

Moderation of Good Corporate Governance Governance: Impact of Profitability on Company Value in the Financial Sector in Indonesia

Suroto^{1*}, CH. Asta Nugraha¹

¹Department Business and Economics Faculty, UNTAG Semarang, Indonesia

DOI: [10.36348/sjbms.2022.v07i06.002](https://doi.org/10.36348/sjbms.2022.v07i06.002)

| Received: 20.05.2022 | Accepted: 18.06.2022 | Published: 22.06.2022

*Corresponding author: Suroto

Department Business and Economics Faculty, UNTAG Semarang, Indonesia

Abstract

The increase in company value is a success that meets shareholders' expectations, because the increase in company value makes shareholders feel more prosperous. The company's high value, resulting in high stock market prices. The goal of this research is to show that profitability and good corporate governance (GCG) have an effect on firm value. In addition, to see if GCG can reduce the impact of profitability on firm value. Furthermore, to see if GCG can mitigate the effect of profitability on firm value. Return on assets is a profitability indicator, whereas GCG indicators include institutional ownership, the number of directors, and the ratio of independent commissioners. This study uses a population of 83 companies. This research uses a population of 83 companies, including 42 banking companies, 14 financial companies, 12 securities companies, and 15 insurance companies. Methods of data collection include literature review and documentation. The SPSS version 25 program was used for data analysis, which included multiple regression and the residual test. The findings of this research indicate that only the number of directors has a significant effect on firm value and GCG is shown as an independent variable. The research's implications will be to help management apply GCG principles more effectively.

Keywords: Firm Value, Asymmetric Information Theory, Profitability, Good Corporate Governance.

Copyright © 2022 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

INTRODUCTION

This research aims to prove that profitability and good corporate governance (GCG) have an effect on firm value. In addition, to test whether GCG can moderate the effect of profitability on firm value. Asymmetric information theory as the main theory, becomes the basis for this research to develop a critical review in broadening the perspective of investors, regulators, and corporate financial managers to apply GCG principles to the company's current and future performance.

A company is an entity that produces products for profit (Ebert & Ricky, 2015). In addition to profit as a short-term goal, the company has a goal to maximize its value through stock prices (Dewi & Abundanti, 2019; Husnan & Pudjiastuti, 2012). Firm value is a parameter for investors to measure company performance (Asriyani & Bandiyono, 2019). High company value, the welfare of shareholders is also high

(Wiagustini, 2014). Profitability affects firm value (Sartono, 2015). Meanwhile, investor confidence in the company depends on its value (Bandiyono & Murwaningsari, 2019).

The agency problem is an obstacle to maximizing firm value. This problem arises because there is a separation between the agent and the principal. Both parties have interests that are not symmetrical (Jensen & Meckling, 1976). If both parties have symmetrical interests, the agent will act in accordance with the expectations of the principal. The principal as the contracting party, asks the agent to be responsible for all his work. One of the responsibilities is to provide signals in the form of financial statements. However, agents often provide information that is not in accordance with the truth (Oyong, 2012).

Asymmetric information theory explains that the agent knows more information than the principal. It is this unbalanced information that gives agents the

opportunity to behave opportunistically, i.e. selfishly. Related to reporting, agents can perform earnings management to mislead the principal about the company's performance. In the last five years earnings management actions have emerged, including Enron Corporation, WorldCom, and Health South in the United States and Parmalat, Royal Ahold, and Vivendi Universal in Europe. Asymmetric information theory explains that the agent knows more information than the principal. It is this unbalanced information that gives agents the opportunity to behave opportunistically, i.e. selfishly. Related to reporting, agents can perform earnings management to mislead the principal about the company's performance. In the last five years earnings management actions have emerged, including Enron Corporation, WorldCom, and Health South in the United States and Parmalat, Royal Ahold, and Vivendi Universal in Europe (Sorensen & Miller, 2017).

According to Rizki, (2016), the annual financial report is a medium for company information. While Kasmir, (2020) states that financial statements function as a management accountability tool, describe the company's success, and as a basis for decision making. Publication of financial statement information is a signal. Investors will respond positively, if the signal has informational content. On the other hand, if the signal has no informational content, the investor will respond negatively. The market will automatically react, as shown by a change in the price of the security in question, if the announcement has information content (Hartono, 2017).

Profitability shows the usefulness of a company to make a profit. The growth of the company's profitability is a benchmark for investors to assess the company's prospects in the future (Tandelilin, 2001). If a company's profitability grows rapidly, the company's future prospects are also bright. Similarly, as the company's ability to generate profits improves, so does the share price. (Husnan & Pudjiastuti, 2012). In general, investors measure profitability using return on assets (Kasmir, 2020).

In addition to profitability, corporate governance (CG) also affects firm value. The concept of CG refers to the system that directs and controls the company (Velnampy, 2013). This system plays a role in ensuring the sustainability and competitiveness of the company (Chazi *et al.*, 2018). Companies that apply the principles of GCG, the stock market price will increase

and the cost of capital will decrease (Agyemang & Castellini, 2015; Zgarni *et al.*, 2016). However, if the application of GCG principles is weak, the company will face agency problems. In developed industrial countries, several companies suffer losses due to the weak application of GCG principles (Casavecchia, 2016; Kowalewski, 2016; Lattemann, 2014; Parid, 2021). On the other hand, in developing industrialized countries, many companies are also failing (Liedong & Rajwani, 2017; Simpson, 2014).

In Indonesia, several cases occurred due to weak implementation of GCG principles, such as the scandal of manipulation of the financial statements of PT Lippo Bank, Tbk, PT Kimia Farma, Tbk, and the case of the capital adequacy ratio at PT Bank Century, Tbk. The Government of Indonesia at the end of 2004 established the National Committee on Governance Policy (KNKG). This committee has the task of helping to overcome the problem of weak corporate governance in the hope of becoming a National Good Corporate (GCN). In addition, stewardship theory and agency theory as the main theories, will moderate corporate governance. According to agency theory, managers acting as agents will fulfill their personal interests, while stewardship theory states that managers will fulfill the interests of the public and stakeholders (Bandiyono & Augustine, 2019).

