The Impact of Corporate Governance on Firm Performance: A Review

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ABSTRACT

Aims: The purpose of this paper is to analyze the results of recent empirical research on the impact of corporate governance on firm performance and reflect on potential research design issues that lead to inconsistent results.
Study design: Literature Review
Place and Duration of Study: Archival Literature from Emerald Journal's Data
Methodology: This study aims to explore the impact of financing decisions on firm value in Indonesia, focusing on the implementation of Good Corporate Governance (GCG). This study synthesizes existing studies by collecting data from scientific literature sourced from online databases such as Google Scholar, Mendeley, and others. The literature review includes articles published in the last decade (2020-2024).
Results: Empirical evidence shows that financing decisions positively and significantly affect firm value. Optimal financing choices can increase firm value sustainably. In addition, the implementation of GCG principles is essential in overseeing management practices, ensuring transparent, responsible, and shareholder-friendly financing decisions.
Conclusion: This study provides in-depth insights into the relationship between financing decisions, firm value, and the importance of GCG practices in the Indonesian business environment.

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Keywords: Corporate Governance, Firm Performance, Ownership Structure, Shareholder Rights

1. INTRODUCTION

The 1929 Wall Street Crisis that triggered the Great Depression in the United States is believed to be the starting point for in-depth studies on corporate governance. (Ardhiani & Nasih, 2019) found that the gap between owners and controllers of a company was caused by a dispersed ownership structure (Tarigan et al., 2019) . This creates a principal-agent relationship , where shareholders (principals) hand over management of the company to managers (agents). This relationship creates an agency problem because managers tend to

misuse the company's owner's funds (Fatimah & Setiany, 2023) . (Fatimah & Setiany, 2023) state that corporate governance mechanisms are designed to address the integration between investor and company information, preventing company managers (insider) from abusing power for personal gain. The collapse of global public companies such as Enron, WorldCom, and Tyco in the US, as well as HIH Insurance and One-Tel in Australia, triggered the effectiveness of implementing Corporate Governance. Although these companies have implemented Corporate Governance, the practice still occurs and has an impact on bankruptcy. Therefore, Good Corporate Governance (GCG) is seen as a solution strategy to prevent corporate destruction due to mismanagement and fraud. GCG aims to ensure transparency, accountability, and fairness in corporate management. The Sarbanes-Oxley Act (SOX) 2002 in the United States is an example of a regulatory effort to strengthen Corporate Governance. This regulation requires companies listed on the Stock Exchange to comply with GCG standards and legal sanctions for violators.
The 1997 Asian economic crisis triggered the implementation of Good Corporate Governance (GCG) in Indonesia. The crisis was caused by weak supervision of the company's board of directors, which should have been the responsibility of the board of commissioners (Tarigan et al., 2019) . The collapse of large companies and banks caused Indonesia to need financial assistance from the International Monetary Funds (IMF), on the condition that the GCG system be improved (Maharani & Wahidahwati, 2023) . The company's goal is to increase the company's value. Agency conflicts can lead to poor earnings quality, decision-making errors, and decreased company value. GCG must provide the right incentives for the board of directors and management to achieve the company's and shareholders' goals, and facilitate effective monitoring for efficient use of resources (Hong, 2019) . Four effective GCG mechanisms to reduce agency conflicts are:

Supervision Mechanism

1. Audit committee.

2. independent commissioner.

3. Institutional ownership.

4. Managerial ownership (Mishra, 2017) .

The implementation of Good Corporate Governance (GCG) mechanisms in companies is expected to increase the effectiveness of supervision of management, thereby improving company performance and increasing company value. Effective implementation of GCG is expected to improve company performance, which has a positive impact on stock prices as an indicator of company value, thereby achieving the company's value goals to the maximum (Mahrani, Mayang and Soewarno, 2018) . The financial scandal at PT. Lippo Tbk. and PT. Kimia Farma Tbk. in 2001 showed that there was still manipulation of financial reports in Indonesian public companies. This is due to the weak implementation of corporate governance, causing deficiencies in decision making and company actions (Tang et al., 2020) .

