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The Effect Of Good Corporate Governance On Firm Value With Financial Performance As An Intervening Variable

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ABSTRACT

This study aimed to find out either the direct or indirect effect of the board of directors, independent commissioners, and audit committees on firm value, withfinancial performance as the intervening variable. Furthermore, the population was State-Owned Enterprises that were listed on the Indonesia Stock Exchange (IDX) during 2018-2021. The data collection technique used purposive sampling, which used two criteria for the sample. In line with that, there were 20 companies as the samples which required to be observed. Moreover, the data analysis technique used Path analysis with SPSS. As the result, it concluded that (1) the Board of Directors did not affect the financial performance, (2) Independent Commissioners had a positive effect on financial performance, (3) Audit Committees did not affect the financial performance, (4) the Board of Directors hada positive effect on firm value, (5) Independent Commissioners did not affect firm value, (6) Audit Committees did not affect firm value, (7) Financial Performance had a positive effect on firm value, (8) Financial Performance could not mediate the Board of Directors on firm value, (9) Financial Performance could mediate Independent Commissioner s on firm value, and (10) Financial Performance could mediate audit committee on firm value.

Keywords: Firm Value, Financial Performance, Board of Directors, Independent Commissioners, Audit Committees

1. INTRODUCTION

Competition to improve corporate value and financial performance is increasing or intensifying as a result of the development of the globalization era. The next goal of competitors is to be able to pay attention so that they always look good and perform well, even in the midst of increasingly strict corporate rules, which are also expected of them. Therefore, the utilization of the company's financial statements is one way to assess financial performance. By implementing good corporate governance, a good competitive strategy can also be useful to anticipate bankruptcy. The management of corporate relationships and communication between management, shareholders, the board of commissioners, and stakeholders is known as corporate governance.

The company's internal control system, known as "Corporate Governance", has the main objective of managing significant risks in order to achieve the company's business objectives by securing company assets and increasing the long-term investment value of shareholders. According to Effendi (2016: 144), good corporate governance (GCG) can make a country clean (clean government), and the formed civil society also makes good corporate governance. The principles of transparency, accountability, responsibility, independence, and fairness are applied in corporate governance in accordance with the guidelines issued by Bank Indonesia.

In accordance with Bapepam regulation number SE-03/PM/2000 and the decision of the Board of Directors of the Jakarta Stock Exchange (BEJ), the audit committee must have at least three members, with an independent commissioner as chairman. There must also be two external members who must be independent and at least one of them must have skills in accounting and finance. Kep-315/BEJ/06/2000. There is an audit committee in GCG which is used as a positive value to prevent manipulation of the data presented (Effendi, 2016: 59). The position of the board of commissioners as an audit committee requires them to work independently and professionally. They do so by attempting to assist the functions of the board of commissioners and supervisory board in carrying out their duties as supervisors of financial statements, conducting audit processes, risk management, and practicing corporate governance (Effendi, 2016: 48).**2**

LITERATUR REVIEW

a. Signalling Theory

According to Brigham and Hauston (2012: 184) signal theory is an action taken by the company to provide clues for investors about how management views the company's prospects. This signal is in the form of information about what management has done to realize the wishes of the owner. This information is important for investors and business people because information essentially presents information, records or descriptions, both for past, current and future circumstances for the continuity of the company and the effects caused to the company. Information published as an announcement will provide a signal for investors in making investment decisions. If the announcement contains positive value, it is expected that the market will react positively when the announcement is received by the market (Suwarjono, 2013: 583)..

b. StakeholdersTheory

Mardikanto (2014:68) explains stakeholder theory as a strategic management method that aims to improve relationships between businesses and third parties and increase competitive advantage. The better a company's business is, the better its relationships with other companies will be. Conversely, if it deteriorates, the results can be very challenging. Because lack of trust and cooperation can be destroyed by bad relationships.