Table 1 shows some of the findings from previous studies on the impact of GCG and ROA on firm value. However, the findings still contain inconsistencies, this shows that there are variables outside of observations that affect firm value. This inconsistency emotionally jolted researchers to conduct research on financial sector companies by adding a moderating variable in the form of GCG with indicators of institutional ownership, number of directors, and the ratio of independent commissioners as a differentiator from previous research. It is rare for research to take moderating variables using these three indicators. The reason for using this moderating variable is because firm value is not only a direct result of ROA, but there are other factors that strengthen or weaken the effect of ROA on firm value.

In relation to the problem statement, the research question is how ROA and GCG indicators influence firm value and which GCG indicators are dominant in strengthening the influence of ROA on the value of companies joining the financial sector in 2020.

Table 1: Research Gap

Description	Results	Researcher
Effect of return on assets on firm value.	Positive and significant.	Kamal <i>et al.</i> , (2016); Pratiwia & Pamungkas, (2020); Siti, (2021); Sucuahi & Cambarihan, (2016).
	Positive is not significant.	Astarani (2016); Febry & Dedi (2021); Sugoto <i>et al.</i> , (2020).
The effect of institutional ownership on firm value.	Positive and significant	Bhat <i>et al.</i> , (2018); Putra, (2016)
	Negative is not significant.	Khosa, (2017); Mishra & Kapil, (2018)

Description	Results	Researcher
The effect of the number of directors on the value of the company.	Positive and significant	Issal <i>et al.</i> , (2020); Munifah <i>et al.</i> , (2022).
	Negative and significant.	Emanuel <i>et al.</i> , (2022); Carolina <i>et al.</i> , (2020)
The effect of the ratio of independent commissioners on firm value.	Positive and significant.	Sondokan <i>et al.</i> , (2019)
	Negative and significant.	Marini & Marina, (2017); Sa'diyah & Wuryani, (2019).

Source: Extracted from various studies

LITERATURE REVIEW

Asymmetric information is a situation in which there is a difference in the ownership of information between the agent as the information provider and the principal as the user (Jensen & Meckling, 1976). According to Mahawyahrti & Budiasih, (2016), the agent appointed to be the manager is richer in information and company prospects than the principal as the owner. Therefore, the agent is obliged to give a signal to the principal through the disclosure of accounting information such as financial statements. There are two theories that underlie asymmetric information, namely agency theory and signal theory.

Agency theory describes two conflicting economic actors, namely the principal and the agent. The agency relationship is a contract between the principal and the agent in which the principal gives the authority to make the best decisions for his interests (Jensen & Meckling, 1976). However, the agent acts to fulfill his personal interests. Therefore, shareholders and creditors can use GCG principles to control the actions of agents. According to Kurniawansyah *et al.*, (2018) agency theory provides two specific contributions to corporate thinking, namely the treatment of information and risk implications. Furthermore Jensen, (1993) stated that in overcoming conflicts of interest between agents and principals, companies need an internal control mechanism as well as a supervisory function.

According to signal theory Ross, (1977) agents who have complete information about the company's condition will be encouraged to share this information with investors, causing the company's stock price to rise. According to Su *et al.*, (2014) information announcement is a signal for investors. The signal represents the company's quality. Investors will be pleased if the announcement contains good news. Respond negatively, on the other hand, if the announcement contains bad news.

Nguyen (2018) explains that the value of the company provides shareholder welfare along with the market value of the stock. A high stock market value indicates that the company's future prospects are promising, so investors respond positively and the company's value rises. The share price of a company reflects an investor's reaction to its success. The high market value of the stock causes the company's value to

be high, so that investor confidence can improve the company's current performance and future prospects. The long-term goal of the company is to maximize the value of the company (Salvatore, 2005). Maximizing firm value is more important, because it is no different from maximizing shareholder wealth (Husnan & Pudjiastuti, 2012).

Kumar & Singh, (2013), investors measure the value of the company using the ratio Q. The value of the company is the market price of shares formed from transactions between sellers and buyers. Investment opportunities greatly affect the value of the company and provide a positive signal for the company's growth in the future, so that the value of the company increases (Hermuningsih, 2013).

Profitability shows the company's ability to earn profits over a certain period of time (Sofyan, 2013). Several indicators to measure profitability such as ROA and net profit margin (NPM). However, in this study, ROA is used, which is the profit-sharing after taxes divided by total assets. Companies with high profits have strong financial performance and vice versa. (Kasmir, 2020).

In order to maintain business continuity, companies need to apply the principles of GCG. In summary, GCG are principles that must exist in a company to maximize value, increase performance, and contribute as well as maintain long-term sustainability. The company will be able to survive well, if it really applies the principles of GCG properly. According to Sellah & Nita (2019) GCG indicators include institutional ownership, number of directors and ratio of independent commissioners.

The percentage of a company's shares owned by institutions that have an impact on its value is referred to as institutional ownership. Because share ownership represents a source of power that can support or undermine management performance, institutional investors can encourage more optimal monitoring of management performance. Because some decisions require the approval of the parties who own the majority of the company's shares, the greater the percentage of institutional ownership of the company's shares, the greater the influence.

One of the management systems that allows optimizing the role of members of the Board of

Directors in implementing GCG principles is the Board of Directors. The Board of Directors is responsible for reviewing management's performance to ensure that management has carried out its duties properly and is protecting shareholders' interests. In addition, they must actively participate in making decisions, be independent, and as subjective as possible. The higher the profitability balanced with good governance, the higher the firm value (Ricky & Ronald, 2006). The number of directors of public companies is at least two members (OJK, 2014). While on the other hand a maximum of seven members.

Independent commissioners have the main task of encouraging the implementation of GCG principles by encouraging other members to effectively supervise and advise the directors who can add value to the company. (Warsono *et al.*, 2009). In addition, it has a duty to resolve agency conflicts because independent commissioners can communicate shareholder goals to managers, so that the value of the company will increase (Sellah & Nita, 2019). The ratio of independent commissioners was established by JSX in 2004. According to this regulation, a company must have an independent commissioner ratio of at least 30% of all commissioners.

Hypothesis Development

Profitability is the company's ability to earn profits during a certain period where this ability will determine how good the company is from the investor's point of view from a financial perspective. Profitability growth from each period is a positive signal for investors about the company's performance. Signal theory states that increasing profitability in financial statements is an effort to give positive signals to investors regarding the company's performance and the growth of business prospects in the future. Kamal *et al.*, (2016); Pratiwia & Pamungkas, (2020); Siti, (2021); Sucuahi & Cambarahan, (2016) concluded that ROA has a positive and significant effect on firm value. Thus, the first alternative hypothesis is:

H_{a,1}: Profitability has a positive and significant effect on firm value.

