
The Effect of Good Corporate Governance on Firm Value with Financial Performance As an Intervening Variable

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ABSTRACT

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The purpose of this study was to analyze the effect of Good Corporate Governance on company value with financial performance as an intervening variable in property and real estate companies listed on the Indonesia Stock Exchange for the 2016-2020 period. Sampling in this study used purposive sampling, so that a total of 50 data samples were obtained (10 companies x 5 years). The type of data used is secondary data taken using documentation. The data analysis technique used is multiple linear regression analysis and path analysis. The results of the research show that managerial ownership has no effect on financial performance. Meanwhile, institutional ownership influences financial performance. Managerial ownership and institutional ownership have no effect on firm value. Meanwhile, financial performance influences firm value. And based on path analysis using the Sobel test, financial performance cannot mediate the effect of managerial ownership on firm value. However, financial performance is able to mediate the effect of institutional ownership on firm value.

Keywords: Good Corporate Governance, Financial Performance, Firm Value, Sobel Test

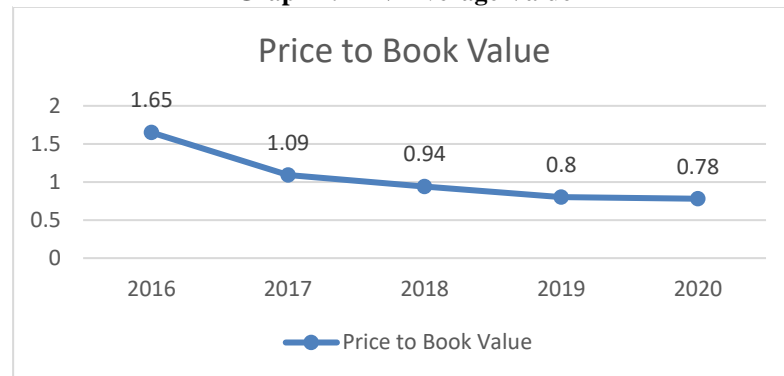
1. INTRODUCTION

The property and real estate sector is considered to have an important role in contributing to national economic growth, and is also believed to be able to become a benchmark for economic growth one day. One of the reasons why this sector has become an economic benchmark is due to the high multiplier effect of companies, so it is believed to have an important role in recovering the national economy (Ministry of Finance of the Republic of Indonesia, 2022). However, even though it is seen as a sector that has an important role in the national economy, the performance of property and real estate companies is not very good. Based on data from the Indonesia Composite Index, the property and real estate sector experienced the worst performance, falling 34.21%, followed by the agricultural sector, which fell 31.26% (Prima, 2020).

One of the impacts of worst firm performance is the decline in the firm value. This is because the firm performance, especially as seen from the company's profits, is one of the factors that is considered by company owners, shareholders and also potential investors. Higher company profits indicate that the firm value is also getting better (Ginting, 2021:68). So, it can be concluded that in a company, the value of the company is one of the most important parts that needs to be maintained. This is in accordance with the opinion put forward by Utomo (2019: 1) which states that maximizing the value of the company will show that the company has a good reputation and future so that it can attract investors to invest in the company.

Price to book value (PBV) is an indicator that influences firm value. The importance of price to book value (PBV) is because this ratio is used to determine the value of shares and also as a consideration for investors to choose stocks to buy in the future. Ardiana & Ulfah (2022) stated that a company that has a high Price to Book Value (PBV), the higher the company is valued by investors and thus, investors will react positively to the PBV information which results in an increase in stock prices. Below is firm value data proxied using price to book value (PBV) for property and real estate companies listed on the Indonesia Stock Exchange for the 2016–2020 period:

Graph 1. PBV Average Value



Source: www.idx.co.id (processed, 2022)

Based on the graph above, it can be seen the development of the firm value (price to book value) of property and real estate companies listed on the Indonesia Stock Exchange during the 2016-2020 period. The PBV has decreased every year. A company is said to have a good PBV if it is in accordance with the PBV standard value, which is greater than 1 ($PBV > 1$) (Kusumawardhani, 2016). Furthermore, Setianto (2016) argues that the low value of PBV is caused by declining stock prices, which also indicates a decline in the quality and performance of the company's fundamentals. If the quality and fundamental performance of a company decreases continuously, it will definitely give a bad signal to investors. Therefore, it is necessary to conduct research or studies on the occurrence of these problems in order to obtain efforts to improve the achievement of corporate value.