In stakeholder theory, it prioritizes the position of stakeholders in obtaining transparent and detailed information from the company. Stakeholders are considered by management in reporting information voluntarily in the company's annual report (Ulum, etal., 2008). Stakeholders can influence management in carrying out good resource management so as to create valueadded to improve financial performance and company value, in line with the aim of increasing shareholder prosperity (Widarjo, 2011). Companies must make wider disclosures of company risk profile information in meeting the information needs of stakeholders. Stakeholder theory explains how the authority of stakeholders, especially for shareholders, obtains information from the company's annual report so as to facilitate stakeholders in making investment decisions.

c. Definition of Good Corporate Governance

As stated by Hery (2010: 11) The bond between investors, company managers, creditors, governments, employees, and other internal and external stakeholders regarding a set of rules used to regulate rights, rights, and related obligations is known as good corporate governance. . Efendi, as reported in 2016: 3) The professional application of the principles of transparency, accountability, responsibility, independence, fairness and equality that have been designed to direct the management of the company is the concept of good corporate governance.

The conclusion of corporate governance, which includes rules relating to their rights and responsibilities as well as internal and external interests such as the relationship between shareholders, company management, and other parties, is based on the definitions given above by several experts. employees, government, and creditors, Since the principles of good corporate governance can fulfill the rights of interested parties and maintain harmonious relationships, efforts to implement good corporate governance in business can reduce the agency conflict itself. Similarly, if your company has good corporate governance, investors will be attracted and willing to invest because they believe the company has minimized risks in its decisions to increase the value of the company. society.

d. Principles of Good Corporate Governance

Moenek and Suwanda stated (2019: 72) The following are the principles of corporate governance which if applied to the company's overall operations are expected to result in optimal success:Visionary, Open and Transparency, Participation, Accountability, Rule of Law, Democracy, Profesionalism and Competency, Responsiveness, Efficiency and Effectiveness, Decentralization, Private sector and civil societypartnership, Commitment to reduce inequality, Commitment to environmental protection, Commitment to fait Market.

Companies that must adhere to the principles of good corporate governance have implemented principles that must be adhered to in every aspect of their business and at all levels of the company. These principles include openness in the provision of information, clarity of function and implementation, and the principle of financial performance responsibility to account for the situation. The company must also be managed independently so as not to dominate each other and not easily intervened by other parties, and the interests of investors must always be prioritized fairly and equally.

e. Benefits and Objectives of Good Corporate Governance

According to Brigham and Houston (2010), one of the company's objectives is to improve the welfare of investors, business owners, or increase the value of the business by maximizing investor wealth. In addition, Hery (2013: 4), the following benefits are realized when corporate governance is implemented: Good corporate governance can indirectly encourage the utilization of company resources in a more effective and efficient direction, and in turn help the growth or development of the national economy. besides that Good corporate governance can help a company and its national economy in terms of attracting investor models at a smaller cost through improvements in the confidence of domestic and international investors and creditors. Assist in managing the company in ensuring and being able to guarantee that the company has complied with applicable provisions, laws and regulations. Assist management and corporate boards in terms of monitoring the users of company assets. and most importantly can reduce the existence of forms of corrupt behavior

Based on the theories put forward above, it can be concluded that good corporate governance has benefits, including assurance that businesses will comply with government regulations and laws, reduction of corruption, and reduction of agency costs. Good corporate governance aims to improve the welfare of business owners, improve public perceptions of the value of the company, reduce the risks posed by the resources of the company.

f. Elements of Good Corporate Governance

According to Sutedi (2012: 41), a company must have things that can ensure the implementation of good corporate governance, elements of good corporate governance inside and outside the company, such as: Corporate governance-internal companies consist of managers, employees or labor unions, shareholders, boards of directors, boards of commissioners, performance-based compensation systems, and audit committees are all stakeholders. then there is Corporate governance-external companies. includes: the adequacy of laws and legal instruments, investors, institutions that provide information, public accountants, and institutions that support non-class public interests, lenders, and institutions that guarantee legality, and finally, investors.

g. GoodCorporateGovernance Mechanism

In order to improve corporate governance, a system that regulates how balance is maintained in the form of mechanisms must be followed and applied in the management of the company. As stated by Sutedi (2011:36), among the mechanisms of corporate governance are: Transparancy, Accountability, Fairness, Sustainbilty.

h. Council of Directors

The board of directors is a group of directors elected with the knowledge of the president. who plays an important role both as agents and as managers of the company and must run the business. It has a responsibility to the board of commissioners as directors to answer all questions and provide the necessary information (Effendi, 2016: 26-27).