Effective corporate governance can achieve corporate goals transparently, increase economic growth, and provide protection for shareholders and creditors. This concept creates a conducive environment for efficient and sustainable growth (Hong, 2019) . Previous studies have shown a positive relationship between funding decisions and firm value. Corporate governance as a moderating variable can affect a company's investment and funding decisions (Lin et al., 2021) . This study aims to analyze research trends related

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to funding decisions, Good Corporate Governance, and Firm Value in Indonesia through a literature review of national scientific journals in 2020-2024.

2. LITERATURE REVIEW

2.1.Agency Theory

Agency Theory (Jensen, 1976) explains that the relationship between managers (agents) and shareholders (principals) is a contract that is prone to causing conflicts of interest. This is due to human nature that prioritizes personal interests. Differences in goals between shareholders and managers trigger this conflict. Shareholders focus on maximum and fast returns on investment, while managers want compensation and incentives for their performance. This conflict of interest requires effective monitoring and control mechanisms to achieve goal alignment. The contract between capital owners and managers aims to minimize conflicts of interest through effective management. The agency relationship perspective (Jensen, 1976) explains that conflicts of interest between owners (principals) and managers (agents) can cause agency costs. Good Corporate Governance (GCG) acts as a monitoring mechanism to provide investors with confidence that their investments will generate optimal returns. GCG ensures that managers act in the interests of the owners, prevent protection of power and optimize company performance. Thus, GCG functions as a tool to reduce agency costs, increase investor confidence and promote effective and transparent corporate management.

2.2.Signal Theory (Signalling) Theory)

In (Alvesson, 2021) Signal theory as an action of management companies in providing investors with an overview of the company's prospects (Jiang et al., 2021) . Companies with good prospects will try to avoid selling company shares in order to obtain additional new capital. However, if the company's position is in a bad prospect, then selling shares is the decision that will be chosen. Signal theory is a theory as a sign or giving a sign to interested parties using financial reports. Companies with profitable prospects will try to avoid selling shares and seek new capital in other ways such as using debt. Based on signal theory, investment spending provides a positive signal for the company's growth in the future, thereby increasing the stock price as an indicator of the company's value (Abdullah, 2002) .

This theory states that investment expenditures made by a company are a sign or indication to investors or capital owners that the company will experience growth. dean jgood progress in the future. Signal theory reveals the condition of companies that are encouraged to provide the best financial report information to external parties. This is because the company knows more information and future prospects from outside parties (investors and creditors). If outsiders only get a little information, it causes them to give a low price to the company because investors think to protect themselves. Companies can increase the value of the company by reducing asymmetry . One way to reduce information asymmetry is to provide signals to external parties, one of which is in the form of reliable financial information and will reduce the lighting regarding the company's future prospects. (Alvesson, 2021) .

2.3.Value of company

Research conducted by (Nurfaindah & Mudjijah, 2022) Company value is the value that will be given by the buyer of a company when it is sold. Maximizing company value is the goal of all companies in the long term. The level of welfare of all company owners can be seen from the high and low value of a company, which means that the high and low value of the company will also reflect the welfare of investors. Company value can be seen from the stock market price, the high and low price of a share will reflect the level of return to investors.

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Company value or in other words the most well-known associated in business circles, namely stock price, is a view of the level of success of a company. If the price of a price is high, it makes the company's value high. Company value is an important indicator because the high value of the company will describe the prosperity and welfare of shareholders (Darabi et al., 2012) . Price to Book Value (PBV) is a comparison between the market price and the book value of a stock. The formula used to calculate PBV is: Price per share divided by Book value per share.

