CHAPTER V
CONCLUSIONS

5.1. Conclusion

This research aims to determine the effect of audit committee characteristics on firm performance among manufacture firms listed on the Stock Exchange Indonesia. This research is inspired by findings reported in the previous research that audit committee effectiveness could develop firm performance. Based on the results of the research and discussion presented in the previous chapters, the conclusions obtained are as follows:

1. Independence of the Audit Committee has a positive and significant influence on determining firm performance, if it is proxied by ROA, ROE. This means that the total of independent board of commissioners on audit committee become the main factors that can lead to developing the firm's performance. Increase in the number of Independent Commissioners in the Audit Committee will affect the firm's performance.

2. Expertise Audit Committee does not has a significant influence on determining Firm Performance, both if it is proxied by ROA, ROE and ROCE. This means, there is no evidence about the effect of audit committee expertise on firm performance. It showed that audit committee members with finance and
accounting background do not become the main factors in the developing of firm performance.

3. Meeting of the Audit Committee has a positive and significant influence on the determination of Firm Performance if it is proxied by ROCE, meaning that frequency the firm's performance is influenced by the number of meetings held by the Audit Committee. However, meetings of the audit committee have a negative and significant effect on firm’s performance if it is proxied by ROA and ROE. This means, that the smaller frequency of audit committee meetings can develop firm performance.

4. The size of the Audit Committee has a positive and significant influence on firm performance if it is proxied by ROA and ROE. This means that the audit committee members become the main factor in developing the firm’s performance.

5.2. Research Limitations

As is usually the case with research, this research is also inseparable from limitations. Some limitations of this research are as follows:

1. The independent variables tested are only a small part of the Corporate Governance component, so the result can not be generalized.
2. Due to sampling criteria, the total samples of the research is 44 from 141 firms in IDX. Thus, the research results can not be generalized to manufacturing firms.

5.2. Suggestion

Guided by several limitations of the research that has been submitted above, the authors provide suggestions for further researchers as follows:

1. The next thesis should use more variables regarding the corporate governance to ensure the accuracy of corporate governance effect to firm performance.

2. Firms that are sampled should not be limited to the manufacturing sector. This aims to find out whether between one firm sector and another sector has the same nature in the application of corporate governance practices and their influence on firm performance.