i. Independent Commissioner

The company's management is overseen by independent commissioners, who are not members of the company's management, high-ranking officials, or related to the majority shareholder in any way. The board of commissioners in Indonesia itself is still not effective as a supervisor of directors because it is still passive. Moreover, the opposite is true: the role of the board of commissioners is more important in the company than the directors' influence on policy. Unlike the gopublic limited liability companies, this is a constraint phenomenon that can occur in ordinary limited liability companies. The board of directors will decide on any passive behavior that affects one of the policies and will harm minority investors and other investors (Sutedi, 2012: 134-135).

j. Audit Committee

As stated by Subramanyam (2017:78), the board of directors selects the company's audit committee, which consists of managers and outsiders and is responsible for financial reporting. The audit committee and its associated responsibility for the reporting process is trusted by those with more authority. Many people believe that a corporate governance feature known as an independent audit committee significantly improves the quality of financial statements. Arents (2010) says that an audit committee consists of three to five or even seven people who are not directly responsible for the company. In the event of a dispute, the formation of an audit committee serves as a mediator between the auditor and the company's management.

k. Definition of Firm Value

The condition of the company's trust sourced from the community in carrying out the activity process since the company was founded until now is the value of the company in question. The public's willingness to buy the company's shares is determined by first assessing the price and determining whether it is in accordance with their perceptions and beliefs. The owner's welfare will also be perceived to increase as a result of the company's achievements, which can also be expressed as an increase in business value according to their wishes. This is also very important because high company value correlates with high shareholder prosperity (Brigham and Gapenski, 2011).

l. Financial Performance

As stated by Subramanyam (2017: 91) For the purpose of assessing financial performance, financial performance is the recognition of revenue and the linkage of costs, which will result in a profit figure that is superior to cash flow. Employees who carry out their responsibilities show that the company has achieved quality and quantity. In any field, a responsible employee must continue to improve in order to improve his performance, and the operational efficiency of the company's operational performance is a very decisive component.

3. RESEARCH METHOD

This research is a quantitative study that emphasizes testing the theory through predetermined variables using research data measurement and data analysis with statistical procedures. Based on the research objectives, this research is a type of causality research. Causality research is a type of research that serves to analyze the effect of one variable with another variable in accordance with the objectives of this study, namely to determine the effect of implementing good corporate governance using the variables of the board of directors, independent commissioners, and audit committee on firm value through company performance.

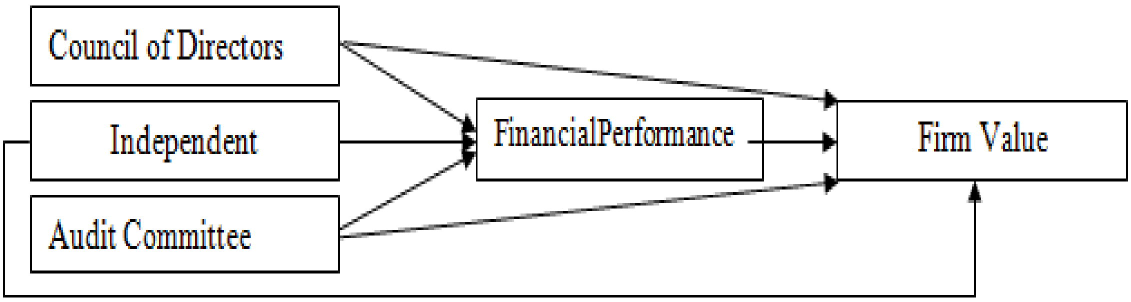

Figure 1. Research Model

Hypothesis Development

1. H1 : The board of directors has a positive effect on financial performance.
2. H2 : Independent commissioners have a positive effect on financial performance.
3. H3 : The audit committee has a positive effect on financial performance.
4. H4: The board of directors has a positive effect on firm value.
5. H5: Independent commissioners have a positive effect on firm value.
6. H6: The audit committee has a positive effect on firm value.
7. H7: Financial performance has a positive effect on firm value.
8. H8: The board of directors has a positive effect on firm value through financial performance.
9. H9: Independent Commissioners have a positive effect on firm value through financial performance.
10. H10: The audit committee has a positive effect on firm value through financial performance.

