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Good Corporate Governance and Corporate Values with Profitability as a Moderating Variable in Manufacturing Companies Listed on The Indonesia Stock Exchange for the 2012-2021 Period

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Firm Value, Managerial Ownership, Institutional Ownership, Independent Board of Commissioners, Audit Committee, Profitability

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ABSTRACT

This study aims to examine the effect of managerial ownership, institutional ownership, independent board of commissioners, audit committee on firm value with profitability as a moderating variable in manufacturing companies listed on the IDX for the 2012 – 2021 period. The population in this study consisted of 193 manufacturing companies on the IDX for the 2012-2021 period which were selected based on certain criteria using purposive sampling. The research sample consisted of 17 companies, with an observation period of 10 years, so the research sample consisted of 275 samples. The data analysis used was panel data regression, and moderate regression analysis (MRA) was processed using the STATA 17 program. The partial test results prove that managerial ownership has no effect on firm value with a significance value of 0.960 > 0.05, institutional ownership has no effect on firm value with a significance value of 0.718 > 0.05, independent commissioners have an effect on firm value with a significance value of 0.000 <0.05. and the audit committee has no effect on firm value with a significance value of 0.372 > 0.05. Profitability can moderate the relationship between managerial ownership and firm value with a significance value of 0.017 <0.05. Profitability can moderate the relationship between institutional ownership and firm value with a significance value of 0.016 <0.05. Profitability can moderate the relationship between the independent board of commissioners and firm value with a significance value of 0.000<0.05. Profitability cannot moderate the relationship between the audit committee and firm value with a significance value of 0.057 > 0.05. The results of testing the coefficient of determination (Adjusted R-square) shows that the percentage of the independent variable on the dependent variable is 17.43% or it can be interpreted that the independent variable used in the model is able to explain 17.43% of the dependent variable while the rest is influenced by variables outside models.

INTRODUCTION

Many shocking financial scandals such as Barings Bank, Enron and Arthur Anderson of the top five public accountants, Worldcom, Cirio, and many others made investors and stakeholders interested in corporate governance. The same cases of poor corporate governance also occurred in Indonesia, one of which was the case of the insurance company Jiwasraya. Jiwasraya was in the spotlight of many media outlets after its mismanagement and fraud cases were revealed to the public (Adinegara & Sukamulja, 2021). Foreign investors began to withdraw their money in Indonesia due to the global crisis that occurred and the impact was the decline in the exchange rate of the Indonesian currency (Rahmadani and Rahayu, 2017). Lack of awareness and understanding of the principles of good corporate governance is one of the reasons why the Indonesian stock market does not contribute enough to the national economy (Suhandak et al., 2019). Good corporate governance (GCG) is considered capable of being one of the solutions to be applied to companies in order to avoid the destruction of the company caused by company mismanagement and fraud committed by top management that lasts long and is not detected (Marini and Marlina, 2017).

Agency theory is a theory that explains the relationship between capital owners and management (Hidayat et al., 2021). The relationship between owners of capital and managers is defined as a contract in which the principal authorises the agent to maximise the benefits of assets and make decisions that favour the interests of shareholders (Reistiawati and Yusniar, 2020). Company owners try to minimise agency conflicts by implementing good corporate governance (GCG) (Rachman et al., 2015).

An indicator that can be seen in the implementation of good corporate governance is managerial ownership. Managerial ownership can influence the running of the company, which in turn will affect company performance and company value. Managerial ownership that has a control role in making company policies (Sirait et al., 2022). With managerial ownership, management can foster a sense of ownership and responsibility for managing the company, with good company management can increase company value (Worokinasih & Zaini, 2020).

Institutional ownership is the share ownership of the government, foreign institutions, financial institutions, trust funds and other institutions at the year-end deadline (Yusef et al., 2021). Institutional ownership is a party that monitors the company's performance, especially being an effective monitoring mechanism in every decision that will be taken by management (Tjahjono and Chaeriyah, 2017). The greater the value of institutional ownership, the stronger the control over the company so that the company owner can control management behaviour so that it acts in accordance with company goals (Hidayat et al., 2021). Institutional ownership can increase firm value, by utilizing information, and can resolve agency conflicts because by increasing institutional ownership, all company activities will be supervised by institutions (Wiariningsih et al., 2019).

The existence of an independent board of commissioners can balance the power of management (especially the CEO) in managing the company through the supervisory function. With a large proportion of independent members in the board of commissioners structure, it will provide a better supervisory effect and can limit the need for managerial fraud (Ferriswara et al., 2022). The independent board of commissioners, which is a supervisory agent, also plays a role to anticipate possible threats from outside parties so that the company's process of improving financial performance will run well. (Rahman, 2021).