Based on previous research, there are several variables that affect company value, such as good corporate governance (GCG), and corporate social responsibility (Kartika, 2021), and research conducted by Umar, Anggraeni, & Haryani (2020) used capital structure and profitability to see the effect on value company.

In agency theory, it is explained that within the company conflicts arise between managers and shareholders which are called agency problems. This conflict arises because of differences in interests between managers as people who manage the company and shareholders as owners, which is called agency conflict. Therefore, companies are expected to have good corporate governance. Good corporate governance describes how management attempts to properly manage its assets and capital in order to attract investors. If the company's assets and capital are managed properly, the company's financial performance will also increase which will ultimately encourage an increase in the value of the company. This is consistent with the objectives of good corporate governance put forward by Mutmainah (2015) which states that good corporate governance has the goal of creating added value for all interested parties (stakeholders).

Research conducted by Alfarisi, Dillak, & Asalam (2019) uses managerial share ownership, institutional share ownership, audit committees, and commissioners' committees as proxies for measuring good corporate governance which concludes that partially managerial share ownership and institutional share ownership have a significant positive effect on firm value, while partially the audit committee and independent commissioner variables have no effect on firm value. Nugroho & Budiman (2022) found different research results which also examined the effect of good corporate governance on company value in property and real estate companies. By using proxies for independent commissioners, managerial ownership, institutional ownership and company size to measure good corporate governance, they concluded that independent commissioners have an effect on firm value while institutional ownership, managerial ownership and company size have no effect.

The goal to be achieved in this study is to examine the effect of good corporate governance as measured by managerial ownership and institutional ownership on firm value with financial performance as an intervening variable in property and real estate companies listed on the Indonesia Stock Exchange in 2016-2020.

2. LITERATUR REVIEW

In capital market finance theory, the concept of firm value is associated with the company's share price in the market. The high price of the company's shares will encourage the high value of the company (Laksitaputri, 2012). This study uses price to book value (PBV) to measure company value. Price to Book Value (PBV) is a concept that shows the level of a company's ability to create value relative to the amount of capital invested.

Agency theory explains the agency relationship between the principal (investor) and the agent (manager). Both principals and agents must jointly create a relationship that is conducive to increasing

corporate value. One of the company's efforts to create this conducive pattern is through good corporate governance. This conducive relationship between stakeholders is a prerequisite in realizing good company performance, which in turn supports increasing firm value (Binus University School of Accounting, 2020). The same thing was stated by Irmalasari, Gurendrawati, & Muliarsi (2022) who stated that the implementation of GCG in an independent company would be considered a best practice which is very fundamental for increasing company value.

Several studies on the effect of good corporate governance on firm value have been carried out, but have provided different findings. As research conducted by Tambalean, Manossoh, & Runtu (2018) concluded that managerial ownership and institutional ownership do not affect company value in the goods and consumption sectors listed on the Indonesia Stock Exchange. The lack of influence of managerial ownership on firm value is caused by the relatively low number of shareholdings by management, so that management does not get the expected benefits as one of the owners of the company, and makes management not improve its performance as expected so it does not affect firm value. Meanwhile, institutional ownership has no effect because the oversight function performed by institutional ownership has no significant effect on manager performance monitoring. The lack of involvement of institutional shareholders in managers' decision making also results in institutional ownership not having a significant impact on firm value.

Nuryono, Wijayanti, & Samrotun (2019) examined the effect of GCG on company value in mining companies on the IDX in 2015-2017. By using managerial ownership, institutional ownership, independent commissioners, audit committees and audit quality as a measure of good corporate governance and using price to book value as a measure of firm value. The results of the study conclude that institutional ownership has a significant positive effect on firm value, while the other independent variables have no effect on firm value. High institutional ownership has an impact on the stronger level of control exercised by institutions over manager behavior aimed at reducing agency costs so that managers can work in the interests of the company to increase firm value. Meanwhile, research conducted by Sari & Wulandari (2021) concluded that managerial ownership has a positive effect on firm value as measured by Tobin's Q and institutional ownership and dividend policy have no effect on firm value. The effect of managerial ownership is caused by the role of managers who become shareholders in the company, making managers work more optimally so that they can avoid all decisions that cause losses that can have a direct impact on managers and on the returns that will be obtained as shareholders. Managers will work in harmony with the interests of shareholders so that shareholders have a good perception that increases the value of the company.