4. RESULTS AND ANALYSIS

a. Descriptive Statistics

Table 1
Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
PBV	20	.07	14.04	2.0314	2.93779
DD	20	3.00	12.00	7.0000	2.55467
KI	20	1.50	6.00	2.9000	1.34360
KA	20	2.00	8.00	4.1000	1.44732
ROA	20	-4.89	17.03	1.9205	4.42389
Valid N (*listwise*)	20				

Source: Results of data processing using SPSS

The following interpretations can be taken from the descriptive analysis of the research variables shown in table 1 above:

1. 1.There are 20 observations (N) examined, all of which are SOEs listed on the Indonesia Stock Exchange between 2018 and 2021.
2. 2.Price Book Value (PBV) can be as low as 0.07 or as high as 14.04. The standard deviation is 2.93779, giving an overall mean value of 2.0314.
3. The minimum score is 3 and the maximum score is 12 for the Board of Directors (DD). There is a standard deviation of 2.55467 and an average score of 7.
4. The Independent Commissioner (KI) score can be as low as 1.5 or as high as 6. The standard deviation is 1.34360, giving an overall average of 2.9.
5. There is a minimum score of 2 and a maximum score of 8 for the Audit Committee (KA). There is a standard deviation of 1.44732 and an overall score of 4.1.
6. Return on Assets (ROA) values ranged from -4.89 to 17.03 at its lowest point. The standard deviation is 4.42389, giving an overall average of 1.9205.means that the data in this study varies because the standard deviation value is greater than the mean.

b. Classic assumption test

1) Normality test

Table 2
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		20
Normal Parametersa,b	Mean	0.00E+00
	Std. Deviation	0
Most Extreme Differences	Absolute	0.17
	Positive	0.17
	Negative	-0.123
Kolmogorov-Smirnov Z		1
Asymp. Sig. (2-tailed)		0.612

a Test distribution is Normal.
b Calculated from data.

The normality test of this research using non-parametric statistics Kolmogorov-Smirnov shows that the data of 20 state-owned companies listed on the Indonesia Stock Exchange are normally distributed, with a significance level of 0.612. The normality test criterion limit for significance value, 0.05, is exceeded by this value.

2) Multicollinearity Test

Table 3
Multikolinearitas Test
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-.799	.273		-2.926	.010		
	DD	.167	.036	.425	4.591	.000	.593	1.687
	KI	.222	.131	.372	1.702	.109	.106	9.416
	KA	-.015	.088	-.026	-.165	.871	.202	4.950
	ROA	.308	.053	.691	5.801	.000	.359	2.787

a. Dependent Variable: PBV
Source: Results of data processing using SPSS

As seen in the table above, the VIF values of all independent variables are less than 10, and each independent variable has a tolerance value greater than 0.10. The independent variables of this study do not show multicollinearity, as can be concluded.multicollinearity in this study

3) Heteroscedasticity Test

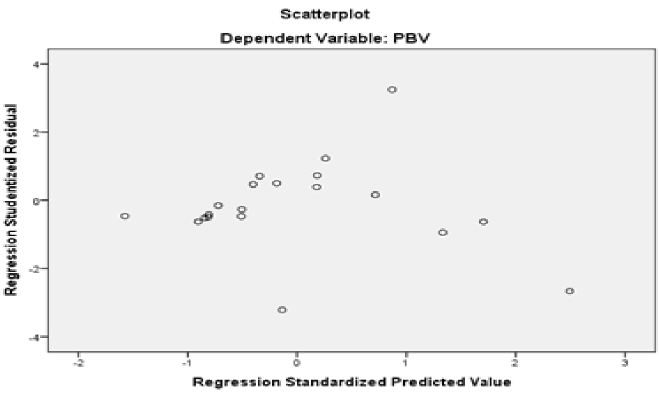

Figure 2
Scatterplot Graph

In Figure 2 above it can be seen that the residual variance from one observation to another has a certain pattern but some does not have a certain pattern. This unequal pattern is indicated by the unequal value between the variances of the residuals, the dots spread above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity in the regression equation in this study.