The audit committee's role is to ensure the integrity of the corporation's financial reporting meets corporate governance board standards, as well as ensuring entity compliance such as mandatory disclosures. (Kyere & Ausloos, 2021). The audit committee is one of the corporate governance mechanisms that can reduce manipulation and fraud practices by upholding the principles of corporate governance, transparency, responsibility, and accountability (Hidayat et al., 2021).

Firm value is very important because high firm value will be followed by high shareholder prosperity. The higher the share price, the higher the company value (Limantara et al., 2021). Increasing the value of the company is an achievement that is in accordance with the objectives of the go public company because it increases the welfare of the owner or shareholder (Hariyani et al., 2022). The higher the company value reflects good management and perceived future prospects, so investors believe that with a high company value they will get the desired rate of return (Worokinasih & Zaini, 2020).

High profitability indicates that the company's future prospects will be beneficial to investors, arouse interest and increase the value of the company (Priyatama and Pratini, 2021). The greater the investor's interest in investing in the company, the higher the stock price which increases the company's value (Saputri and Giovanni, 2021). When profitability increases, the company value also increases, if profitability decreases, the company value also decreases (Sirait et al., 2021). The higher the GCG score of a company, the more interested and confident investors and potential investors will be to invest in the company, because they believe that a company that has implemented GCG has an effect on the fulfilment of investors' rights by the company (Hakim et al., 2019). With management ownership of company shares, when profitability is high, it will affect the amount of ownership of company shares by management. This is because the higher the profit, the company value will increase, so that managers who have shares will try to carry out their duties as well as possible to increase company value (Sudarsono and Harahap, 2019).

Research of Sawitri and Wahyuni (2021) states that managerial ownership and institutional ownership have a positive and significant effect on firm value. However, research conducted by Yusef et al. (2021) shows the results of obtaining variables that have no significant effect on firm value, namely institutional ownership and independent commissioners. Meanwhile, the audit committee variable has a significant effect on firm value. Research conducted by Hidayat et al. (2021) stated that institutional ownership has a negative and significant effect on firm value. Meanwhile, the audit committee has no influence and is not significant to the value of the company. However, the independent board of commissioners has a positive and significant effect on firm value. Furthermore, in research of Muttaqin et al. (2019) stated that profitability as a moderating variable could not moderate the effect of managerial ownership, institutional ownership, and the independent board of commissioners on firm value. Meanwhile, the audit committee moderated by profitability has a significant effect on firm value. Research results from Hakim et al. (2019) stated that profitability can moderate the effect of managerial ownership, institutional ownership, independent board of commissioners, and audit committee on firm value.

LITERATURE REVIEW

Agency Theory

Firms provide opportunities for various participants to contribute capital, expertise and labour in order to maximise long-term profits. Participants who contribute capital are called owners (principals). Participants who contribute expertise and labour are called managers (agents). The existence of these two participants (principals and agents) causes problems about the roles that must be formed to harmonise the different interests between them (Hendrawaty, 2017: 27). Agency theory is based on the assumption that each party involved in a contract wants to maximise its interests. In companies with a high level of ownership concentration, agency conflicts can occur between controlling shareholders and non-controlling shareholders (Sirait et al., 2022).

Good Corporate Governance

Good corporate governance (GCG) is a system that manages and oversees the business control process that runs on an ongoing basis to increase share value, which in turn will increase company value and as a form of accountability to shareholders without ignoring the interests of stakeholders. (Franita, 2018: 10). GCG is a mechanism for fostering and controlling a company that aims to maintain a balance of its power along with the authority of institutions to distribute responsibilities to related individuals, especially individuals from shareholders and individuals from high-ranking officials who have an interest (Sawitri and Wahyuni, 2021). Thus, the implementation of GCG is believed to increase company value (Marini & Marlina, 2017). GCG is formed to maintain the different interests of the company's stakeholders which can provide benefits to the company. A company with a very high corporate governance perception index (CGPI) indicates that it is managed with clarity, responsibility, accountability, equity and independence (Tarigan et al., 2019).