Institutional share ownership is the party that monitors the company and can affect the company's performance, because it has the resources to monitor and research management activities effectively so as to prevent managers from making useless investments (Alipour, 2013). High institutional share ownership can influence managers' opportunistic behavior (Elmagrhi, 2016). Conversely, when institutional ownership is low, institutional investors easily sell their shares when the company has poor performance. According to the findings of Handayani *et al.*, (2018); Jayaningrat *et al.*, (2017); Ratnawati *et al.*, (2018) institutional ownership has a positive and significant effect on firm value. As a result, the second alternative hypothesis is:

H_{a,2} : Institutional ownership has a positive and significant impact on firm value.

The board of directors is in charge of leading the company's internal control system, and having a large board of directors will increase the firm's value because the expertise and skills of large board members can boost the firm's value (Sheikh *et al.*, 20013). Furthermore, the neo-institutional theoretical framework's efficiency perspective suggests that a large number of directors increases monitoring because the dominant CEO may find it difficult to influence all board members (Elmagrhi, 2016). The number of directors is the number of boards of directors in charge of controlling management performance. Issal *et al.*, (2020); Munifah *et al.*, (2022) found evidence that directors had a significant positive effect on firm value. In addition, empirical data on financial sector companies show that most have more than two directors and less than seven people. So the third alternative hypothesis is:

H_{a,3}: The Board of Directors has a significant positive impact on firm value.

In order to harmonize power, increase accountability, and capacity of commissioners in making independent decisions, it is necessary to have independent commissioners. Independent commissioners have the expertise to provide independent evaluations (Sundarasan *et al.*, 2016). Independent commissioners contribute to board decision making (OECD, 2008). Independent commissioners are able to carry out a monitoring function to oversee the policies and activities of directors (Muryati & Suardhika, 2014). Research results Sondokan *et al.*, (2019) proves that independent commissioners have a positive and significant effect on firm value, so the fourth alternative hypothesis is:

H_{a,4}: Independent commissioners have a positive and significant impact on firm value.

There are two types of corporate shareholding in Indonesia, namely very diffuse ownership and concentrated ownership. Types of ownership concentrate, there are two groups of shareholders, namely controlling and minority shareholders (Bank, 2000). If institutional ownership is high, then there is an attempt to monitor management. The results of previous studies indicate that there is an inconsistency in the effect of financial performance on firm value.

Kamal *et al.*, (2016); Pratiwia & Pamungkas, (2020); Siti, (2021); Sucuahi & Cambarahan, (2016), concluded that ROA has a positive and significant effect on firm value. However, Astarani (2016); Febry & Dedi (2021); Sugoto *et al.*, (2020), proves that ROA does not have a significant positive effect. The inconsistency of the results of this study, led the researcher that institutional ownership was able to moderate the effect of the relationship between financial

performance and firm value, due to the results of research by Bhat *et al.*, (2018); Putra, (2016), states that institutional ownership has a positive and significant effect on firm value. When institutional ownership is high, there is an attempt to monitor management. On the other hand, institutional investors can easily liquidate their shares when the company is underperforming. So the fifth alternative hypothesis is: H_{a,5}: Institutional ownership significantly moderates the effect of profitability on firm value.

One of the management systems that allows optimizing the role of members of the Board of Directors in implementing the GCG concept is the Board of Directors. The Board of Directors is responsible for reviewing management's performance to ensure that it has performed well and has protected the interests of shareholders. Furthermore, the board of directors must be actively involved in decision-making, independent, and as subjective as possible.

Kamal *et al.*, (2016); Pratiwia & Pamungkas, (2020); Siti, (2021); Sucuahi & Cambarihan, (2016), concluded that ROA has a positive and significant effect on firm value. On the other hand, Astarani (2016); Febry & Dedi (2021); Sugoto *et al.*, (2020), proves that ROA does not have a significant positive effect. The inconsistency of the results of this study leads the researcher that the directors are able to moderate the effect of financial performance on firm value, because Issal *et al.*, (2020); Munifah *et al.*, (2022), prove that the board of directors has a positive and significant effect on firm value. So the sixth alternative hypothesis is: H_{a,6}: Directors significantly strengthen the effect of profitability on firm value.

The independent commissioner's main responsibility is to effectively supervise and advise the board of directors while also adding value to the company. According to the findings of Kamal *et al.*, (2016); Pratiwia & Pamungkas, (2020); Siti, (2021); Sucuahi & Cambarihan, (2016), ROA has a positive and significant effect on firm value. However, Astarani (2016); Febry & Dedi (2021); Sugoto *et al.* (2020) demonstrate that ROA has no significant positive effect on firm value.

Meanwhile, Sondokan *et al.*, (2019) demonstrate that independent commissioners have a positive and statistically significant effect on firm value. Researchers believe that the inconsistency of research findings on the effect of profitability on firm value leads them to believe that the board of directors can moderate the effect of profitability on firm value. As a result, here is the seventh alternative hypothesis: H_{a,7}: Independent commissioners significantly strengthen the effect of profitability on firm value.

RESEARCH METHODOLOGY

This study includes a census study with a survey population of 83 companies in the financial sector. The process of selecting the survey population using the following criteria:

1. Issuers registered on IDX in 2020,
2. Issuers who publish financial reports and annual reports for 2020 on the web www.idx.co.id,
3. Issuers that have data on ROA, GCG, and company value.

Based on these criteria, the number of issuers that meet the requirements and become the survey population is 83 as shown in Table 2.

Table 2: List of Financial Sector Issuers

Sub Sector	Number of Issuers	Number of Issuers according to the criteria
Banking	43	42
Financing	19	14
Securities Company	12	12
Insurance	16	15
Survey Population Size	90	83

Source: IDX 2022 data processed, 2022

The variables of this study include independent, moderating and dependent variables. The independent variable is financial performance, while the moderating variable is GCG, while the dependent variable is firm value. The indicators for the three variables are:

1. Profitability indicator is return on assets. Formula (Kasmir, 2020).

$$ROA = (\text{Profit After Tax}) / (\text{Total Assets})$$
2. GCG indicators include institutional ownership, number of directors, and ratio of independent commissioners (Agyemang & Castellini, 2015).