4) Autocorrelation Test

Table 4
Autocorrelation Test (Durbin Watson)
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.961[a]	.924	.903	.24937	1.992

a. Predictors: (Constant), ROA, DD, KA, KI

b. Dependent Variable: PBV

Source: Results of data processing using SPSS

Based on the autocorrelation test using the Durbin Watson value analysis, it can be seen that the Durbin Watson value of all variables is 1.992. Because this research uses a total of 20 samples (n = 20) and the number of independent variables (free) as many as 4 (k = 4), then in the Durbin Watson table we know that the dL value is 0.8943; the dU value is 1.8283, the value (4-dL) is 3.1057 and the value (4-dU) is 2.1717. So it can be concluded that in this regression model there is no autocorrelation, because the d value lies between the dU and 4-dU values or 01.8283 < 1.992 < 2.1717. To further ensure the presence or

Tabel 5
Autocorrelation Test **(Runs Test)**
Runs Test

	Unstandardized Residual
Test Value[a]	-.07943
Cases < Test Value	10
Cases >= Test Value	10
Total Cases	20
Number of Runs	7
Z	-1.608
Asymp. Sig. (2-tailed)	.108

a. Median

Source: Results of data processing using SPSS

c. Path Analysis Test Results

1) Liniear Regression Model 1

Table 6
Hipotesis Test (t test – Linear Regression Model 1)
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-1.626	1.220		-1.332	.201
	DD	.230	.162	.260	1.420	.175
	KI	1.654	.455	1.236	3.632	.002
	KA	-.547	.391	-.440	-1.399	.181

a Dependent Variable: ROA
Source: Results of data processing using SPSS

Table 7
Coefficient of Determination (R Square – Regression Linear Model 1)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801[a]	.641	.574	1.17406

a. Predictors: (Constant), KA, DD, KI

Source: Results of data processing using SPSS

Based on the output of the SPSS calculation produced for the linear regression model 1 seen in tables 6 and 7, the regression model used to calculate the coefficients of each path of explanation is as follows:
Regression model path coefficient 1

a. Referring to the output of regression model 1 in table 10 "coefficients", it can be seen that the significance value of the variable DD = 0.175; KI = 0.002; and KA = 0.181. These results provide the conclusion that regression model 1, namely the DD and KA variables, has no significant effect on the ROA variable, each of which gets a result of 0.175 and 0.181 where the significance value is greater than 0.05. Meanwhile, the KI variable has a significant influence on the ROA variable which gets a result of 0.002 where the significance value is smaller than 0.05.
b. The magnitude of the R square value contained in table 11 "model summary" is 0.641. This shows that the contribution of the influence of DD, KI, and KA variables on ROA is 64.1%. While the remaining 35.9% is the contribution of other variables not included in the study. Meanwhile, the value of e1 can be found with the formula e1 = $\sqrt{(1-0.641)}$ = 0.5991. With this, the path diagram of structure model 1 is obtained as follows:

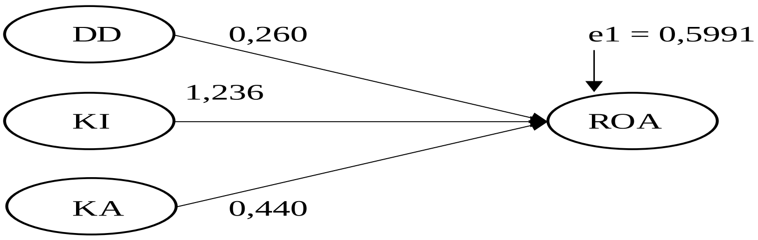

Figure 3.
Path diagram of structural model 1

2) Linear Regression Model 2 (Dependent Company Value)