Research conducted by Lestari, Wardianto, & Harori (2021) concluded that good corporate governance as measured by self-assessment has no effect on firm value in 8 banking sub-sector companies in Indonesia. This is because the company has carried out corporate governance before the self-assessment was carried out, so that the self-assessment in the banking sub-sector company still has no direct and significant effect on the company.

3. RESEARCH METHOD

a. Data collection

In this study, researchers used associative research, which aims to analyze the relationship between variables or the influence of independent variables on the dependent variable. Property and real estate companies in the 2016-2020 period were taken as samples using the purposive sample method with the following criteria:

1. Property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period.
2. Property and real estate company with complete annual financial reports for 2016-2020.
3. Property and real estate companies that explain all variables related to this research.

Based on the sample selection above, only 10 property and real estate companies met the sampling criteria. So that the total number of samples in this study is 50 data samples (10 companies x 5 years).

b. Research variable

Table 1. Operational Definition and Variable Measurement

Variabel	Definisi Operasional	Formula
Managerial Ownership	Share ownership by company management.	$MO = \frac{\text{Managerial Share Ownership}}{\text{Number of shares outstanding}} \times 100\%$
Institutional Ownership	Ownership of shares of a company by an institution	$IO = \frac{\text{Institutional Share Ownership}}{\text{Number of shares outstanding}} \times 100\%$

Financial Performance	A description of the achievement of activities that have been achieved or carried out by a company	$ROA = \frac{Net\ Income}{Total\ Assets}$
Firm Value	A measure of management's success in past operations and future prospects	$PBV = \frac{Market\ Price\ Per\ Share}{Book\ Value\ Per\ Share}$

c. Research Model and Hypothesis

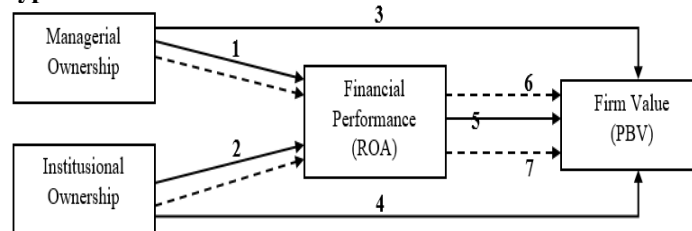


Figure 1. Research Model

Based on the research model, the hypothesis in this study are:

- H1: Managerial ownership has a direct effect on financial performance
- H2: Institutional ownership has a direct effect on financial performance
- H3: Managerial ownership has a direct effect on firm value
- H4: Institutional ownership has a direct effect on firm value
- H5: Financial performance has a direct effect on firm value
- H6: Managerial ownership influences firm value through financial performance
- H7: Institutional ownership influences firm value through financial performance

d. Data Analysis

The analytical method used in this study uses quantitative analysis. The data analysis technique in this study uses SPSS 16 to test the hypothesis of the direct effect between variables. As for testing the indirect effect using the sobel test calculator from the website <https://www.danielsoper.com>.

4. RESULTS AND ANALYSIS

a. Descriptive analysis

Descriptive statistical tests can provide an overview of the data seen from the minimum, maximum, average, and standard deviation values resulting from the research variables.

Tabel 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Managerial Ownership	50	.02	7.86	1.3232	2.35452
Institutional Ownership	50	51.05	99.46	82.0112	12.24009
Financial Performance	50	-2.31	12.40	3.4180	3.48203
Firm Value	50	.15	2.58	.9614	.62570
Valid N (listwise)	50				

Source: Secondary Data (Processed, 2022)

Based on the results of statistical tests on tables with a total N of 50, the table above also shows that in this study the managerial ownership variable has a minimum value of 0.02 and a maximum value of 7.866 with an average value of 1.3232 and a standard deviation of 2.35452. The institutional ownership variable has a minimum value of 51.05 and a maximum value of 99.46 with an average value of 82.0112 and a standard deviation of 12.24009. The financial performance variable has a minimum value of -2.31 and a maximum value of 12.40 with an average value of 3.4180 and a standard deviation of 3.48203. The last variable, namely the company value variable, has a minimum value of 0.15 and a maximum value of 2.58 with an average value of 0.9614 and a standard deviation of 0.62570.

b. Classic assumption test

1) Normality test

The output results from the normality test with Kolmogorov Smirnov are as follows:

- a) Normality for Equation I: Managerial Ownership (X1), and Institutional Ownership (X2) on Financial Performance (Z)

Tabel 3. Normality Test Equation I

		Unstandardized Residual
N		50
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	3.10447845
Most Extreme Differences	Absolute	.095
	Positive	.095
	Negative	-.076
Kolmogorov-Smirnov Z		.673
Asymp. Sig. (2-tailed)		.756

a. Test distribution is Normal.