3. The indicator of company value is the Q Ratio or often called Tobin's Q. Formula (Kumar & Singh, 2013).

$$\text{Rasio Q} = (\text{Market Value of Stock} + \text{Market Value of Debt}) / (\text{Total Assets})$$

Data collection techniques using the method of documentation and literature study. The documentation method is carried out by collecting secondary data sources such as financial reports and annual reports. While literature study by collecting literature related to research topics such as books, articles and journals.

With the help of the SPSS version 25 application, the data analysis technique used descriptive statistics and inferential statistics. Descriptive statistics described each variable's minimum, maximum, mean, standard deviation, skewness, and kurtosis values. While inferential statistics such as multiple linear regression and residuals are used. Regression is used to test the hypothesis that ROA has an effect on firm value. While the residuals to test institutional ownership moderate the effect of ROA on firm value, the number of directors and the ratio of independent commissioners moderate the effect of ROA on firm value. The equation (Ghozali & Ratmono, 2017):

$$NP = \alpha + \beta_1ROA + \beta_2KI + \beta_3JD + \beta_4RKI + e \dots\dots\dots (1)$$

$$KI = \alpha + \beta_5KK + e \dots\dots\dots (2)$$

$$|e| = \alpha + \beta_5NP \dots\dots\dots (3)$$

$$JD = \alpha + \beta_6KK + e \dots\dots\dots (4)$$

$$|e| = \alpha + \beta_6NP \dots\dots\dots (5)$$

$$RKI = \alpha + \beta_7KK + e \dots\dots\dots (6)$$

$$|e| = \alpha + \beta_7NP \dots\dots\dots (7)$$

Where:

NP: Company value

ROA: Return on assets

KI: Independent ownership

JD: Number of directors

RKI: Independent commissioner ratio

e: error

RESEARCH RESULTS

Table 3 displays the descriptive statistical output of the research variables. Based on the output, as many as 83 observations (N) were declared valid. The smallest observed firm value is 0.234, and the largest is 21.635. The mean is 1,978, with a standard deviation of 4081. The lowest asset return is -0.728, while the highest is 13,973. The standard deviation is 1.777, and the mean is 0.265. The percentage of institutional ownership ranges from 0.119 to 0.997. The standard deviation is 0.205, and the mean is 0.737. The smallest and largest number of directors are two and twelve, respectively. The population mean is 5, with a standard deviation of 2.556. Meanwhile, the minimum and maximum ratios of independent commissioners are 0.143 and 1. The standard deviation is 0.142 and the mean is 0.516. In addition, the data used in this study is not normally distributed, because the value of skewness and kurtosis is greater than zero (0).

Table 3: Descriptive Statistics Calculation Results

Variable	NP	ROA	KI	JD	RKI
Minimum	0.234	-0.728	0.119	2	0.143
Maximum	21.635	13.973	0.997	12	1
Mean	1.978	0.265	0.737	4.83	0.516
Standard deviation	3.419	1.777	0.205	2.556	0.142
Skewness	4.081	6.883	-1.039	1.140	0.746
Kurtosis	17.459	48.805	0.357	0.695	2.130
Valid N (listwise)	83	83	83	83	83

Source: IDX data processed, 2022

The multiple linear regression equation to test the effect of profitability and GCG on firm value is: $NP = \alpha + \beta_1ROA + \beta_2KI + \beta_3JD + \beta_4RKI + e$. The estimation model to get the equation is the ordinary least squares method. Before using the estimation model in estimating the actual data, it is necessary to test the classical assumptions and test the accuracy of the model. Statistically, the magnitude of the coefficient of determination, the statistical significance of the residual value, t-count, and F-count describe the accuracy of the regression model. If the estimation results of the regression model do not meet the classical assumptions and the model is not accurate, then the next step is to detect residual data outliers. After successfully identifying outliers, then removing the outlier data from subsequent calculations, so that the estimation model becomes a linear estimator that is unbiased and has a minimum variance.

Table 4 presents the estimation results of the initial regression model. This model has a statistical F value of 2.583 with a significance value of $0.044 < = 0.05$. However, the residual value is 0.334 with a

significance value of $0.000 < \alpha = 0.05$. The results of this calculation indicate that this initial regression model is an accurate model, but the residual value does not follow a normal distribution. Therefore, the next step is to screen the data by detecting the presence or absence of residual data outliers. According to Hair *et al.*, (2011) for the case of observations less than 80, when the standard score of ± 2.5 indicates an outlier. On the other hand, for the case of observations of more than 80, it shows an outlier, if the standard score is in the range of numbers 3 to 4. The results of the first outlier detection in Table 7 there are 3 residual data which have standard scores ranging from 3 to 4, so the number of observations is reduced to $83 - 3 = 80$ and the first revised regression model arises. The estimation results of this model are shown in Table 5, which is consistent with the results of the previous test, namely the residual data is still not normally distributed.

Finally, detect the second outlier and get another 12 observations with a standard score of ± 2.5 so that the number of observations is reduced to $80 - 12 = 68$ and a second revised regression model arises. The

estimation results of this model are shown in Table 6, where the residual data has a statistical value of 0.095 with a significance value of $2.000 > \alpha = 0.05$, this result indicates that the residual data follows a normal distribution.

After the residual data follow a normal distribution, the next step is to detect the presence of multicollinearity and heteroscedasticity. The results of the multicollinearity calculation in Table 6 show that the tolerance value of each variable is > 0.1 and the VIF value is < 10 . Meanwhile, the results of the heteroscedasticity test in Table 6 show that each variable has a significance value $> \alpha = 0.05$, so the model This second revised regression is free from the classical assumption test. Therefore, it is necessary to test the accuracy of the model by looking at the magnitude of the significance of the F-count value.

Table 6 shows that the coefficient of determination of 0.145 has an F-statistic value of 2.670 and a significance value of $0.040 < \alpha = 0.05$ based on the results of the model accuracy test. As a result, the second revised regression model is a good fit because it can explain the variation in firm value from the average of 14.5 percent. The remainder represents the magnitude of the influence of other variables not

included in the second revised regression model. Aside from that, this model can forecast the company's value.

Table 8 shows the results of hypothesis testing the effect of ROA and GCG on firm value. The test results show that 1 and 4 are negative with a significance value $> = 0.05$, then the first and fourth alternative hypotheses are rejected. On the other hand, 2 and 3 are positive, but the significance of institutional ownership is $0.829 > = 0.05$, so the second alternative hypothesis is rejected. However, the significance value of the number of directors is $0.004 < \alpha = 0.05$, then the third alternative hypothesis is accepted.