Managerial Ownership

Managerial ownership is the ownership of shares owned by management of the many shares capital in the company they manage, so that the percentage of managers' shares can be defined as managerial ownership. (Yusef et al, 2021). Managerial ownership can affect the running of a company, which in turn will affect company performance and company value. Managerial ownership that plays a controlling role in making company policies (Sirait et al., 2021).

$$Managerial\ Ownership = \frac{Number\ of\ Shares\ Owned\ By\ Management}{Outstanding\ Shares}$$

Institutional Ownership

Institutional ownership is the ownership of shares of a company by institutions such as insurance companies, banks, investment companies, and other institutional ownership (Wiariningsih et al., 2019). The percentage of institutional ownership in the company can monitor the company, with the existence of large institutional ownership, the more supervision is carried out and the company must also be able to disclose all information required by shareholders (Franita, 2018: 15).

$$Institutional\ Ownership = \frac{Number\ of\ Shares\ Owned\ By\ Institution}{Outstanding\ Shares}$$

Independent Board of Commissioners

The independent board of commissioners has an important role in helping to reduce the emergence of agency conflicts between managers and shareholders (Rahman, 2021). The independent board of commissioners is a member of the board of commissioners who does not have financial, management, share ownership, and family relationships with members of the board of directors, other commissioners and controlling shareholders or relationships with the company that may affect the ability of the person concerned to act independently or act in the interests of the company (Hidayat et al., 2021).

$$Independent\ Board\ of\ Commissioners = \frac{Number\ of\ Independent\ Board\ Members}{Number\ of\ Commissioner\ Board\ Members}$$

Audit Committee

The audit committee is a committee formed by the company's board of commissioners, whose members are appointed and dismissed by the company's board of commissioners whose task is to assist the board of commissioners in conducting examinations deemed necessary for the implementation of the board of directors' functions in managing the company (Hidayat et al, 2021). The audit committee is a committee of at least three people, chaired by an independent commissioner of the company with two external people who are independent of the company and master and have an accounting and financial background (Franita, 2018: 13).

$$Audit\ Committee = \frac{Number\ of\ Independent\ Audit\ Committee}{Number\ of\ Audit\ Committee}$$

Profitability

Profitability is the ability of a company to generate profits from its total assets (Silvia, 2021: 39). Investors will prefer profitable companies because they expect high returns on the profits created by the company (Fadhilah et al., 2021).

$$Return\ on\ Assets = \frac{Net\ Profit}{Total\ Asset}$$

Hypothesis

The Effect of Managerial Ownership on Firm Value

Managerial ownership is used to determine the benefits of ownership in the mechanism of reducing agency conflicts, so that agency problems are assumed to disappear if a manager is also an owner. The existence of management ownership in a company will lead to an interesting conjecture that firm value increases as a result of increased management ownership (Wiariningsih et al., 2019). The results of research conducted by Sawitri and Wahyuni (2021) implied that managerial ownership variable has a positive and significant effect on firm value. Research conducted by Yusef et al. (2021) managerial ownership has a significant effect on firm value. Research of Rahman (2021) stated that the managerial ownership variable has no effect on firm value. Meanwhile, research of Pernamasari and Mu'minin (2019) states that managerial ownership has a significant negative effect on firm value.

H1: Managerial Ownership Affects Firm Value

The Effect of Institutional Ownership on Firm Value

Institutional ownership will be able to reduce agency costs arising from agency conflicts, because the greater the portion of share ownership by the institution, the stronger the supervision and monitoring of the management performance mechanism, so that it will tend to reduce opportunistic behaviour by company management (Rahman, 2021).

The result of research conducted by Sawitri and Wahyuni (2021) institutional ownership variable has a positive and significant effect on firm value. Nursasi (2018) in his research shows that institutional ownership has a significant effect on firm value. Research of Yusef et al. (2021) shows that the institutional ownership variable has no significant effect on firm value. Hidayat et al. (2021) stated that institutional ownership has a negative and significant effect on firm value.

H2: Institutional Ownership Affects Firm Value.

The Effect of Independent Board of Commissioners on Firm Value

An independent board of commissioners is needed in the implementation of good corporate governance so that there is transparency in a company (Rahmadani and Rahayu, 2017). The task of the independent board of commissioners is to encourage the implementation of the principles of good corporate governance in the company by carrying out effective supervisory duties and providing advice to the board of directors regarding with irregularities in company management. (Hidayat et al., 2021).

The results of research conducted by Hidayat et al. (2021) prove that the independent board of commissioners variable has a positive and significant effect on firm value. Putranto et al. (2022) stated that the board of commissioners has a positive effect on firm value. Meanwhile, Rahman (2021) stated that the independent variable of the board of commissioners has no effect on firm value. Yusef et al. (2021) in his research stated that independent commissioners have no significant effect on firm value.

H3: Independent Board of Commissioners Affects Company Value

The Effect of Audit Committee on Firm Value

The audit committee has an important role, namely maintaining the integrity of the process of preparing financial statements and maintaining the achievement of adequate control, so that company control will increase (Hidayat et al., 2021).