From the table above, the Asymp value is obtained. Sig. (2-tailed) = 0.756. Because the sig value is $0.564 > 0.05$, the data in equation I is normally distributed.

b) Normality Test for Equation II: Managerial Ownership (X1), Institutional Ownership. and Financial Performance (Z) to Firm Value (Y)

Tabel 4. Normality Test Equation II

		Unstandardized Residual
N		50
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.55186645
Most Extreme Differences	Absolute	.164
	Positive	.164
	Negative	-.094
Kolmogorov-Smirnov Z		1.161
Asymp. Sig. (2-tailed)		.135

a. Test distribution is Normal.

From the table above, the Asymp value is obtained. Sig. (2-tailed) = 0.135. Because the sig value is $0.135 > 0.05$, the data in equation II is normally distributed.

2) Multicollinearity test

To detect whether there is multicollinearity in the regression model is to look at the tolerance value and the Variance Inflation Factor (VIF). If the tolerance value is $> 10\%$ and the VIF value is < 10 , it can be concluded that there is no multicollinearity between the independent variables in the regression model and vice versa, if the tolerance value is < 0.10 and $VIF > 10$ then multicollinearity occurs.

a) Multicollinearity for Equation I: Managerial Ownership (X1), and Institutional Ownership (X2) on Financial Performance (Z)

Tabel 5. Multicollinearity Test Equation I

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Managerial Ownership	.855	1.169
Institutional Ownership	.855	1.169

a. Dependent Variable: Financial Performance

From the table above it can be seen that each independent variable (managerial ownership, institutional ownership) each has a tolerance value > 0.10 and a VIF value < 10 . So it can be concluded that there is no multicollinearity between the independent variables in this regression model.

b) Multicollinearity Test for Equation II: Managerial Ownership (X1), Institutional Ownership. and Financial Performance (Z) to Firm Value (Y)

Tabel 6. Multicollinearity Test Equation II

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Managerial Ownership	.854	1.171
Institutional Ownership	.709	1.411
Financial Performance	.795	1.258

a. Dependent Variable: Firm Value

From the table above it can be seen that each independent and intervening variable (managerial ownership, institutional ownership, financial performance) each has a tolerance value > 0.10 and a VIF value < 10 . So it can be concluded that there is no multicollinearity between the independent variables in this regression model.

3) Heteroscedasticity test

One way to test heteroscedasticity is to do the Glejser test. If the significance value is > 0.05 , it can be concluded that heteroscedasticity does not occur and vice versa, if the significance value is < 0.05 , heteroscedasticity occurs.

a) Heteroscedasticity for Equation I: Managerial Ownership (X1), and Institutional Ownership (X2) on Financial Performance (Z)

Tabel 7. Heteroscedasticity Equation I

Model	t	Sig.
1 (Constant)	-.571	.571
Managerial Ownership	.837	.407
Institutional Ownership	1.974	.054

a. Dependent Variable: ABS_RES_1

From the table above it can be seen that each independent variable (managerial ownership, institutional ownership) each has a significant value > 0.05 . So it can be concluded that there is no heteroscedasticity in this regression model.

b) Heteroscedasticity Test for Equation II: Managerial Ownership (X1), Institutional Ownership. and Financial Performance (Z) to Firm Value (Y)

Tabel 8. Heteroscedasticity Equation II

Model	T	Sig.
1 (Constant)	-.193	.848
Managerial Ownership	-1.252	.217
Institutional Ownership	1.887	.066
Financial Performance	-.448	.656

a. Dependent Variable: ABS_RES_2

From the table above it can be seen that each independent and intervening variable (managerial ownership, institutional ownership, financial performance) each has a significant value > 0.05 . So it can be concluded that there is no heteroscedasticity in this regression model.