The results of the GCG hypothesis test moderating the effect of ROA on firm value are also shown in Table 8. From the test results, it shows that 1, 2, and 5 are not significant, then institutional ownership is a potential moderating variable so that the fifth alternative hypothesis is rejected. The number of directors is an explanatory variable, because 3 is significant, 1 and 6 are not significant so that the sixth alternative hypothesis is rejected. Likewise, the ratio of independent commissioners is also an explanatory variable because 1, 4, and 7 are not significant so that the seventh alternative hypothesis is rejected. Thus, GCG is not a moderating variable for ROA on firm value.

Table 4: Early Regression Model

Variable	Coefficient	Standard Error	t-count	Sig.
Constant	6.320	1.950	3.242	0.002
ROA	0.332	0.205	1.624	0.108
KI	-3.942	1.830	-2.154	0.034
JD	-0.151	0.148	-1.104	0.314
RKI	-1.548	2.596	-0.596	0.553
R-square	0.117	Sig.(F-statistics)		0.044
F-statistics	2.583	Sig.(Residual-statistics)		0.000
Residual-statistics	0.334			

Source: IDX data processed, 2022

Table 5: First Regression Model

Variabel	Coefficient	Standard Error	t-count	Sig.
Constant	3.840	0.976	3.934	0.000
ROA	-0.055	0.117	-0.472	0.638
KI	-1.962	0.918	-2.137	0.036
JD	-0.061	0.074	-0.822	0.414
RKI	-1,282	1.279	-1.002	0.319
R-square	0.095	Sig.(F-statistics)		0.107
F-statistics	1.977	Sig.(Residual-statistics)		0.000
Residual-statistics	0.309			

Source: IDX data processed, 2022

Table 6: Second Regression Model

Variable	Coefficient	Standard Error	t-count	Sig.	Multicollinearity		Heterscedasticity	
					Tolerance	VIF	Coefficient	Sig.
Constant	0.089	0.015	5.715	0.000			-0.001	0.993
ROA	-0.020	0.016	-1.253	0.215	0.995	1.005	-0.012	0.261
KI	0.030	0.140	0.217	0.829	0.965	1.037	0.087	0.336
JD	0.031	0.010	2.969	0.004	0.959	1.043	-0.001	0.829
RKI	-0.116	0.182	-0.638	0.526	0.981	1.020	0.193	0.105
R-square	0.145	Sig.(F-statistics)			0.040			
F-statistics	2.670	Sig.(Residual-statistics)			2.000			
Residual-statistics	0.095							

Source: IDX data processed, 2022

Table 7: Early Regression Model Outlier Detection Results

Obs	Std.Residual	Z-Critical	Obs	Std.Residual	Z-Critical	Obs	Std.Residual	Z-Critical
3	5.732	± 3-4	26	4.472	± 2.5	43	3.003	± 2.5
47	4.742	± 3-4	56	3.659	± 2.5	1	2.579	± 2.5
52	4.715	± 3-4	51	3.349	± 2.5	4	2.547	± 2.5
61	5.062	± 2.5	29	2.786	± 2.5	66	-2.880	± 2.5
71	5.767	± 2.5	60	2.888	± 2.5			
57	7.427	± 2.5	59	2.912	± 2.5			

Source: IDX data processed, 2022

Table 8: Direct Hypothesis Test Results and Moderation

Varibel	Coefficient	Standard Error	t-count	Sig.	Conclusion
ROA	-0.020	0.016	-1.253	0.215	H ₁ Rejected
KI	0.030	0.140	0.217	0.829	H ₂ Rejected
JD	0.031	0.010	2.969	0.004	H ₃ Received
RKI	-0.116	0.182	-0.638	0.526	H ₄ Rejected
Y→ Moderation Residual-1	0.038	0.061	0.618	0.539	H ₅ Rejected
Y→ Moderation Residual-2	-0.222	0.862	-0.257	0.798	H ₆ Rejected
Y→ Moderation Residual-3	0.004	0.055	0.080	0.937	H ₇ Rejected

Source: IDX data processed, 2022

DISCUSSION

In this section, we will look at how return on assets and GCG indicators affect firm value, and how the dominant GCG indicators mitigate the effect of ROA on firm value. The findings indicate that ROA has no significant negative effect on firm value, institutional ownership has no significant positive effect, and the ratio of independent commissioners has no significant negative effect. The number of directors, on the other hand, has a significant positive effect on firm value. While the GCG indicator does not significantly moderate the effect of ROA on firm value, it is a predictor variable. The results of empirical hypothesis testing are discussed further below.

The first alternative hypothesis testing is to test whether ROA has a significant positive effect on firm value. In theory, profitability has a positive and significant impact on firm value. Great profitability causes a large company value. On the other hand, low profitability causes small firm value. However, this study provides evidence that ROA as a proxy for profitability has an insignificant positive effect on firm value. This study shows that stock price volatility and company value added are not caused by fundamental

factors, but psychological factors. Capital market investors ignore the highs and lows of profitability and pay more attention to how the management uses assets effectively and efficiently to achieve added value for the company.

In addition, the beta coefficient is negative, the possible cause is that the company uses debt to finance its assets. It can be seen that most of the debt to assets ratios of financial sector companies exceed 50 percent, so that companies prefer to pay interest on loans, ultimately net income is lower, which is only 0.006 percent compared to the risk-free interest rate, causing a decrease in company value as reflected in the decline in stock market prices.

The second hypothesis to test is whether institutional ownership has a significant positive effect on firm value. In theory, high institutional share ownership will increase the company's value. However, the reality is that statistically institutional ownership has no significant positive effect on firm value. These results indicate that the existence of institutional ownership by financial sector companies has not been able to demonstrate good corporate governance and

monitoring of company management. Although the percentage of institutional ownership on average is 74 percent, it is much higher than 50 percent. This indicates that the majority institutional investors have a tendency to side with management and ignore the interests of minority shareholders. In addition, it is possible that management often takes policies that are less than optimal, so that capital market investors have a negative assessment of the strategy between institutional ownership and management. As a result, shares on the stock exchange experienced a decline. So that share ownership by institutions has not been able to become a mechanism that can boost company value and influence investors to allocate their funds to financial sector companies on the 2020 Stock Exchange floor.