2.4.Corporate Governance Mechanism and Corporate Value
Corporate governance is a a system that regulates and controls the expected company can provide and improve mark company for the holders share . Cadbury Committee (Maharani & Wahidahwati, 2023) The definition of GCG is a bunch regulations that govern connection between holder shares , manager company , party creditors , government , employees as well as holder internal and external interests other related with rights and obligations they , or in other words a a system that regulates and controls company . With Thus , the implementation of GCG is believed to be can increase mark company . (Harahap & Andi Ratna Sari Dewi, 2023) to put forward that effective corporate governance in term long can increase performance company and benefit its holders shares . According to (Tandean and Winnie, 2016) There is four principle base management good company . Fourth principle the is : Purpose main company according to the theory the company is For maximize riches or mark company (Kansil et al., 2020) . Maximizing mark the company is very important It means for a company , because with maximize mark company also means maximizing welfare holder shares which are objective main company (Khlifi et al., 2024) . According to (Klai & Omri, 2010) , value company is willing price paid by the candidate buyer When company the for sale . while according to (Achim and friends, 2023) mark company is top market value letter valuable debt and equity companies in circulation . The more tall price share so the more high value company . High company value become desire for the owner company , because with high value appoint stakeholders of prosperity that are also high .

3. METHOD STUDY

Method study This use approach quantitative with Engineering literature review. This technique involving Collection of library data , reading , recording , analysis and grouping fact . Source reference covering books , magazines and research first from the experts . Purpose Finally is to obtain describe about study previously related to Funding Decisions and Good Corporate Governance (GCG) on Company Value. The steps of the Literature Review include :

1. Selection Topic study .
2. Search Literature relevant .
3. Data evaluation .
4. Analysis and Interpretation results .

data source comes from from online applications such as Google Scholar, Mendeley and others . This article use Reference 10 journals main published between 2020-2024 .

3. RESULTS AND DISCUSSION

Table 1.

Previous Research

Following under This a number of example journal with GCG and Corporate Values topics taken from journal data index international reputable with taking from 2020-2024 :

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Author	Journal Name	Title	Conclusion
1. Ika Permatasari	(2020), International *Trade , Politics and Development ,* Vol. 4 No. 2, pp . 127 - 139. https://doi.org/10.1108/ITPD-05-2020-0063	"Is the company governance affect banking risk management ? Case study of Indonesian banking	Our results show That company governance implemented in banks is capable to affect bank operations risk management , liquidity risk management , especially in the market risk management And credit risk management . Furthermore , credit risk management at the bank with First governance Ranking is different from the bank with third governance Rating . Liquidity risk management at the bank with First governance Ranking is different from That from third governance ranking . Lastly , operational risk management on bank with First governance ranking is different from bank That own third governance ranking , and bank That own Second governance Rankings too different from bank with third governance . In general , banks with First governance sweeping has difference from manage credit risk , operational risk And liquidity risk , with banks with third governance ranking . However , it there is none market risk That every banks with governance ratings do not have difference of terms from risk management .
2. Alain Neher Indonesian: Alfred Wong , Morgan P. Miles	(2022), *European Business Review* , Vol. 34 No. 2, pp . 277-296. https://doi.org/10.1108/EBR-06-2020-0150	" Connection between company level public disclosure from his managerial values And the level organization authenticity ",	This study shows A approach to corporate level benchmark organization authenticity use public information , and by working on So , contribute to both of them policy And practice by offers a framework to compare organization authenticity between public company by theirs sector , size or That age from That corporation .
3. Hanen Ben Fatma, Jamel Chouaibi	(2024), *Meditari Accounting Research* , Vol. 32 No. 4,	" Mediation role from company social responsibility	This study contributes to That literature by provide proof on how GCG improves firm mark with That mediation mechanism from CSR in link between GCG and firm value .