4) Autocorrelation test

The results of the Durbin Watson test in this study are presented in the following table:

a) Autocorrelation for Equation I: Managerial Ownership (X1), and Institutional Ownership (X2) on Financial Performance (Z)

Tabel 9. Autocorelation Equation I

Model	Durbin-Watson
1	1.044

a. Predictors: (Constant), Institutional Ownership, Managerial Ownership

Tabel 9. Autocorelation Equation I

Model	Durbin-Watson
1	1.044

a. Predictors: (Constant), Institutional Ownership, Managerial Ownership

b. Dependent Variable: Financial Performance

b) Autocorrelation for Equation II: Managerial Ownership (X1), Institutional Ownership. and Financial Performance (Z) to Firm Value (Y)

Tabel 10. Autocorelation Equation II

Model	Durbin-Watson
1	.521

a. Predictors: (Constant), Financial Performance, Managerial Ownership, Institutional Ownership

b. Dependent Variable: Firm Value

c. Multiple Regression Analysis

1) Determination coefficient test (R^2)

The R^2 test is conducted to find out how much the independent variables affect the dependent variable simultaneously. To do the R^2 test can be seen in the following table:

a) R^2 test for Equation I: Managerial Ownership (X1), and Institutional Ownership (X2) on Financial Performance (Z)

Tabel 11. Determination coefficient Equation I

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.453 ^a	.205	.171	3.16984

a. Predictors: (Constant), Institutional Ownership, Managerial Ownership

b. Dependent Variable: Financial Performance

In the table above, the value of $R^2 = 0.205 = 20.5\%$ means that the independent variables (managerial ownership, institutional ownership) jointly affect the intervening variable (financial performance) by 20.5% and the remaining 79.5% (100% - 20.5%) is influenced by other variables that are not included in this study.

b) R^2 Test for Equation II: Managerial Ownership (X1), Institutional Ownership. and Financial Performance (Z) to Firm Value (Y)

Tabel 12. Determination coefficient Equation II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.471 ^a	.222	.171	.56958

a. Predictors: (Constant), Financial Performance, Managerial Ownership, Institutional Ownership

b. Dependent Variable: Firm Value

In the table above, the value of $R^2 = 0.222 = 22.2\%$ means that the independent and intervening variables (managerial ownership, institutional ownership, and financial performance) jointly affect the dependent variable (firm value) by 22.2% and the remaining 77.8% (100% - 22.2%) is influenced by other variables not included in this study.

2) Hypothesis test

Hypothesis testing was conducted to find out whether individually the independent variables significantly affect the intervening variable or not, and whether individually the independent and intervening variables significantly affect the dependent variable or not. The output results from SPSS are as follows:

a) Hypothesis test for Equation I: Managerial Ownership (X1), and Institutional Ownership (X2) on Financial Performance (Z)

Tabel 13. Hypothesis Test Equation I

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-6.749	3.424		-1.971	.055

Managerial Ownership	-.051	.208	-.034	-.245	.808
Institutional Ownership	.125	.040	.439	3.120	.003

a. Dependent Variable: Financial Performance

Hypothesis test is done by comparing t_{count} with t_{table} , with a significance level criterion of 0.05 then:

- If $t_{\text{count}} > t_{\text{table}}$ then the hypothesis is accepted
- If, $t_{\text{count}} < t_{\text{table}}$ then the hypothesis is rejected

This test was carried out using the SPSS 16 For Windows program.

First Hypothesis Test (H1)

Statistical test (H1) was conducted to determine whether or not there was an influence of managerial ownership variables on financial performance by means of a t test. The results of the first hypothesis (H1) are obtained which states that managerial ownership has a t_{count} -0.245 < t_{table} 1.677 with a sig value of 0.808 > 0.05. From these results it can be concluded that managerial ownership has no effect on financial performance, so H1 is rejected.