The result of research conducted by Yusef et al. (2021) the audit committee variable has a significant effect on firm value. Hidayat et al. (2021) in their research stated that the audit committee variable has no influence and is insignificant to firm value. Putranto et al. (2022) in their research stated that the audit committee has no effect on firm value. Tjahjono and Chaeriyah (2017) stated that the audit committee has a positive and significant effect on firm value.

H4: The Audit Committee Affects Firm Value.

Profitability Moderates the Relationship Between Managerial Ownership and Firm Value

With management ownership of company shares, when profitability is high, it will affect the amount of ownership of company shares by management. This is because the higher the profit, the value of the company will increase, so that managers who have share ownership will try to carry out their duties as well as possible to increase company value (Sudarsono & Harahap, 2022). Management ownership can reduce conflicts of interest that arise between the principal and the agent, namely providing high supervision in order to maintain and balance the company's resources, namely the company's assets in order to obtain high profits by increasing profitability (Firdaus et al, 2022).

The results of research conducted by Hakim et al. (2019) managerial ownership moderated by profitability has a positive effect on firm value. Sudarsono and Harahap (2022) in their research stated that profitability as a moderating variable cannot moderate the effect of managerial ownership on firm value. Muttaqin et al. (2019) in their research stated that profitability as a moderating variable cannot moderate the effect of managerial ownership on firm value. Muasiri and Sulistyowati (2021) in their research stated that profitability as a moderating variable cannot moderate the effect of managerial ownership on firm value. Sirait et al. (2022) in their research stated that profitability does not moderate the effect of managerial ownership on firm value.

H5: Profitability Moderates the Relationship Between Managerial Ownership and Firm Value

Profitability Moderates the Relationship Between Institutional Ownership and Firm Value

Institutional ownership plays a role in monitoring management performance. Management performance can be seen from the amount of profit earned by the company in a certain period. Management will try to generate high profits so that their position is not threatened considering the consequences that will be obtained by management if they take actions that can harm the company owner. Therefore, the higher the institutional ownership will increase profitability (Firdaus et al., 2022). When profitability is high, it will affect the amount of ownership of company shares by institutions. This is because the higher the profit, the company's value will increase, so that management will try to carry out their duties as well as possible to increase company value because institutional ownership provides high supervision of the company (Sudarsono and Harahap, 2020).

The results of research conducted by Hakim et al. (2019) stated that institutional ownership moderated by profitability has a positive effect on firm value. Research Firdaus et al. (2022) stated that profitability can moderate the effect of institutional ownership on firm value. Muttaqin et al. (2019) in his research stated that profitability as a moderating variable cannot moderate the effect of institutional ownership on firm value. Muasiri & Sulistyowati (2021) in their research stated that profitability as a moderating variable cannot moderate the effect of institutional ownership on firm value. Sirait et al. (2022) in his research stated that profitability does not significantly moderate institutional ownership on firm value.

H6: Profitability Moderates the Relationship Between Institutional Ownership and Firm Value

Profitability Moderates the Relationship Between the Independent Board of Commissioners and Firm Value

The independent board of commissioners supervises activities that are believed to have an impact on controlling the company's profitability performance (Firdaus et al., 2022). When profitability is high and in the presence of an independent board of commissioners, it will provide high supervision in order to maintain and balance company resources, namely company assets, in order to obtain high profits by increasing profitability. So that managers will try to carry out their duties as well as possible to increase company value (Sirait et al., 2022).

The results of research conducted by Hakim et al. (2019) stated that the independent board of commissioners moderated by profitability has a positive effect on firm value. Firdaus et al. (2022) in his research stated that profitability can moderate the effect of the independent board of commissioners on firm value. Muttaqin et al. (2019) in his research stated that profitability as a moderating variable cannot moderate the effect of the independent board of commissioners on firm value. Muasiri & Sulistyowati (2021) in his research stated that profitability as a moderating variable cannot moderate the effect of the independent board of commissioners on firm value. Sirait et al. (2022) in his research stated that profitability does not significantly moderate independent commissioners on firm value.

H7: Profitability Moderates the Relationship Between the Independent Board of Commissioners and Firm Value

Profitability Moderates the Relationship Between Audit Committee and Firm Value

The role of the audit committee is very important in helping to create a financial report structure with integrity. The more the number of audit committees in a company, the higher the management supervision in the company. This very important role of the audit committee can affect the overall performance of the company. With an increase in company performance, it is expected that the company's profitability can increase (Firdaus et al., 2022). The more the number of audit committees and the number of directors in a company, the higher the management supervision in the company and can affect or increase the value of the company with profitability (Muttaqin et al., 2019).