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	pp . 1084-1105. https://doi.org/10.1108/MEDAR-08-2022-1762	in goodness company governance And firm mark relationship : evidence from Europe financial institution ",	To best from We knowledge , that is That First research Work documenting that GCG leads to better CSR , which Finally produce an increase firm mark from company from That financial sector by bridge That information gap for This critical industry in context from a developed country market like Europe .
4. Manel Gharbi , Anis Jarboui	(2024), *International Journal of Law and Management* , Vol. 66 No. 6, pp . 681-693. https://doi.org/10.1108/IJLMA-09-2023-0203	" The impact from company social responsibility on firm financial performance : doing company governance business ?",	This findings Possible become from interest to academic researcher , practitioner And regulator interested in finding dividend policy , FP and CSR. Findings Possible interest different stakeholders , policy makers And regulation body interested in enhancing CG initiatives to strengthen CSR because he recommend apply widely accepted framework from good CG practices to meet That demands For bigger transparency And accountability .
5. Lihua Guo , Yue Ding , Daming Li	(2024), , *Journal of Sustainability Accounting, Management and Policy* , Vol. preprint No. preprint . https://doi.org/10.1108/SAMPJ-09-2023-0705	"Stop gap or sustainable Strategy ? The impact from owned by china green credit guidelines policy on company ESG performance	To best from That author's knowledge , this paper is That First to explore If GCG policy asymmetric Effect on ESG components due to to company speculative behavior And inspect That Factor influence This behavior , providing outlook For regulator to better carry out GCG policy to push sustainable development
6. saw Khlifi , Mohamed Ali Boujelbene , Jamel Chouaibi	(2024), *Journal of Accounting and Finance* , Vol. 23 No. 5, pp . 646-664. https://doi.org/10.1108/RAF-08-2023-	" The effect from economy , environment And social sustainability show on accountancy conservatism : to moderate role from Good	The results show positive things influence from economical And environment sustainability score on That accounting level of conservatism . However , social the score is negative And important influence on levels accountancy conservatism . Findings Also show that GCG emphasizes This effect .

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	0291	company governance ",	
Phone number 7. Kapil Gora, Mahender Yadav	(2024), , *Corporate Governance* , Vol. preprint No. preprint . https://doi.org/10.1108/CG-04-2024-0216	“A bibliometric analysis on That role from company governance in micro , small businesses and medium enterprises ”	The research findings demonstrate That That research has attracted attention That Attention from academics , who have led to the main department research enhancement during previously two decade . “ Company Ownership And Control ” is top contributors journal with That publication of 16 articles . The United States and the United Kingdom are the top countries . productive country . Simon Fraser University from Canada is That most contribute institutions . In addition , this study has identified four big theme : company governance help to small and medium enterprises , role from company governance in society And management , family ownership And his the importance of entrepreneurship , companies governance family problem Company And firm performance . Furthermore , paper Also define That future research The scope in each theme .
8. Ros Aniza Mohd. Syariff , Muhammad Bahrul Ilmi, Muslim Har Sani Mohamad	(2022), *Journal of Islamic Accounting and Business Research* , Vol. 13 No. 4, pp . 623-648. https://doi.org/10.1108/JIABR-05-2021-0153	" Connecting company governance with organization growth : evidence from Indonesian Islamic banks ",	This study found That That number from *Sharia* supervision board , board commissioner meeting , board quality , incentives And compensation significantly And positively impact on the growth of Islamic banking in Indonesia. Meanwhile , the board of directors independence is important But negatively impact on the growth of Indonesian Islamic banks .
9. Ferdy Putra	(2024), *Asian Journal of Accounting Research* , Vol. 9 No. 4, pp . 399-421 .	" Good company corporate governance show and	GCG implemented by That company Objective to repair show So That he Can provide benefit to all stakeholders . Previously research found That COVID -19 pandemic changed That all over

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	https://doi.org/10.1108/AJAR-07-2023-0227	COVID-19",	company governance system .
10. Miranda Tanjung	(2020), *Managerial Audit Journal* , Vol. 35 No. 5, pp . 621-643. https://doi.org/10.1108/MAJ-06-2019-2328	"A cross-company analysis from company governance compliance And performance in Indonesia",	The results show That That company governance index is related with improved company financial performance . Likewise , findings reported under That merged normal at least box and GMM too show company governance sub- index (elements), which own important Effect on performance : whistleblower mechanism, audit quality , board from director size And block holder .