Second Hypothesis Test (H2)

Statistical test (H2) was conducted to determine whether or not there was an influence of institutional ownership variables on financial performance by means of a t test. The results of the second hypothesis (H2) are obtained which states that institutional ownership has a t_{count} of 3.120 < t_{table} of 1.677 with a sig value of 0.003 < 0.05. From these results it can be concluded that managerial ownership has a positive and significant effect on financial performance, so that H2 is accepted.

b) Hypothesis Test for Equation II: Managerial Ownership (X1), Institutional Ownership, and Financial Performance (Z) to Firm Value (Y)

Tabel 14. Hypothesis Test Equation II

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.242	.640		.377	.708
Managerial Ownership	.038	.037	.144	1.022	.312
Institutional Ownership	.005	.008	.096	.620	.539
Financial Performance	.078	.026	.436	2.990	.004

a. Dependent Variable: Firm Value

Third Hypothesis Test (H3)

Statistical test (H3) was conducted to determine whether or not there is an influence of managerial ownership variables on firm value by means of a t test. The third hypothesis (H3) is obtained which states that managerial ownership has a t_{count} of 1.022 < t_{table} of 1.677 with a sig value of 0.312 > 0.05. From these results it can be concluded that managerial ownership has no effect on firm value, so H3 is rejected.

Fourth Hypothesis Test (H4)

Statistical test (H4) was conducted to determine whether or not there was an influence of institutional ownership variables on firm value by means of a t test. The fourth hypothesis (H4) is obtained which states that institutional ownership has a t_{count} of 0.620 < t_{table} of 1.677 with a sig value of 0.539 > 0.05. From these results it can be concluded that institutional ownership has no effect on firm value, so H4 is rejected.

Fifth Hypothesis Test (H5)

Statistical test (H5) was conducted to determine whether or not the influence of financial performance variables on firm value was carried out by means of a t test. The fifth hypothesis (H5) is obtained which states that financial performance has a t_{count} of 2.990 < t_{table} of 1.667 with a sig value of 0.004 < 0.05. From these results it can be concluded that financial performance has a positive and significant effect on firm value, so that H5 is accepted.

d. Path Analysis

Path analysis is an extension of multiple linear regression analysis, or in other words path analysis is the use of regression analysis to estimate the causal relationship between variables (casual model) that has been previously determined. The Path Analysis test will use the Sobel Test calculator:

Sixth Hypothesis Test (H6)

Statistical test (H6) was conducted to determine whether or not there is an influence of managerial ownership variables on firm value through financial performance which is carried out using a sobel test calculator. The results of the Sobel Test can be seen below:

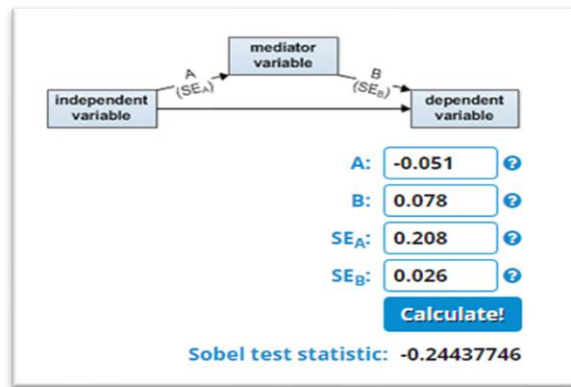


Figure 2. Sobel Test Effect of X1 on Y Through Z

From the results of the Sobel test above, the sixth hypothesis (H6) is obtained which states that the Sobel test statistic has a value of $-0.244 < 1.96$. From these results it can be concluded that financial performance cannot mediate the effect of managerial ownership on firm value, so H6 is rejected.

Seventh Hypothesis Test (H7)

Statistical test (H7) was conducted to determine whether or not there was an influence of institutional ownership variables on firm value through financial performance which was carried out using the sobel test. The results of the Sobel Test can be seen below:

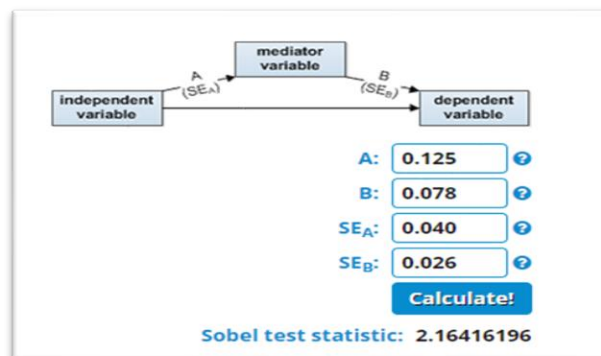


Figure 3. Sobel Test Effect of X2 on Y Through Z

From the results of the Sobel test above, the results of the seventh hypothesis (H7) were obtained which stated that the Sobel test statistic had a value of $2.164 > 1.96$. From these results it can be concluded that financial performance can mediate the effect of institutional ownership on firm value, so that H7 is accepted.