The results of research conducted by Hakim et al. (2019) stated that the audit committee which is moderated by profitability has a positive effect on firm value. Firdaus et al. (2022) in his research stated that profitability cannot moderate the effect of the audit committee on firm value. Muttaqin et al. (2019) in his research stated that the audit committee moderated by profitability has a significant effect on firm value.

H8: Profitability Moderates the Relationship Between Audit Committee and Firm Value

METHODS

This research is a type of quantitative research. Secondary data in this study can be obtained by accessing the website www.idx.co.id and the official website of each company. The object of this research is manufacturing companies listed on the Indonesia Stock Exchange in 2012-2021. The sample obtained was 17 companies, so the total observations were 170 (17 times 10 years). The variables analysed in this study are managerial ownership, institutional ownership, independent board of commissioners, audit committee, firm value, and profitability.

RESULTS

Results

Descriptive Statistics Analysis

Variable		Mean	Std. dev.	Min	Max	Observations	
VAR_Y	overall	1.496536	1.16511	.5180474	7.113769	N =	170
	between		1.106292	.6461357	4.692168	n =	17
	within		.4458444	-.074824	3.918136	T =	10
VAR_X1	overall	.1202593	.229325	.0000933	.8944444	N =	170
	between		.1822294	.0004174	.575	n =	17
	within		.1454333	-.4031719	.4699843	T =	10
VAR_X2	overall	.5899153	.4313508	.0001944	4.985621	N =	170
	between		.2690272	.0131464	1.204429	n =	17
	within		.3428442	.109252	4.371108	T =	10
VAR_X3	overall	.3863191	.0829903	.2857143	.6	N =	170
	between		.0565016	.3333333	.52	n =	17
	within		.0621688	.1996524	.6263191	T =	10
VAR_X4	overall	.3319608	.0560426	.2	.5	N =	170
	between		.0560017	.21	.5	n =	17
	within		.0130995	.3152941	.4819608	T =	10
VAR_Z	overall	.0964022	.6051688	-.5409938	7.838703	N =	170
	between		.1941696	-.0639352	.7994347	n =	17
	within		.5749219	-.7209272	7.13567	T =	10

Based on the table above, it can be seen that the maximum value of variable Y (company value) is in the company coded KLBF in 2014, and the minimum value is in the company coded SCCO in 2021. The maximum value of variable X1 (managerial ownership) is in the company coded BTON in 2016-2021, and the minimum value is in the company coded KLBF in 2012-2017. The minimum value of variable X2 (institutional ownership) is in the company coded BTON in 2021, and the maximum value is in the company coded ALMI also in 2021. The X3 variable (independent board of commissioners) shows a minimum value of 0.2857143 in companies coded BRNA in 2021 and GJTL in 2013, the maximum value is 0.6 in companies coded MAIN in 2014-2021. The average value is 0.3863191 (38.6%). This value indicates that the average sample company has fulfilled the requirements for the minimum number of independent commissioners set by the Financial Services Authority (OJK) of 30%. The maximum value of variable X4 (audit committee) in companies coded MBTO in 2012-2021, and the minimum value is mostly in companies coded MAIN in 2014-2021. Moderation variable Z (profitability) proxied by return on assets (ROA) with the maximum value in the company coded GJTL in 2013, and the minimum value in the company coded MAIN in 2020.

Model Fit Test Results

Chow Test Results

Fixed-effects (within) regression	Number of obs	=	170
Group variable: ID	Number of groups	=	17
R-squared:	Obs per group:		
Within = 0.1594	min	=	10
Between = 0.0292	avg	=	10.0
Overall = 0.0108	max	=	10
	F(5,148)	=	5.61
corr(u_i, Xb) = -0.5463	Prob > F	=	0.0000

The chow test result shows a cross-sectoin F probability value of 0.0000 and smaller than the α value of 0.05 (0.0000 <0.05) which means rejecting the null hypothesis. So this research is better off using the fixed effect method and needs to continue the next test, namely the hausman test.

Hausman Test

chi2 (5)	3.24
Prob > chi2	0.6630

H0 in the Hausman test is the random effect model while H1 in this test is the fixed effect model. Based on the Hausman Test results in the table above, it can be seen that the probability value> 0.05, namely 0.6630> 0.05. So that it rejects H1, therefore, the best model used in this study is the random effect model.

Lagrange Multiplier Test

chibar2 (01)	541.37
Prob > chibar2	0.0000

H0 in the lagrage multiplier test is the Common Effect Model while H1 in this test is the Random Effect Model. Based on the results of the lagrage multiplier test in the table above, it can be seen that the probability value <0.05, namely 0.000 <0.05. So that it rejects H0, therefore, the best model used in this study is the random effect model.