The third alternative hypothesis testing is to test whether the number of directors has a significant positive effect on firm value. The test results provide evidence that the number of directors has a significant positive effect on firm value. This means that the number of directors of financial sector companies which on average is 5 people is able to guarantee effectiveness in carrying out the supervisory function of management performance. The greater the number of directors will reduce problems in communication and coordination which in turn can avoid difficulties in carrying out the role and further reduce agency problems, it can affect the value of the company.

The fourth alternative hypothesis test is to see if the ratio of independent commissioners has a positive and significant impact on firm value. The greater the proportion of independent commissioners, the greater the firm value. The test results, however, show that the ratio of independent commissioners has no significant negative effect on firm value. The presence of an independent commissioner on firm value did not prove the existence of a corporate governance mechanism in this study. Although the average ratio of independent commissioners is 52 percent, it is far above the standard, which is 30 percent of the company's total commissioners. This indicates that the existence of independent commissioners has not been able to have a good impact, especially in their duties in supervising management so that market participants do not fully trust the independent commissioners owned by the company. Therefore, the supervision that should have been carried out by independent commissioners has not yet been fully implemented, especially in preventing the occurrence of work that is detrimental to the company. Meanwhile, the cost of paying the salaries of independent commissioners continues. As a result, profits fall and in the end the higher the ratio of independent commissioners is not able to increase the value of the company.

The fifth alternative hypothesis testing is to test whether institutional ownership significantly moderates profitability and affects firm value. Directly,

ROA has no significant negative effect and institutional ownership has no significant positive effect. Likewise, the results of the residual test show that institutional ownership is not significant. This means that institutional ownership does not moderate ROA affecting firm value. Referring to existing empirical data, the average institutional ownership of company shares is 73.7 percent from 50 percent. Institutional investors should have a big role in supervising the effective and optimal management of the company. Apart from that, it should have an important role in minimizing agency conflicts. Unfortunately, institutional investors, as the majority shareholder, actually cooperate with the company's management to behave in their own interests. So that the institutional ownership of large shares has not been able to increase the value of the company.

Testing the sixth alternative hypothesis is to test whether the number of directors moderates the effect of profitability on firm value. Directly, the number of directors has a significant positive effect and profitability does not significantly affect firm value. However, the results of the residual test are inversely proportional, that the number of directors has no significant negative effect. This means that the number of directors does not moderate profitability in influencing firm value. When referring to existing empirical data, the average number of directors is 5 people, greater than 2 people and less than 7 people. Should the number of directors greater than two people can make work more efficient, because there is a separation of the main functions in the company. In addition, members of the board of directors should not do work that is not in their field, because their duties and responsibilities are clear. Unfortunately, in reality, the number of directors of financial sector companies does not moderate profitability in influencing firm value. These results indicate that the number of directors cannot perform better coordination, communication, and decision making, so that the value of the company does not increase.

The seventh alternative hypothesis testing is to test whether the ratio of independent commissioners significantly moderates the effect of ROA on firm value. Directly, neither ROA nor the ratio of independent commissioners have a significant negative effect. On the other hand, the results of the residual test show that the ratio of independent commissioners has no significant positive effect. This means that the ratio of independent commissioners does not moderate the effect of profitability on firm value. These results indicate that the signal theory states that a high ratio of independent commissioners will improve the supervisory function of corporate governance, thereby providing confidence to investors to increase investment and firm value. Unfortunately this statement does not show the truth. The possible reason is that empirically the financial sector companies have an

average independent commissioner ratio of 51 percent, which is greater than 30 percent of the independent commissioner's ratio. However, the company's profitability on average is only 0.006 percent, far below the risk-free interest rate, so that the ratio of independent commissioners cannot increase supervision effectively, because they do not have the capability and competence in finance or accounting.

CONCLUSION

Based on the findings of the analysis, the following conclusions were reached: First, firm value is unaffected by profitability, the ratio of independent commissioners, or institutional ownership. Second, the number of directors has an impact on firm value. Third, GCG is not a moderating variable as a predictor variable.

This study has implications for companies in Indonesia's financial sector, specifically improving their performance by applying GCG principles. Financial sector companies should really recruit independent commissioners who are capable of monitoring the directors, not just complying with existing regulations. For investors, it is better to pay attention to the implementation of GCG in the company, because the implementation of GCG means that investors' rights can be protected. Furthermore, the next researcher should use the interaction test or absolute difference in testing moderation so that it can be compared with the results of this study.

