators\ met}{32} \times 100$  | (Mansour et al., 2022)                        |
| <i>Enterprise Resource Planning</i> (ERP) | The use of ERP is measured using a dummy variable (1 = company uses ERP, 0 = company does not use ERP). | (Putra et al., 2021)                          |

Source: Processed Data (2025)

### RESULTS

#### Descriptive Statistical Analysis Results

The analysis conducted describes each variable studied, namely GCG, ERP, NPM, and OPM. Table 2 presents the analysis results. The mean GCG score is 75.960, the minimum value is 62.500, and the maximum GCG score is 84.375. The median GCG score is 78.125, indicating that, in general, the companies sampled in this study have implemented good GCG principles through 32 GCG indicators, although there are differences in the level of GCG implementation between companies. The Std. Dev. is 4.781, indicating that the GCG data has relatively low variation and that the implementation of GCG among the sample companies is relatively homogeneous.

The mean ERP value is 0.804, demonstrating that the majority of the organizations included in this study have adopted ERP system into their business operations. The median value of ERP is 1, indicating that more than half of the total number of entities selected as

samples in this study have implemented ERP. The Std. Dev. of ERP is 0.397, demonstrating that there are variances in the use of ERP among the sample organizations, but these differences are not too significant.

NPM indicates a mean of 4.365 and a median NPM value of 5.002, with a maximum NPM value of 93.894. the minimum value of NPM is -113.159, the Std. Dev. value of NPM is 19.291, which is quite high and indicates that the financial performance of the sample companies in terms of NPM varies greatly. OPM shows a mean of 10.434, which indicates that the sample companies have a fairly good operating profit margin. The maximum OPM value reached 166.128, the minimum OPM value was -50.917, this suggests that there are enterprise who sustained operating losses, the Std. Dev. value from OPM was 17.879, which is quite high and indicates that the financial performance of the sample companies in terms of OPM varies greatly.

**Table 2. Descriptive Statistical Analysis**

|           | <b>GCG</b> | <b>ERP</b> | <b>NPM</b> | <b>OPM</b> |
|-----------|------------|------------|------------|------------|
| Mean      | 75.960     | 0.804      | 4.365      | 10.434     |
| Median    | 78.125     | 1.000      | 5.002      | 8.478      |
| Maximum   | 84.375     | 1.000      | 93.894     | 166.128    |
| Minimum   | 62.500     | 0.000      | -113.159   | -50.917    |
| Std. Dev. | 4.781      | 0.397      | 19.291     | 17.879     |

Source: Processed Data (2025)

**Selection of Panel Data Models: The Effect of GCG and ERP on NPM**

**Chow Test**

Table 3 shows the Chow test to analyse the effect of GCG and ERP on NPM. The analysis results indicate that  $P = 0.000 < 0.05$ , so  $H_0$  (CEM is the most effective estimation model) is rejected, and  $H_1$  (FEM is the most effective estimation model) is accepted. Consequently, the Chow test indicates that FEM is the panel data estimate model to employ.

**Hausman Test**

Table 4 shows the Hausman test to analyse the effect of GCG and ERP on NPM. The analysis results indicate that  $P = 0.054 > 0.05$ , so  $H_0$  (REM is the most effective estimation model) is accepted, and  $H_1$  (FEM is the most effective estimation model) is rejected. Therefore, REM is the most appropriate model to apply. It can be concluded that model 1, namely the effect of GCG and ERP on NPM, is best represented by the Random Effect model.

**Table 3. Chow Test (NPM Model)**

| <b>Effects Test</b>      | <b>Statistic</b> | <b>d.f.</b> | <b>Prob.</b> |
|--------------------------|------------------|-------------|--------------|
| Cross-section F          | 8.395            | (40.162)    | 0.000        |
| Cross-section Chi-square | 230.146          | 40          | 0.000        |

Source: Processed Data (2025)

**Table 4 Hausman Test Results (NPM Model)**

| <b>Test Summary</b>  | <b>Chi-Sq. Statistic</b> | <b>Chi-Sq. d.f.</b> | <b>Prob.</b> |
|----------------------|--------------------------|---------------------|--------------|
| Cross-section random | 5.818                    | 2                   | 0.054        |

Source: Processed Data (2025)

**Selection of Panel Data Model: The Effect of GCG and ERP on OPM**

**Chow Test**

Table 5 shows the Chow test to analyse the effect of GCG and ERP on OPM. The analysis results indicate that  $P = 0.000 < 0.05$ , so  $H_0$  (CEM is the most effective estimation model) is rejected, and  $H_1$  (FEM is the most effective estimation model) is accepted. Therefore, FEM is the most appropriate model to apply.