3.1.**Discussion**

Corporate Governance and Firm Performance: Pre-2003 Research Findings

Numerous studies conducted through 1998 have consistently shown that companies with strong corporate governance practices demonstrate superior long-term performance, which benefits shareholders and overall business operations ((Jensen, 1976) ; (Weisbach , 1991) ; (Lipton & Lorsch, 1992) ; (Jensen, 1993) ; (Brickley et al., 1997) ; (Shleifer & Vishny, 1997) . These findings predate the implementation of stringent corporate governance regulations, including the Blue Ribbon Committee (1999) , the Sarbanes-Oxley Act (2002) , and the German Corporate Governance Code (2002).

Effective Governance and Corporate Performance

Shleifer and Vishny (1997) argue that well-governed firms exhibit superior operational performance due to reduced control rights granted to shareholders and creditors, leading to increased investment in projects with positive net present values and lower cost of capital. Gregory and Simms (1999) emphasize the importance of effective corporate governance in attracting low-cost investment capital through increased investor confidence.

Empirical Evidence

Empirical evidence from the US suggests that superior governance results in better returns on equity, higher valuations, and increased earnings and sales growth (Gompers et al., 2003). A McKinsey survey (2000, 2002) revealed that institutional investors prioritize corporate governance practices, with 80% willing to pay more for shares of well-managed companies. The survey also showed that companies with higher levels of corporate governance exhibit higher price-to-book ratios and market valuations.

Corporate Governance and Company Performance Ratings

Studies conducted by Klapper and Love (2002) and Campos et al. (2002) show a strong correlation between corporate governance ratings and firm performance in emerging markets. These findings suggest that investors reward good governance practices with higher market valuations.

Corporate Governance and Performance Variables

Research has also explored the impact of specific governance variables, such as board size, meeting frequency, role duality, and director qualifications, on firm performance (Zahra & Pearce, 1992; Dalton et al., 1998; Fama & Jensen, 1983; Jensen, 1993; Hermalin & Weisbach , 2001; Conger et al., 1998).

Corporate Governance and Corporate Performance, Research Findings After 2003

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This section also analyzes the status of empirical research on the relationship between good corporate governance and firm performance with respect to single parameters of corporate governance such as board size, duality of roles, independent directors and firm performance. In contrast to the previous section, this section focuses on research that basically examines the post-Sarbanes-Oxley period. The Sarbanes-Oxley Act can be seen as a turning point after which in many countries many changes can be observed. Many countries have introduced corporate governance codes as a kind of soft law since 2002. In addition, the laws were modified with respect to the requirements for supervisory boards in many countries. In this respect, the post-Sarbanes-Oxley period is characterized by a strong transnational standardization of corporate governance requirements. Of course, this also changes the results of empirical research. Whereas the pre-Sarbanes-Oxley period was characterized by significant differences between companies in terms of corporate governance, both between companies within a country and between companies from different countries, the post-Sarbanes-Oxley period is characterized by the homogenization of corporate governance codes and practices across countries (Bainbridge, 2016: 90, 269).
In recent years, further studies have been published on the impact of corporate governance on firm performance . Due to the growing formalization through country-specific codification, the problem of comparability of results arises. Consequently, a single-country approach is preferred. Thus, Conheady et al. (2015) only studied Canadian listed companies, Fuzi et al. (2016) focused only on Malaysian listed companies, Rose (2016) on Danish companies and Akbar et al. (2016) on UK companies. However, the governance variables measured remain in the mainstream of research as identified in the last section such as board independence, role duality, board size, number of committees and meeting frequency. However, no further cross-country studies could be identified in the scientific journals over the past few years. Filatotchev et al. (2012) criticize empirical cross-country studies regarding the validity of their results because the nature and extent of ‘hard law’ and ‘soft law’ differ to such an extent that cross-country comparisons are not provided. This conclusion is also supported by Meier and Meier (2013) who compared US, UK, German, Dutch and Swiss corporate governance regulations. In particular, the German model differs from other governance systems due to its focus on stakeholders. Regarding the German Corporate Governance Code and its impact on corporate performance , only a few empirical studies have been published in the last five years mainly in the form of Ph.D. theses. While some recent studies have analyzed specific impacts such as cost of capital and level of compliance, only a few detailed in-depth studies have been published in recent years examining the performance impact.