REFERENCES

- Agyemang, O. S., & Castellini, M. (2015). Corporate governance in an emergent economy: a case of Ghana, Corporate Governance. *The International Journal of Business in Society*, 15(1), 52–84.
- Alipour, M. (2013). Investigasi hubungan antara struktur kepemilikan dan kinerja perusahaan. *Tinjauan Riset Manajemen*, 11(36), 1137–1166.
- Asriyani, R., & Bandiyono, A. (2019). Complexity Of Annual License Notification Of Small-Medium Tax Business Taxes. *Jurnal Akuntansi*, 23(2), 316–332.
- Astarani, J. (2016). Pengaruh return on asset (roa) terhadap nilai perusahaan dengan pengungkapan corporate social responsibility (csr) sebagai variabel pemoderasi pada perusahaan manufaktur yang terdaftar di bursa efek indonesia (BEI). *Jurnal Audit Dan Akuntansi Fakultas Ekonomi Dan Bisnis Universitas Tanjungpura*, 5(1), 49–76.
- Bandiyono, A., & Augustine, Y. (2019). Organizational Performance As A Mediation On The Effect Of Levers Of Control, And Learning Organization On Tax Compliance. *International Journal of Business, Economics, and Law*, 19(5).
- Bandiyono, A., & Murwaningsari, E. (2019). Effect of Intra Group Transaction, Thin Capitalization, and Executive Characters on Tax Avoidation with Multinationality as a Moderation. *Journal of Accounting, Business and Finance Research*, 7(2), 82–97.
- Bank, A. D. (2000). *Key Indicators*.
- Bhat, K. U., Chen, Y., Jebran, K., & A., B. (2018). Corporate Governance And Firm Value: A Comparative Analysis of State And Non-State Owned Companies In The Context of Pakistan. *The International Journal of Business In Society*, 18(6), 1196–1206.
- Carolina, C., Vernnita, V., & Christiawan, Y. J. (2020). Pengaruh hutang terhadap nilai perusahaan dengan ukuran perusahaan sebagai variabel moderasi. *Business Accounting Review*, 8(2), 30–44.
- Casavecchia, L. (2016). Fund Managers' Herding and Mutual Fund Governance. *Journal of Managerial Finance*, 12(3), 242–276.
- Chazi, A., Khallaf, A., & Zantout, Z. (2018). Corporate governance and bank performance: Islamic versus Non-Islamic banks in GCC countries. *The Journal of Developing Areas*, 52(2), 109–126.
- Dewi, L. S., & Abundanti, N. (2019). Pengaruh Profitabilitas, Likuiditas, Kepemilikan Institusional, dan Kepemilikan Manajerial terhadap Nilai Perusahaan. *E-Jurnal Manajemen*, 8(10).
- Ebert, R. J., & Ricky, W. G. (2015). *Pengantar Bisnis* (E. Maulana (ed.); Edisi Kese). PT. Gelora Aksara Pratama.
- Elmagrhi, M. H. (2016). Antecedents of voluntary corporate governance disclosure: a post-2007/08 financial crisis evidence from the influential UK Combined Code. *Corporate Governance (Bingley)*, 16(3), 507–538. <https://doi.org/10.1108/CG-01-2016-0006>
- Emanuel, R., Antonius, J., Apriyanto, R. P., Firmansyah, A., & Trisnawati, E. (2022). Dewan Direksi, Cash Holding, Nilai Perusahaan: Peran Moderasi Dari Leverage. *Jurnalku*, 2(1), 54–67. <https://doi.org/10.54957/jurnalku.v2i1.143>
- Febry, Y. Z. L., & Dedi, W. (2021). Pengaruh Return on Asset dan Debt to Equity Ratio Terhadap Nilai Perusahaan Bank Syariah Sebelum Merger (Studi Kasus PT Bank BRI Syariah, Tbk Pada Bulan Januari-November 2020). *Jurnal Ilmiah M-Progress*, 11(2).
- Ghozali, I., & Ratmono, D. (2017). *Analisis Multivariat Dan Ekonometrika Teori, Konsep, dan Aplikasi dengan Eviews 10* (Edisi 2). universitas Diponegoro.
- Hair, J., Babin, B. W. B., & Andreson, R. (2011). *Multivariate Data Analysis: A Global Perspective* (7th ed.). New Jersey: Pearson.
- Handayani, I. A. R. P., Ariyanto, D., Rasmini, N. K., & Widanaputra, A. A. G. P. (2018). The Effect of Profitability , Institutional Ownership on the Value of the Company with Dividend Policy as a

- Meditation. *International Journal of Sciences Basic and Applied Research (IJSBAR)*, 4(1), 234–242.
- Hartono, J. (2017). *Teori Portofolio dan Analisis Investasi* (Kesebelas). BPFE.
 - Hermuningsih, S. (2013). Pengaruh Profitabilitas dan Size terhadap Nilai Perusahaan dengan Struktur Modal sebagai Variabel Intervening. *Jurnal Siasat Bisnis*, 16(2).
 - Husnan, S., & Pudjiastuti, E. (2012). *Dasar-Dasar Manajemen Keuangan* (Kelima). AMP YKPN.
 - Issal, H.-S., Salma, D. A., & Khaled, H. (2020). The joint effect of corporate risk disclosure and corporate governance on firm value. *International Salem II Journal of Disclosure and Governance*, 17(2), 123–140. <https://doi.org/10.1057/s41310-020-00079-w>
 - Jayaningrat, I. G. A. A., Wahyuni, M. A., & Sujana, E. (2017). Pengaruh Leverage, Profitabilitas, Likuiditas, Kebijakan Deviden, Kepemilikan Manajerial, dan Kepemilikan Institusional Terhadap Nilai Perusahaan Pada Perusahaan Properti dan Real Estate di Bursa Efek Indonesia Tahun 2013-2015. *E-Journal SI Ak Universitas Pendidikan Ganesha Jurusan Akuntansi Program SI*, 7(1), 1–12.
 - Jensen, M. C. (1993). “The Modern Industrial Revolution, Exit, and The Failure of Internal Control System.” *Journal of Finance*, 831–880.
 - Jensen, & Meckling. (1976). Theory of The Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360.
 - Kamal, M. E. M., Salleh, M. F. M., & Ahmad, A. (2016). Detecting financial statement fraud by Malaysian public listed companies: The reliability of the Beneish M-Score model. *Jurnal Pengurusan*, 46, 23–32.
 - Kasmir. (2020). *Analisis Laporan Keuangan* (Kedelapan). Rajawali Pers.
 - Khosa, A. (2017). Independen Directors And Firm Value Of Group-Affiliated Firms. *International Journal of Accounting & Information Management*, 25(2).
 - Kowalewski, O. (2016). Corporate governance and corporate performance: financial crisis (2008). *Management Research Review*, 39(11), 1494–1515.
 - Kumar, N., & Singh, J. P. (2013). Corporate Governance. *The International Journal of Business in Society*, 13(1), 88-98.
 - Kurniawansyah, D., Kurnianto, S., & Rizqi, F. A. (2018). Teori Agency dalam Pemikiran Organisasi ; Pendekatan Positivist dan Principle-Agen. *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, 3(2), 435–446.
 - Lattemann, C. (2014). On the convergence of corporate governance practices in emerging markets. *International Journal of Emerging Markets*, 9(2), 316–332.
 - Liedong, T. A., & Rajwani, T. (2017). The impact of managerial political ties on corporate governance and debt financing: evidence from Ghana. *Long Range Planning*, 1–14.
 - Mahawyaharti, P. T., & Budiasih, I. G. A. N. (2016). Asimetri Informasi, Leverage, dan Ukuran Perusahaan pada Manajemen Laba. *Jurnal Ilmiah Akuntansi Dan Bisnis*, 11(2).
 - Marini, Y., & Marina, N. (2017). Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia). *Jurnal Humanior*, 1(1), 7–19.
 - Mishra, R. K., & Kapil, S. (2018). Board Characteristics And Firm Value For Indian Companies. *Journal of Indian Business Research*, 10(1), 2–32.
 - Munifah, A., Andika, A. D., & Ria, T. N. (2022). Pengaruh Dewan Direksi, Komisaris Independen dan Komite Audit Terhadap Nilai Perusahaan dan Kinerja Keuangan Perusahaan Sebagai Variabel Moderasi (Studi Empiris pada Perusahaan Sektor Pertambangan yang terdaftar di Bursa Efek Indonesia Tahun 2015-2019). *Jurnal Ilmiah Mahasiswa SI Akuntansi Universitas Pandanaran*, 8(8), 1–14.
 - Muryati, N. N. T. S., & Suardhika, I. M. S. (2014). Pengaruh Corporate Governance Terhadap Nilai Perusahaan. *E-Journal Akuntansi Universitas Udayana*, 9(2), 411–429.
 - Nguyen, N. (2018). *Hidden Markov Model for Stock Trading*. 6(2), 36.
 - OECD. (2008). OECD Principles of Corporate Governance: Boardroom Perspective. *OECD Publications Service*.
 - OJK. (2014). *Peraturan Otoritas Jasa Keuangan tentang Direksi dan Dewan Komisaris Emiten atau Perusahaan Publik*.
 - Oyong, L. (2012). Asimetri Informasi dan Manajemen Laba: Suatu Tinjauan Dalam Hubungan Keagenan. *Jurnal Wiga*, 2(1).
 - Parid, M. (2021). *Bagaimana GCG di Dunia, Asia, dan Indonesia*. Parido Artikel.
 - Pratiwia, R. D., & Pamungkas, I. D. (2020). The Effects of Financial Performance on Firm Value and Good Corporate Governance: Evidence from Indonesia. *International Journal of Innovation, Creativity and Change*, 13(12), 220–233. www.ijicc.net
 - Putra, A. A. (2016). Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan LQ 45 yang Terdaftar di Bursa Efek Indonesia Tahun 2009 –2013). *Jurnal Ekonomi KIATI*, 27(2).
 - Ratnawati, V., Azhari, S., Freddy, D., & Wahyuni, N. (2018). The Impact of Institutional Ownership and a Firm’s Size on Firm Value : Tax Avoidance as a Moderating Variable. *Journal of Finance and Banking Review*, 3(1), 1–8.
 - Ricky, W. G., & Ronald, J. E. (2006). *Business*