**Hausman Test**

Table 6 shows the Hausman test to analyse the effect of GCG and ERP on OPM. The analysis results indicate that  $P = 0.029 < 0.05$ , so  $H_0$  (REM is the most effective estimation model) is rejected, and  $H_1$  (FEM is most effective estimation model). is accepted. Therefore, according to the Hausman test, the suitable panel data estimation model to utilize is FEM. Therefore, model 2 which examines how GCG and ERP impact on OPM, is best represented by the FEM.

**Table 5. Chow Test (OPM Model)**

| Effects Test             | Statistic | d.f.     | Prob. |
|--------------------------|-----------|----------|-------|
| Cross-section F          | 3.759     | (40.162) | 0.000 |
| Cross-section Chi-square | 134.600   | 40       | 0.000 |

Source: Processed Data (2025)

**Table 6 Hausman Test (OPM Model)**

| Test Summary         | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|----------------------|-------------------|--------------|-------|
| Cross-section random | 7.017             | 2            | 0.029 |

Source: Processed Data (2025)

**Classical Assumption Test**

Classical assumption tests are shown in tables 7 to 11. Classical assumption tests include heteroscedasticity, multicollinearity, and autocorrelation tests. Table 7 shows the multicollinearity. The correlation value between GCG ( $X_1$ ) and ERP usage ( $X_2$ ) was 0.212. This correlation value is well below 0.80, demonstrating that multicollinearity is absent from the regression model and that all independent variables are suitable for analysis. Table 8 shows the heteroscedasticity test for NPM Model. The GCG probability value is 0.717 and the ERP probability value is 0.343. The probability values of 0.717 and 0.343  $> 0.05$ , so there are no signs of heteroscedasticity for the regression model of the impact of GCG and ERP on NPM. Thus, the regression model used avoids heteroscedasticity and is suitable for analysis. Table 9 shows the heteroscedasticity test for OPM Model. The GCG probability value is 0.192 and the ERP probability value is 0.886. The probability values of 0.192 and 0.886  $> 0.05$ , so there is no evidence of heteroscedasticity for the regression model of the impact of GCG and ERP on OPM. Thus, the regression model used is free from heteroscedasticity and is suitable for analysis.

**Table 7. Multicollinearity Test (NPM, OPM Model)**

|     | GCG   | ERP   |
|-----|-------|-------|
| GCG | 1     | 0.212 |
| ERP | 0.212 | 1     |

Source: Processed Data (2025)

**Table 8. Heteroscedasticity Test (NPM Model)**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C        | 34.91       | 15.305     | 2.266       | 0.024 |
| GCG      | -0.363      | 0.202      | -1.793      | 0.074 |
| ERP      | -2.377      | 2.502      | -0.950      | 0.343 |

Source: Processed Data (2025)

**Table 9. Heteroscedasticity Test (OPM Model)**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C        | 3.348       | 2.285      | 1.465       | 0.144 |
| GCG      | -0.039      | 0.029      | -1.308      | 0.192 |
| ERP      | 0.054       | 0.382      | 0.143       | 0.886 |

Source: Processed Data (2025)

Table 10 shows the autocorrelation test for NPM Model. The autocorrelation test results for the model of the influence of GCG and ERP on NPM show a DW value of 1.218 (in the range of -2 to +2), indicating that the model is free from autocorrelation. Table 11 shows the autocorrelation test for OPM Model. The autocorrelation test results for the GCG and ERP models on OPM show a value of 1.458 (in the range of -2 to +2), indicating that the model is free from autocorrelation.