Table 8
Hypotesis Test (t Test – Model Regresi Linear 2)
Coefficientsa

	Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta
1	(Constant)	-.799	.273	
	DD	.167	.036	.425
	KI	.222	.131	.372
	KA	-.015	.088	-.026
	ROA	.308	.053	.691

a. Dependent Variable: PBV

Source: Results of data processing using SPSS

Table 9
Determination Coefficient Test (R Square – Model Regresi Linear 2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961[a]	.924	.903	.24937

a. Predictors: (Constant), ROA, DD, KA, KI

Source: Results of data processing using SPSS

Based on the output of the SPSS calculation generated for linear regression model 2 as seen from tables 8 and 9, the regression model used for the calculation of the coefficient of each explanation path is as follows:
Regression model path coefficient 2

a. Referring to the output of regression model 2 in table 12 "coefficients", it can be seen that the significance value of the variable DD = 0.000; KI = 0.109; KA = 0.871 and ROA = 0.000. These results provide the conclusion that regression model 2, namely the KI and KA variables, has no significant effect on the PBV variable, each of which gets a result of 0.109 and 0.871 where the significance value is greater than 0.05. Meanwhile, for the DD and ROA variables, there is a significant influence on the PBV variable which gets the results of 0.000 and 0.000 where the significance value is smaller than 0.05.

b. The magnitude of the R square value contained in table 13 "model summary" is 0.924. This shows that the contribution of the influence of DD, KI, KA, and ROA variables on PBV is 92.4%. While the remaining 7.6% is the contribution of other variables not included in the study. Meanwhile, the value of e1 can be found using the formula e1 = √(1-0.924) = 0.2756. Thus, the structure model 2 path diagram is obtained as follows:

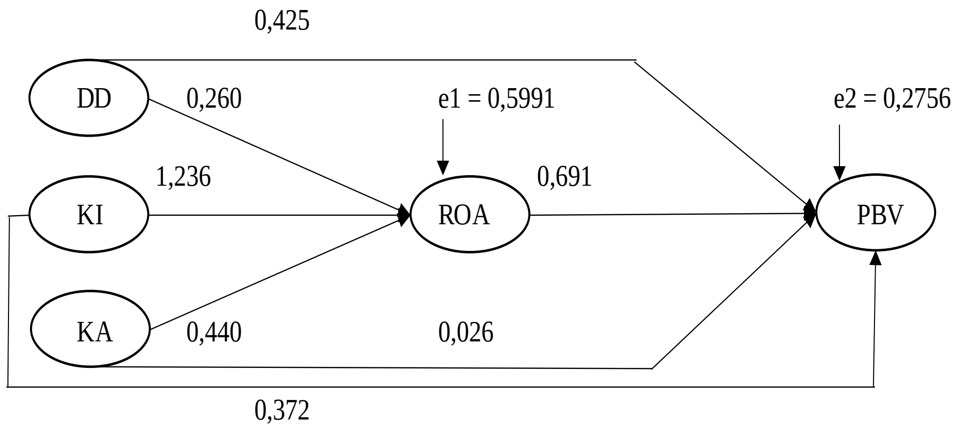

Figure 4.
Path diagram of structural model 2

DISCUSSION

a. The Effect of the Board of Directors on Financial Performance

The test results show that the board of directors (DD) has a parameter value or regression coefficient of 0.260, with a significance level of 0.175 if this value exceeds the 0.05 criterion limit. This shows that financial performance is not influenced by the board of directors, so the large number of boards of directors in a company apparently cannot affect the financial performance of a company itself.

The hypothesis is rejected because the test results show a regression coefficient of 0.260 with a significance level of 0.175 even though this value is greater than the criterion limit of 0.05, even though the hypothesis states that the board of directors has a positive effect on financial performance. It is possible to come to the conclusion that the board of directors has no significant effect on financial performance by rejecting the hypothesis and testing the ratios that support it.

b. The Effect of Independent Commissioners on Financial Performance

The test results show that the Independent Commissioner (KI) has a parameter value or regression coefficient of 1.236 with a significance level of 0.002 which indicates that this value is less than the criterion limit of 0.05. This shows that financial performance is significantly influenced by independent commissioners, so that here the existence of many independent commissioners in a company can actually affect the financial performance of a company itself. The more independent commissioners there are in a company, the better the financial performance will be.

The hypothesis is accepted because the test results show a regression coefficient of 1.236 with a significance level of 0.002 even though this value is less than the 0.05 criterion limit, indicating that independent commissioners have a positive effect on financial performance. The conclusion that independent commissioners have a significant influence on financial performance can be drawn by accepting the hypothesis and testing the ratios that support it.

c. The Effect of Audit Committee on Financial Performance

The audit committee (KA) has a parameter value or regression coefficient of 0.440, with a significance level of 0.181 if this value is greater than the criterion limit of 0.05, which is indicated by the tests that have been carried out. This shows that financial performance is not influenced by the audit committee, so the large number of audit committees in a company apparently cannot affect the financial performance of a company itself.

