

## CHAPTER V

### CONCLUSIONS AND SUGGESTIONS

#### 5.1. Conclusion

This study aims to investigate the effect of audit committee characteristics on company performance among non-financial companies listed on the Stock Exchange Indonesia. This study is motivated by findings reported in the previous literature that audit committee effectiveness could improve company performance. Based on the results of the research and discussion presented in the previous chapters, the conclusions obtained are as follows:

1. There is no evidence about the effect of Audit committee size on company's performance. It showed that the audit committee does not become the key factors in the increasing company performance.
2. The independent audit committee has a positive and significant effect on company's performance. It means that the proportion of independent board of commissioners on audit committee become the key factors that can lead to improving the company's performance. Larger proportion of independent audit committee will likely to increase the company's performance.
3. There is no evidence about the effect of audit committee experience on company's performance. It showed that audit committee members with finance and accounting background do not become the key factors in the increasing of company performance.

4. Gender diversity of audit committee has a negative and significant effect on company's performance. It means that the smaller proportion of female on audit committee members will likely to improve the company's performance.
5. Frequency of meetings of audit committee has a negative and significant effect on company's performance. It means the smaller frequency of meetings of audit committee could increase the company's performance.
6. Meanwhile, firm size and firm leverage ratio as control variables have a negative and significant effect on company's performance. This means that the larger the size of the company and the greater the leverage ratio will likely to decrease the company's performance. However, firm dividend ratio does not provide any evidence to increase the company's performance.

## **5.2. Research Implication**

The implications of this research are:

1. This research can give additional information to the managers and boards of companies in making appropriate choices about audit committee characteristics and corporate governance tools to improve company performance.
2. This research provides additional information to board of commissioners to help in structuring the audit committee in a way that develops its effectiveness and contributes to overall performance.
3. This research provides additional information about corporate governance to the investors that can help in making appropriate investment decisions.

4. This research can provide information for further research to minimize the limitations of the study.

### **5.3. Research Limitation**

The limitation of this research are:

1. The findings of this study cannot be generalized to other countries because each country has its own unique characteristics.
2. This study only provides the general results among manufacturing and service companies but does not provide the detail results of a comparison between manufacturing and service companies.

### **5.4. Suggestion**

Based on the results of data analysis and testing in this study, it is expected that some suggestions that can be used in further research include:

1. The next researcher could make comparison research between manufacturing and service sector regarding the effectiveness of audit committee on company's performance in order to get detail information.
2. The next researcher could make research that focus on financial sector which plays an important role in developing economies.
3. The next researcher could make comparison study regarding effectiveness of audit committee on company's performance among family and non-family companies since most of Indonesia companies are owned by families.
4. The next researcher could make research about the effect of audit committee characteristics to the other factors, such as company value, a company's disclosures, and earnings management practices.