Classical Assumption Test

If in the panel data test the selected model is random effect, it is allowed not to test heteroscedasticity, autocorrelation, and normality. (Maulana and Muchtar, 2018: 44). However, researcher tested normality, multicollinearity, and heteroscedasticity. From the test results, it is known that there is no disturbance of these assumptions so that the research can be continued.

Testing Results

Simultaneous Significance Test (F Statistical Test)

Nilai perusahaan	F-statistic	4.96
	Prob(F-statistic)	0.0000

Based on the results of the STATA output in the table above, it shows that the Prob (F-statistic) of the F test is 0.0000 which is smaller than 0.05, so the H0 hypothesis is accepted so that together the managerial ownership, institutional ownership, independent board of commissioners, and audit committee variables affect firm value.

Coefficient of Determination Test

Company value	R-squared	0.2182
	Adjusted R-squared	0.1743

The test results in the table above show that the Adjusted Rsquared value is 0.1743 or 17%. These results indicate that the percentage of independent variables on the dependent variable is 17% or it can be interpreted that the independent variables used in the model and explain 17% of the dependent variable. While the rest is influenced by other variables outside the model.

Partial Statistical Test (T Statistical Test)

Variabel	t-Statistic	Prob.
C	1.04	0.300
VAR_X1	-0.05	0.960
VAR_X2	-0.36	0.718
VAR_X3	-4.38	0.000
VAR_X4	0.89	0.372

Moderated Regression Analysis (MRA) Test

VAR_Y	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
VAR_Z	-22.48681	5.882552	-3.82	0.000	-34.10427	-10.86935
X1Z	14.70252	6.120119	2.40	0.017	2.615884	26.78915
X2Z	10.65589	4.391135	2.43	0.016	1.983826	19.32794
X3Z	24.6798	6.557962	3.76	0.000	11.72847	37.63113
X4Z	27.0681	14.09824	1.92	0.057	-.7745398	54.91075
_cons	3.203278	.7575737	4.23	0.000	1.707144	4.699411

DISCUSSION

The Effect of Managerial Ownership on Firm Value

In the hypothetical test results table 4.11 shows that the significance level of the probability of the managerial ownership variable is 0.960 greater than 0.05. This indicates that H1 is rejected, which means that managerial ownership has no significant effect on firm value in manufacturing companies listed on the IDX. This is because the low number of shares owned by the company's management results in the management not feeling part of owning the company because not all profits can be enjoyed by the management (Kebon and Suryanawa, 2017). Share ownership by management has no effect on firm value, it can be explained that it is possible that the percentage of ownership is still small, so that the value is not significant. Different percentage of share ownership will have different policies (Nursasi, 2018). When they have a very small share of managerial ownership, managers are likely to engage in collusive actions to utilize company resources for their personal interests. The consequence of giving a very small managerial proportion to managers is that they will override the value of the company in their decision-making process (Suhandak et al., 2019). This is contrary to agency theory because the tendency of managers as shareholders in the company is more concerned with their personal interests so that they do not work more efficiently and effectively to improve company performance so that they are unable to increase company value (Sirait et al., 2019).

The result of this study is not in line and does not support the result of Sawitri and Wahyuni (2021) and Yusef et al. (2021) which say that managerial ownership has a positive and significant effect on firm value. However, the result of this study is in line with and supports the result of research conducted by Rahman (2021) and Nursasi (2018) which state that the independent board of commissioners has no significant effect on financial performance.

The Effect of Institutional Ownership on Firm Value

The greater the value of institutional ownership, the stronger the control over the company so that the company owner can control management behaviour so that it acts in accordance with company goals (Hidayat et al., 2021). In the results of hypothetical testing table 4.11 shows that the significance level of the probability of the institutional ownership variable is 0.718 greater than 0.05. This indicates that H2 is rejected, which means that institutional ownership has no significant effect on firm value in manufacturing companies listed on the IDX. This shows that the greater the portion of institutional ownership, it can lead to manipulation of management performance and will cause the company's value to decrease. This is contrary to agency theory so that it raises supervisory costs which can increase agency costs, namely audit costs (Sirait et al., 2022). The existence of institutional shareholders, which are expected to have better monitoring capabilities, is unable to make corporate governance transparent. There are indications that institutional shareholders are only concerned with their personal interests or the interests of their institutions without seeing the interests of other shareholders. This situation will have a major influence on the company (Hidayat et al., 2021). Majority institutions have a tendency to compromise or side with management and ignore the interests of minority shareholders. Management often takes optimal actions or policies and is more directed towards personal interests as a result, the alliance strategy between institutional investors and management is responded negatively by the market (Wiariningsih et al., 2021).