**Table 10. Autocorrelation Test (NPM Model)**

| Item               | Nilai |
|--------------------|-------|
| Durbin-Watson Stat | 1.218 |

Source: Processed Data (2025)

**Table 11. Autocorrelation (OPM Model)**

| Item               | Nilai |
|--------------------|-------|
| Durbin-Watson Stat | 1.458 |

Source: Processed Data (2025)

**Research Hypothesis Testing**

**Panel Data Regression Test**

Panel data regression test model 1, namely the effect of GCG and ERP on NPM and OPM (with the Random Effect model). Considering of the outcomes of testing the multiple linear regression model, regression model equation (i) and (ii). The results of regression model 1 on the impact of GCG and ERP on NPM can be explained through the following aspects: The coefficient of 0 is -32.499, which means that if GCG (X1) and ERP usage (X2) are considered zero, then the NPM value is -32.499. The coefficient of the first independent variable, GCG, is 0.325, indicating that assuming the other independent variable, ERP usage, is constant, every 1-unit increase in the GCG score will increase NPM by 0.325. The coefficient of the second independent variable, ERP usage, is 15.060, indicating that assuming the other independent variable, GCG, is constant, every 1-unit increase in ERP implementation will increase NPM by 15.060.

From the panel data analysis equation used in the imoact of GCG and ERP use on OPM, it can be explained in several points. The coefficient value of 0 is 65.648, indicating that if all independent variables, namely GCG (X1) and ERP use (X2), are considered zero, then the OPM value is 65.648. The coefficient of the first independent variable, namely GCG, of -0.819 indicates that assuming the other independent variable, namely ERP, is constant, every 1-unit increase in the GCG score will decrease OPM by -0.819. The coefficient of the second independent variable, ERP, is 8.715, indicating that assuming the other independent variable, GCG, is constant, every 1-unit increase in ERP implementation will increase OPM by 8.715.

**Table 12. Regression Analysis (NPM and OPM Model)**

| Variable | Coefficient |           |
|----------|-------------|-----------|
|          | NPM Model   | OPM Model |
| NPM      | -32.499     | 65.648    |
| GCG      | 0.325       | -0.819    |
| ERP      | 15.060      | 8.715     |

Source: Processed Data (2025)

$$\begin{aligned}
 \text{NPM} &= -32.499 + 0.325 \cdot \text{GCG} + 15.060 \cdot \text{ERP} + e && \text{(i)} \\
 \text{OPM} &= 65.648 - 0.819 \cdot \text{GCG} + 8.715 \cdot \text{ERP} + e && \text{(ii)}
 \end{aligned}$$

**Partial Test**

Table 13 shows the partial test results for model 1, namely the impact of GCG and ERP on NPM and OPM. Table 13 displays the results of a partial test (t-test) to determine the effect of the independent variables, namely GCG and ERP, on financial performance as

measured by NPM and OPM. Based on the test results, the ERP variable has a significant value of 0.000 in the NPM model and 0.002 in the OPM model, which means it has a significant effect on both financial performance models. Meanwhile, the GCG variable shows a significance value above 0.05, so it does not have a significant effect on NPM or OPM.

**Table 13. Partial Test (NPM Model)**

| Variable | t-Statistic (Prob) |                |
|----------|--------------------|----------------|
|          | NPM                | OPM            |
| C        | -0.984 (0.326)     | 0.836 (0.404)  |
| GCG      | 0.762 (0.446)      | -0.777 (0.438) |
| ERP      | 6.338 (0.000)      | 3.0955 (0.002) |

Source: Processed Data (2025)

### Discussion

#### The Effect of GCG on NPM in Food and Beverage Subsector Companies Listed on the IDX

The calculated t-value of 0.762 < table t-value of 1.971, and the probability value of 0.446 > 0.05. The regression analysis results indicate that GCG does not have a significant positive impact on NPM, so  $H_1$  is rejected. The data shows that GCG disclosure in the food and beverage sub-sector is still less than optimal and is in the average range of 75%. The implementation of GCG principles that are less than optimal can cause a decline in investor interest and confidence to invest their funds in the company. The loss of investor interest due to the suboptimal implementation of GCG principles in the food and beverage sub-sector can reduce the company's opportunities to obtain funding from shareholder equity, so that GCG is unable to contribute to the improvement of the firm financial performance and profit (Net Profit Margin) in a sustainable manner (Affes & Jarboui, 2023; Kyere & Ausloos, 2020). The highly volatile NPM value in this sector indicates that there are many other factors besides GCG that can have a more significant positive effect on NPM.