Dalton et al. in their meta-analysis of empirical studies stated that neither the composition of the supervisory board (proportion of insiders/outsiders) nor the leadership structure had any influence on financial performance (Dalton, Daily, Certo , Roengpitya , 1998:282).

The implementation of Good Corporate Governance (GCG) is need strategic in supervise management use maximize mark holder shares . Based on Theory Agency , conflict interest between capital owners and management can trigger cost agency . Therefore that , GCG plays a role important in reduce cost agency said . Funding Decision is aspect crucial things needed Consideration critical from management , because impact straight to performance finance and capital structure of the company . Research results empirical show that decision financing influential significant to mark companies (9 out of 10 studies in 4 years last). However , one study state that Influence the No too significant . Decision financing influential positive significant to mark company means that decision company about policy in determine composition financing that will be used will influence mark companies in the future . Good Corporate Governance (GCG) plays a role in supervise party management increase mark holder share so that Increased profits Of course will be one of mark in increase stock market value A company , and things this also means will impact to improvement mark company . The more tall mark company so creditor trust to the company will also increase so that will

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interesting investor interest in Participate to in A company . The results of study This support a number of study previously conducted by (Permatasari, 2020) , (Neher et al., 2022) , (Ben Fatma & Chouaibi, 2024) , (Gharbi & Jarboui, 2024) , (Guo et al., 2024) , (Khlifi et al., 2024) , (Gora & Yadav, 2024) , which found that decision financing influential positive and significant to mark company .

Good Corporate Governance (GCG) is crucial system in supervise party management in effort maximize mark holder stock . Concept This become important Because The existence of potential conflict interest between capital owners (principals) and agents (management), who can result in cost agency (agency costs) that are detrimental .GCG company functions as tool For reduce cost agency said , ensuring that decision company taken with transparent and appropriate with interest holder share Funding decisions is one of the policy crucial in management finance company . Policy This impact straight to performance finance and capital structure of the company . With manage composition financing in a way effective , company can increase market value and investor confidence (Myers, 1984). However, Thus , it is important For noted that financing with debt must managed with Be careful For avoid risk finances that are not desired . From the results Study literature , part big study show that decision financing influential positive and significant to mark company . This is means that policy selected financing with Good can give contribution significant to improvement mark companies in the future . Implications from The existence of Influence positive This is that decision strategic in determine capital structure and composition financing must based on careful and appropriate analysis with market conditions and business strategies company . GCG does not only play a role in ensure accountability management to holder shares , but also in increase Transparency and Integrity in decision finance .

With implementation of good GCG , company can increase Power the pull for investors and increase liquidity its shares in the capital market. The increase mark associated companies with decision proper funding can also reduce company cost of capital in a way overall . Effective policies in management capital structure can reduce cost loans and improvements efficiency capital allocation . Consistency findings from various study first show that connection positive between decision financing and value company proven significant in many ways context industry and country. In addition that , the research also highlights that GCG integration in decision finance can mitigate risk finance and improvement resilience company to Unpredictable market waves unexpected , though majority Study support Influence positive decision financing to mark companies , there are also several research that shows different results . This is pressure Importance context specific and variable additional required Relax in analyze connection This in a way more depth (Myers & Majluf , 1984). By overall , findings This give A deeper understanding in about complexity interaction between decision financing , value company , and the role of GCG in context companies in Indonesia. Implications practical from study This is the need smart management in manage Capital structure and implementing GCG for reach objective term continuous length .