The result of this study is not in line with and does not support the result of Sawitri and Wahyuni (2021) and Yusef et al. (2021) who say that managerial ownership has a positive and significant effect on firm value. However, the result of this study is in line with and supports the results of research conducted by Rahman (2021) and Nursasi (2018) which states that the independent board of commissioners has no significant effect on financial performance.

The Effect of Independent Board of Commissioners on Firm Value

The more the board of commissioners, the better the company's supervision will be, the more advice and input for management (Sirait et al., 2021). The test results of the independent board of commissioners variable in table 4.11 show that the significance level of the probability of the independent board of commissioners variable is 0.000 smaller than 0.05, which means that the independent board of commissioners has a significant effect on firm value. The result of this study is in accordance with the research hypothesis formulated earlier. The research hypothesis explains that the independent board of commissioners variable has a significant effect on firm value in manufacturing companies listed on the IDX in 2012-2021, so it can be concluded that H3 is accepted. This finding indicates that the large proportion of independent members in the board of commissioners structure will provide better supervisory effects and can limit the need for managerial fraud (Ferriswara et al., 2022). The independent board of commissioners has an important role to reduce the emergence of agency conflicts between managers and shareholders. The independent board of commissioners, which is a supervisory agent like a commissioner, but does not have a close relationship with the company's shareholders who have an important role in the decision-making process, also plays a role in helping to anticipate possible threats from outside parties so that the company's process of improving financial performance will run well (Rahman, 2021). The more independent board of commissioners will make the role of the board of commissioners more effective in carrying out the supervisory function of company management because it is considered more independent (Kebon & Suryanawa, 2017). The more independent commissioners, the higher the level of supervision of management behaviour and performance, so that it will have a good impact on firm value. In addition, the presence of an independent board of commissioners can reduce agency conflicts within the company and focus on efforts to increase firm value (Hidayat et al, 2021).

The result of this study is in line with and supports the result of research conducted by Hidayat et al. (2021) and Putranto et al. (2022). They found that the independent board of commissioners has a positive effect on firm value. However, the result of this study is not in line and does not support the result of research conducted by Rahman (2021) and Yusef et al. (2021) stated that independent commissioners have no significant effect on firm value.

The Effect of Audit Committee on Firm Value

The research results in table 1 show that the probability significance level of 0.372 is greater than 0.05, which means that the audit committee has no significant effect on firm value. This finding suggests that the large number of audit committees may improve the quality of supervision, but can also cause delays in decision making related to the supervisory function so that it does not contribute to improving financial performance (Marini and Marlina, 2017). It is possible that the existence of an audit committee does not guarantee that the company's performance will be better, so the market considers the existence of an audit committee not to be a consideration factor in appreciating the company's value. Investors do not need to see the number of audit committees owned by a company because the company must have fulfilled these regulations (Hidayat et al, 2021). The role of the audit committee is less than optimal in carrying out the supervisory and control functions of company management. As a result, there can be non-transparent corporate management accountability and a decrease in investor confidence, causing the company's value to decrease (Khasanah and Sucipto, 2020).

The result of this study does not support research conducted by Yusef et al. (2021) and research by Tjahjono and Chaeriyah (2017). They found that the audit committee has a positive and significant effect on firm value. However, the result of this study supports and is in line with research made by Hidayat et al. (2021) and Putranto et al. (2022) revealed that the audit committee has no influence and is insignificant to firm value.

Profitability Moderates the Relationship Between Managerial Ownership and Firm Value

Based on the tests that have been carried out in table 4.11, the results of this study indicate that the interaction between managerial ownership with a probability significance level of 0.017 is smaller than 0.05, thus H5 is accepted, which means that profitability can moderate the relationship between managerial ownership and firm value. The result of this study is in line with signalling theory, the interests between managers and shareholders can be aligned with the existence of share ownership by management (Rahman, 2021). This finding shows that with management ownership of company shares, when profitability is high, it will affect the amount of ownership of company shares by management (Hakim et al., 2019). This is because the higher the profit, the value of the company will increase, so that managers who have share ownership will try to carry out their duties as well as possible to increase the value of the company (Sudarsono and Harahap, 2022). Management ownership can reduce conflicts of interest that arise between the principal and the agent, namely providing high supervision in order to maintain and balance the company's resources, in order to obtain high profits, with increasing profitability, the company's value will increase (Firdaus et al., 2022).

The result of this study is in line with and supports the result of Hakim et al. (2019) which says that profitability can moderate the relationship between managerial ownership and firm value. However, the result of this study is not in line and does not support the results of research conducted by Sudarsono and Harahap (2022), and research by Sirait et al. (2022) which state that profitability as a moderating variable cannot moderate the effect of managerial ownership on firm value.