The hypothesis is rejected because the test results show a regression coefficient of 0.440 with a significance level of 0.181 even though this value is greater than the criterion limit of 0.05, while the hypothesis states that the audit committee has a positive effect on financial performance. The conclusion that the audit committee has no significant effect on financial performance can be drawn by rejecting the hypothesis and testing the ratios that support it.

d. The Effect of the Board of Directors on Company Value

The test results show that the board of directors (DD) has a parameter value or regression coefficient of 0.425, with a significance level of 0.000 when the value is less than the 0.05 criterion limit. This shows that the board of directors has a significant effect on firm value, so that here the existence of a large number of boards of directors in a company can actually affect the company value of a company itself. The more the number of boards of directors, the more and better the company value can be.

The hypothesis is accepted because the test results show a regression coefficient of 0.425 with a significance level of 0.000 when the value is less than the criterion limit of 0.05, indicating that the board of directors has a positive effect on firm value. It is possible to come to the conclusion that the board of directors has a significant effect on firm value by accepting the hypothesis and testing the ratios that support it.

e. The Effect of Independent Commissioners on Company Value

The test results show that the Independent Commissioner (KI) has a parameter value or regression coefficient of 0.372, with a significance level of 0.109 if this value exceeds the 0.05 criterion limit. This shows that company value is not influenced by independent commissioners, so the large number of independent commissioners in a company apparently cannot affect the company value of a company itself.

The hypothesis is rejected because the test results show a regression coefficient of 0.372 with a significance level of 0.109 even though this value is greater than the criterion limit of 0.05, even though the hypothesis states that independent commissioners have a positive effect on firm value. It can be concluded that independent commissioners have no significant effect on firm value by rejecting the hypothesis and testing the ratios that support it.

f. The Effect of Audit Committee on Company Value

The test results show that the audit committee (KA) has a parameter value or regression coefficient of 0.026 with a significance level of 0.871 if this value exceeds the 0.05 criteria limit. This shows that the audit committee has no significant effect on firm value, so the large number of audit committees in a company apparently cannot affect the company value of a company itself.

The hypothesis is rejected because the test results show a regression coefficient of 0.026 with a significance level of 0.871 where the value is greater than the criterion limit of 0.05 which indicates that the audit committee has a positive effect on firm value. After testing the ratios that support the hypothesis and reject the hypothesis, it can be concluded that the audit committee has no significant effect on firm value.

g. The Effect of Financial Performance on Company Value

Financial performance (ROA) has a parameter value or regression coefficient of 0.691, according to testing, with a significance level of 0.000 when the value is less than the 0.05 criterion limit. This shows that the company's value is significantly influenced by its financial performance, so this shows that good financial performance will have an impact on a better company value as well.

The hypothesis is accepted because the test results show a regression coefficient of 0.691 with a significance level of 0.000 when the value is less than the criterion limit of 0.05, indicating that financial performance has a positive effect on firm value. The conclusion that financial performance has a significant effect on firm value can be obtained by accepting the hypothesis and testing the supporting ratios.

h. The Effect of the Board of Directors on Company Value Through Financial Performance

Based on the path analysis test that has been carried out, it can be seen in the path analysis results above that the coefficient value of the direct influence of the board of directors (DD) on firm value (PBV) is 0.425. While the indirect effect coefficient of the board of directors (DD) on firm value (PBV) through financial performance (ROA) is 0.260 X 0.691 = 0.179 where the coefficient value is smaller than the direct effect coefficient.