Good financial strategy No only focus on maximization profitability , but also on management risk and increase mark holder shares . This is underline Importance integration between decision GCG foundation and practices as an integral part of a holistic corporate strategy . Research This also provides support for need will study more carry on in develop theoretical models that can describe with more Good the mechanisms and dynamics behind connection between decision financing , value companies , and GCG practices in various sector industry . development framework more work integrated For consider aspects external and internal influences decision Funding is also an important agenda for research and practice managerial to front . With Thus , deep understanding about interaction between factors This can help management company in optimize their capital structure For increase mark company and ensure sustainable business term length (Titman & Wessels, 1988).

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4. CONCLUSION

It can be concluded that empirical research in the years before corporate governance was regulated by law (before 2003) shows that there are empirically measurable differences in corporate performance between companies with and without explicit corporate governance, whereas empirical research in the post-Sarbanes-Oxley period is characterized by increasing homogenization of corporate governance within countries and Thus, differences across countries lead to conflicting results. Many studies examine only small samples with a limited set of variables, most of which are not standard financial research variables. Second, they only report moderate correlations between single differences in corporate governance variance and mostly one performance metric. Only two studies differ in this regard. While Renders, Gaeremynck , and Sercu (2010) found a positive correlation between good corporate governance and a firm's financial performance, Gupta, Chandrasekhar, and Tourani -Rad (2013) could not confirm the positive relationship. They concluded that the widely held belief that corporate governance failures explain market prices or firm performance cannot be verified (Gupta, Chandrasekhar, Tourani-Rad, 2013: 107). Based on the results of previous empirical research in the field of corporate governance and firm performance so far, it seems that theory and empirical research do not provide a common model of what good corporate governance actually is. Instead, previous studies have examined several aspects of good corporate governance such as board size, role duality, board independence, meeting frequency, board compensation, and other variables. Even empirical research in highly ranked journals such as the Strategic Management Journal4 in the field of good corporate governance does not provide a definition or model of good corporate governance. Thus, for example, Castaner and Ka- vadis (2013) examine 'good' corporate governance explicitly without defining the term which is mentioned only once in 14 pages. Instead, their 'model' of corporate governance is a collection of several variables such as board independence, ownership structure, CEO compensation, and other variables. The same applies to the various corporate governance codes in different countries. Thus, Berghe (2012: 6) states in examining the international standardization of 'good' corporate governance, that this term is only a general term while there is no single universal model. Rather, it must be concluded that each country has its own implicit model consisting of a collection of more or less systematic rules (Berghe , 2012: 6). While the OECD (2015) states that each country has a 'good' corporate governance model that consists of its history, traditions and country-specific circumstances (OECD, 2015: 13)5. Therefore, the question remains unanswered about how control and incentive options should be configured effectively in general. On the contrary, general statements such as that only incentives combined with comprehensive controls can actually lead to effective management control (Kräkel , 2004: 101) are criticized by recent research (Borckman , Lee, Salas, 2016).

Further research should examine the degree of deviation from the CG code as a measure of good corporate governance and its relationship to market and operational performance at the firm level. A broader set of variables should be used, containing only standard financial research metrics. Therefore, the general recommendation for further research is

- to analyze samples with a larger number of companies;
- to compare real differences between individual companies, and not between groups of companies within a relation to country ranking in corporate governance;
- to differentiate samples in terms of firm-specific corporate governance variations games ;

- to focus on standardized financial research metrics over a minimum period of 5 years.

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Based on results research and discussion presented , can Advanced that the procedures for managing finance with Good Corporate Governance (GCG) role important in reduce cost agency (agency costs) that arise from conflict interest between capital owners and management . Funding Decisions is policy crucial strategy in influence mark company , with findings majority study show that decision financing influential positive and significant to improvement mark company . Integration of GCG in the decision-making process decision finance No only increase transparency and accountability , but also strengthen Power pull company for investors, as well as reduce cost of capital overall . Although a number of study show different results , complexity connection between decision financing , value company , and GCG practices highlight Importance contextual and holistic analysis in management finance company For reach objective term continuous length .

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