Profitability Moderates the Relationship Between Institutional Ownership and Firm Value

Based on the tests that have been carried out in table 4.11, the results of this study indicate that the interaction between institutional ownership and profitability has a probability significance level of 0.016 smaller than 0.05, thus H6 is accepted, which means that profitability can moderate the relationship between institutional ownership and firm value. This finding shows that institutional ownership plays a role in monitoring management performance. Management performance can be seen from the amount of profit earned by the company in a certain period (Rahman, 2021). Management will try to generate high profits so that their position is not threatened considering the consequences that will be obtained by management if they take actions that can harm the company owner. Therefore, the higher the institutional ownership, the higher the profitability (Firdaus et al., 2022). When profitability is high, it will affect the amount of ownership of company shares by institutions (Hakim et al., 2019). This is because the higher the profit, the company value will increase, so that management will try to carry out their duties as well as possible to increase company value because institutional ownership provides high supervision of the company (Sudarsono and Harahap, 2022).

The result of this study is in line with and supports the results of Hakim et al. (2019) and Firdaus et al. (2022) which say that profitability can moderate the relationship between institutional ownership and firm value. However, the result of this study is not in line and does not support the results of research conducted by Muasiri and Sulistyowati (2021), and research by Sirait et al. (2022) which state that profitability as a moderating variable cannot moderate the effect of institutional ownership on firm value.

Profitability Moderates the Relationship Between the Independent Board of Commissioners and Firm Value

Based on the tests that have been carried out in table 4.11, the results of this study indicate that the interaction between the independent board of commissioners and profitability has a probability significance level of 0.000 smaller than 0.05, thus H7 is accepted, which means that profitability can moderate the relationship between the independent board of commissioners and firm value. This finding shows that the role of the independent board of commissioners can reduce conflicts of interest arising between the principal and the agent in order to maintain and balance company resources to obtain high profits (Firdaus et al., 2022). So that managers will try to carry out their duties as well as possible to increase company value (Sirait et al., 2022).

The result of this study is in line with and supports the results of Hakim et al. (2019) and Firdaus et al. (2022) which say that profitability can moderate the relationship between the independent board of commissioners and firm value. However, the result of this study is contrary with the results of research conducted by Muasiri and Sulistyowati (2021) and Sirait et al. (2022) which state that profitability as a moderating variable cannot moderate the effect of the independent board of commissioners on firm value.

Profitability Moderates the Relationship Between Audit Committee and Firm Value

Based on the tests that have been carried out in table 4.11, the results of this study indicate that the interaction between the audit committee and profitability has a probability significance level of 0.057 greater than 0.05, thus H8 is rejected, which means that profitability cannot moderate the relationship between the audit committee and firm value. The role of the audit committee is very important in helping to create a financial report structure with integrity (Yusef et al., 2021). The more the number of audit committees in a company, the higher the management supervision in the company (Hidayat et al., 2021). This very important role of the audit committee can affect the company's overall performance. With an increase in company performance, it is expected that the company's profitability will increase (Firdaus et al., 2022). These findings indicate that with the profitability of the company and the large number of audit committees may improve the quality of supervision of the company, but the large number of audit committees can also cause delays in decision making related to the supervisory function so that it does not contribute to improving financial performance (Muttaqin et al., 2019).

The result of this study is not in line and does not support the results of Hakim et al. (2019) and Muttaqin et al. (2019) which say that profitability can moderate the relationship between the audit committee and firm value. However, the result of this study supports the results of research conducted by Firdaus et al. (2022) which states that profitability as a moderating variable cannot moderate the effect of the audit committee on firm value.

CONCLUSION

Based on the results of panel data regression testing with random effect models, it is known that partially the managerial ownership variable, institutional ownership variable, and audit committee variable have no significant effect on firm value, while the independent board of commissioners variable is proven to have an influence on firm value. For moderation variables, the profitability variable is proven to moderate the relationship between managerial ownership and firm value, the relationship between institutional ownership and firm value, and the relationship between the independent board of commissioners and firm value. Profitability fails to moderate the relationship between the audit committee variable and the firm value variable.

SUGGESTION

For the development of further research, it is hoped that it can add and test several other variables that are still related and are thought to have an influence on firm value. It is also expected to conduct research using different objects other than manufacturing companies listed on the Indonesia Stock Exchange, such as banking companies, service companies, coal mining sub-sectors and other companies. For prospective investors, the results of this study can be used as a consideration for making investment decisions. For companies, the results of this study are used as a consideration to further improve their management performance.

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