Because the hypothesis states that the board of directors has a positive effect on firm value through financial performance, and the coefficient of the direct influence of the board of directors (DD) on firm value (PBV) is 0.425. Meanwhile, the coefficient of the indirect effect of the board of directors (DD) on firm value (PBV) through financial performance (ROA) is 0.179, so the hypothesis is rejected. With the rejection of the hypothesis and the testing of supporting ratios, it can be concluded that financial performance cannot mediate the board of directors on firm value. In this case it turns out that with the financial performance of a company, the value of the company can be influenced by the number of boards of directors of a company.

i. The Effect of Independent Commissioners on Company Value Through Financial Performance

Based on the path analysis test that has been carried out, it can be seen in the path analysis results above that the coefficient value of the direct influence of the Independent Commissioner (KI) on the company value (PBV) is 0.372. While the indirect effect coefficient of independent commissioners (KI) on firm value (PBV) through financial performance (ROA) is 1.236 X 0.691 = 0.854 where the coefficient value is greater than the direct effect coefficient. This indicates that financial performance cannot mediate between independent commissioners and firm value, because only directly commissioners can directly affect firm value even without an intermediary, in this case financial performance.

Because the hypothesis states that independent commissioners have a positive effect on firm value through financial performance, and the coefficient of the direct effect of independent commissioners (KI) on firm value (PBV) is 0.372. Meanwhile, the coefficient of the indirect effect of independent commissioners (KI) on firm value (PBV) through financial performance (ROA) is 0.854, so the hypothesis is accepted. With the acceptance of the hypothesis and the testing of supporting ratios, it can be concluded that financial performance can mediate independent commissioners on firm value.

j. The Effect of Audit Committee on Firm Value Through Financial Performance

Based on the path analysis test that has been carried out, it can be seen in the path analysis results above that the coefficient value of the direct effect of the audit committee (KA) on firm value (PBV) is 0.026. While the indirect effect coefficient of the audit committee (KA) on firm value (PBV) through financial performance (ROA) is 0.440 X 0.691 = 0.304 where the coefficient value is greater than the direct effect coefficient. This indicates that financial performance cannot mediate between the audit committee and firm value, because only directly the commissioner can directly affect firm value even without an intermediary, in this case financial performance.

Because the hypothesis states that the audit committee has a positive effect on firm value through financial performance, and the coefficient of the direct effect of the audit committee (KA) on firm value (PBV) is 0.026. While the indirect coefficient of the audit committee (KA) on firm value (PBV) through financial performance (ROA) is 0.304, the hypothesis is accepted. With the acceptance of the hypothesis and the testing of supporting ratios, it can be concluded that financial performance can mediate the audit committee on firm value.

5. CONCLUSION

Based on the data analysis and discussion that has been carried out in the previous chapter, the results of this study can be concluded as follows:

a. The board of directors has no effect on financial performance, this can be caused by the possibility that the role and existence of the board of directors is not strong enough to influence the financial performance of a company.

b. Independent commissioners have a positive effect on financial performance, this shows that the role and existence of independent commissioners in a company really affects the financial performance of a company.
c. The audit committee has no effect on financial performance, this can be caused by the possibility that the role and existence of the audit committee is not strong enough to influence the financial performance of a company.
d. The board of directors has a positive effect on the value of the company, this shows that the role and existence of the board of directors in a company really affects the value of the company.
e. Independent commissioners have no effect on firm value, this can be due to the possibility that the role and existence of independent commissioners is not strong enough to influence firm value.
f. The audit committee has no effect on firm value, this can be due to the possibility that the role and existence of the audit committee is not strong enough to influence firm value.
g. Financial performance has a positive effect on firm value, this shows that financial performance in a company greatly affects firm value.
h. Financial performance cannot mediate the board of directors on firm value, this can be caused because the board of directors can directly affect firm value.
i. Financial performance can mediate independent commissioners on firm value, this shows that the role and existence of financial performance can help independent commissioners to influence firm value.
j. Financial performance can mediate the audit committee on firm value, this shows that the role and existence of financial performance can help the audit committee to influence firm value.

Suggestion

a. Given that there are still other variables that have a significant effect on company value, it is recommended to use or add additional variables used for good corporate governance indicators such as managerial ownership and intervening variables such as leverage for further research.
b. The research period for this research is one year. Because it contains the most data variations in the study, the addition of a research period of more than four years for further research will increase the accuracy of the test.
c. Only state-owned companies listed on the Indonesia Stock Exchange were included in the research sample. For future research, it is strongly recommended that manufacturing or service companies be added to the sample so that the results are more representative.

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