- (Edisi 8). Erlangga.
- Rizki, M. A. (2016). Pengaruh Good Corporate Governance, Return on Asset, Return on Equity, BOPO, Dan Capital Adequacy Ratio Terhadap Nilai Perusahaan Go Public Di Bursa Efek Indonesia. *Jurnal Ekonomi Bisnis*, 21(2).
 - Ross, S. A. (1977). The Determination of Financial Structure: The Incentive-Signalling Approach. *Bell Journal of Economics*, 8, 23–40.
 - Sa'diyah, K., & Wuryani, E. (2019). Pengaruh Mekanisme Corporate Governance Terhadap Nilai Perusahaan. *Jurnal Akuntansi Unesa*, 8(1).
 - Salvatore, D. (2005). *Ekonomi Manajerial*. Salemba Empat.
 - Sartono, A. (2015). *Manajemen Keuangan Teori dan Aplikasi* (Keempat). BPFE Yogyakarta.
 - Sellah, A. R., & Nita, S. I. (2019). Pengaruh Dewan Komisaris, Komite Audit dan Dewan Direksi Terhadap Nilai Perusahaan Telekomunikasi yang Terdaftar Di BEI. *Publikasi Ilmiah Akuntansi*, 1(1), 75–84.
 - Sheikh, N., Wang, Z., & Khan, S. (2013). Dampak atribut internal tata kelola perusahaan pada kinerja perusahaan. *Jurnal Internasional Perdagangan Dan Manajemen*, 23(1), 38–55.
 - Simpson, S. N. Y. (2014). *Boards and governance of state-owned enterprises corporate governance*. 14(2), 238–251.
 - Siti, P. W. (2021). Pengaruh Pengungkapan CSR Dan ROA Terhadap Nilai Perusahaan. *Jurnal Ekonomi Mahasiswa (JEKMa)*, 1(2).
 - Sondokan, N. V., Koleangan, R., & Karuntu, M. M. (2019). Pengaruh Dewan Komisaris Independen, Dewan Direksi, Dan Komite Audit Terhadap Nilai Perusahaan Yang Terdaftar Dibursa Efek Indonesia Periode 2014-2017. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 7(4), 5821–5830.
 - Sorensen, D. P., & Miller, S. E. (2017). Financial accounting scandals and the reform of corporate governance in the United States and in Italy. *Corporate Governance: The International Journal of Business in Society*, 17(1), 77–88. <https://doi.org/10.1108/CG-05-2016-0125>
 - Su, W., Peng, M. W., Tan, W., & Cheung, Y. L. (2014). The Signaling Effect of Corporate Social Responsibility in Emerging Economies. *Journal of Business Ethics*, 134(3), 1–13.
 - Sucuahi, W., & Cambarihan, J. M. (2016). Influence of Profitability to the Firm Value of Diversified Companies in the Philippines. *Accounting and Finance Research*, 5(2), 149–153.
 - Sugoto, S., Liza, N., & Parulian, T. S. . (2020). Pengaruh Modal Kerja, return on Assets (ROA) Terhadap Nilai Perusahaan Pada Perusahaan Farmasi Di Bursa Efek Indonesia. *Jurnal Manajemen Kewirausahaan*, 17(1), 37–46.
 - Sundarasan, S., Je-Yen, T., & Rajangam, N. (2016). Komposisi dewan dan tanggung jawab sosial perusahaan di pasar yang sedang berkembang. *Jurnal Internasional Bisnis Di Masyarakat*, 16(1), 35–53.
 - Tandelilin, E. (2001). *Analisis Investasi dan Manajemen Portofolio*. (Pertama). BPFE.
 - Velnampy, T. (2013). Corporate Governance and Firm Performance: A Study of Sri Lankan Manufacturing Companies. *Journal of Economics and Sustainable Development*, 4(3), 228–235.
 - Warsono, S., Fitri, A., & Dian, K. R. (2009). Corporate Governance, Concept and Model. *Center for Good Corporate Governance*.
 - Wiagustini, L. P. (2014). *Dasar-dasar Manajemen Keuangan*. Udayana University Press.
 - Zgarni, I., Hlioui, K., & Zehri, F. (2016). Influential audit committee, audit quality, and earnings management: evidence from Tunisia. *Journal of Accounting in Emerging Economies*, 6(2), 138–155.