#### The Effect of GCG on OPM in Food and Beverage Companies Listed on the IDX

The calculated t-value of 0.404 < table t-value of 1.971, and the probability value of 0.438 > 0.05. The regression analysis results indicate that GCG does not have a significant positive effect on OPM, so  $H_2$  is rejected. The suboptimal implementation of GCG not only affects investor interest, but also reduces effectiveness and operational oversight, which can hinder companies from achieving their goals in terms of improving financial performance, especially in operational aspects as reflected in the Operating Profit Margin ratio. The highly fluctuating OPM value in this sector also indicates that there are various other factors besides GCG that can have a more significant positive effect on OPM.

#### The Effect of ERP Use on NPM in Food and Beverage Subsector Companies Listed on the IDX

The t-value of 6.338 > t-table 1.971 and the probability value of 0.000 < 0.05. The regression analysis results show that ERP has a significant positive impact on NPM, so  $H_3$  is accepted. The percentage of ERP usage in the food and beverage sub-sector reached 80%. ERP was implemented to improve business integration, effectiveness, and operational efficiency in companies. This is consistent with the finding of Putra et al. (2021), who discovered that ERP has a considerable positive effect on Net Profit Margin. The implementation of an ERP system in a company contributes to increased profitability, better cost management, profit optimization, and improved integration through the use of an ERP system (Putra et al., 2021). Therefore, effective ERP implementation can contribute to an increase in NPM (Putra et al., 2021).

#### The Effect of ERP Use on OPM in Food and Beverage Subsector Companies Listed on the IDX

The calculated t-value of 3.095 > t-table 1.971 and the probability value of 0.002 < 0.05. In addition, the ERP regression coefficient is 8.715 (indicating a positive direction). The

results of the regression analysis show that ERP has a significant positive effect on the company's financial performance through the Operating Profit Margin, so **H<sub>4</sub> is accepted**. In line with the conclusions of the analysis by Wulan et al. (2024), the study demonstrated that the efficient deployment of ERP can increase operational and financial efficiency in organizations through reduced operational expenses, increased productivity, reduced production time, and improved inventory management (Sri Wulan et al., 2024). Operational cost efficiency can improve financial performance through the Operating Profit Margin. The use of ERP can maximize the effectiveness and efficiency of companies in managing financial resources, so that the use of ERP can increase OPM and maximize the company's competitiveness (Insana & Myndarto, 2019).

## CONCLUSION

### Conclusion

Referring to the results of hypothesis verification and interpretation of empirical data on the influence of GCG and the use of ERP on NPM and OPM, based on 205 observations in the context of manufacturing companies in the food and beverage sub-sector listed on the IDX from 2020 to 2024. It has been established that GCG has no appreciable beneficial impact on financial performance as measured by the NPM ratio. It has been established that GCG has no appreciable beneficial impact on financial performance as measured by the OPM ratio. It has been demonstrated that the implementation of ERP significantly improves financial performance as measured by the NPM ratio. It has been demonstrated that the implementation of ERP significantly improves financial performance as measured by the OPM ratio

The research is subject to several limitations, such as: This study only analyzes two independent variables, namely GCG and ERP usage, and tests their effect on NPM and OPM. It is evident other factors could have an impact on financial performance. This study only focuses on manufacturing firms operating in the food and beverage sub-sector that were listed on the IDX between 2020-2024. Therefore, the results of this study cannot be generalized to other sectors. The GCG score does not show a significant positive effect on the NPM and OPM. The results of this study indicate the need for a moderating variable. This study is limited to a quantitative approach based solely on secondary data, without including primary data sourced from survey instruments or questionnaires. Thus, understanding of the context of GCG and ERP implementation still focuses on numerical data and secondary documentation.

The limitations of this study can be used to inform and expand future research. Considering the limitations of this study, several suggestions are provided for future research: It is recommended to consider adding other independent variables that have the potential to affect financial performance, such as capital structure, operational efficiency, and sales growth. It is recommended to widen the scope of the sample to include different manufacturing companies or other sectors, as this is crucial considering that each manufacturing company and other sectors may have differences in terms of governance structure, ERP implementation, and financial performance. It is recommended that future research include moderating factors like ownership structure to verify the significant positive impact of GCG on firm's financial performance. It is recommended to consider the use of primary data, especially in the ERP aspect

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