d. Discussion

1) Managerial ownership on financial performance

The results of this study indicate that managerial ownership has no effect on financial performance. . This is because from the side of the company's management, not many have company shares in a significant amount. And the findings of insignificant results mean that in making investment valuations, the market does not use information about ownership from the management side. This is presumably due to the low proportion of managerial ownership in the company, so that efforts to assist the unification of interests between principals (shareholders) and agents (managers) in carrying out their actions to improve company performance have not been effective. The same opinion was also expressed by Royani (2020) which stated that the low shares owned by management resulted in management not feeling part of owning the company because not all the profits earned could be enjoyed by management, which in turn caused management's motivation to decrease so that performance management is low and does not affect the company's financial performance. The results of this study are supported by research conducted by Epi (2017) and Leatemia, Mangantar, & Rogi (2019) which found that managerial ownership has no effect on financial performance. However, it is contrary to the results of Romadoni & Pradita's research (2022) which found that managerial ownership has a significant positive effect on financial performance.

2) Institutional ownership on financial performance

The results of this study indicate that institutional ownership has a positive and significant effect on financial performance. Agency theory explains that the involvement of parties who have large amounts of resources (institutions) can improve supervision. This is due to the large amount of resources provided by the institution to the company, thereby reducing information asymmetry. Reduced symmetrical information makes company owners aware of the actions taken by management so that in managing the company,

company management can manage it more carefully. And another reason why institutional ownership will affect the company's financial performance is because with the large value of institutional ownership, decisions taken by institutions at the GMS can have a direct impact on the company. The results of this study are in line with research conducted by Putra (2017) and Panjaitan, Harryanto, & Said (2022) which states that institutional ownership has a positive and significant effect on financial performance. However, it is contrary to research conducted by Halim & Suhartono (2021) which found a negative effect of institutional ownership on financial performance.

3) Managerial ownership on firm value

The results of this study indicate that managerial ownership has no effect on firm value. This is because the average managerial share ownership in Indonesian public companies is relatively very low which results in unification of interests between shareholders and management not being realized. This low share ownership also makes the company automatically controlled by the majority shareholders who make managers' decisions do not affect the company's performance and also the value of the company. This is in line with the research of Nursanita, Faruqi, & Rahayu (2019) and Riyanti & Munawaroh (2021) which concluded that managerial ownership does not affect firm value. Meanwhile, Widianingsih (2018) found different results, which concluded that managerial ownership has a positive and significant effect on firm value.

4) Institutional decisions on firm value

The results of this study indicate that institutional ownership has no effect on firm value. The majority of share ownership by institutional parties is dominated by non-independent parties or in other words parties affiliated with one another. This causes the function of institutional ownership as a supervisor for management cannot run properly as it should even though the company's share ownership by institutional parties is quite high. Supervision that cannot run properly also causes agency problems that occur in the company to be suppressed and in the end results in a decrease in the company's market value. This result is in line with the research of Warapsar & Suaryana (2016), but contrary to the results of research by Darmayanti, Sanusi, & Widya (2018) and Purba & Effendi (2019) which found positive and significant results of institutional ownership on firm value.

5) Financial performance on firm value

The results of this study indicate that financial performance affects firm value. This is in line with research by Gulo, Gori, & Bulolo (2020) and Pujarini (2020) which states that financial performance has a positive and significant effect on firm value. Signal Theory explains that company profitability can be a positive signal for investors. This is due to higher profitability. Positive results indicate that the company's prospects are good thereby increasing investor confidence in the company's performance, which in turn contributes to increasing the value of the company as seen from the increase in the company's stock price. The high earning power of the company's assets indicates a more efficient asset turnover which results in an increase in the company's profit margin, which will also benefit from increasing company value. Different results were found by Adrianingtyas & Sucipto (2019) which concluded that there was a negative and significant effect of financial performance on company value.

6) Managerial ownership of corporate value through financial performance

The results of this study indicate that financial performance (ROA) is not able to mediate managerial ownership of firm value (PBV). Even though the company is quite good at obtaining its business profitability, it is not certain that it will attract the attention of managers who have share ownership in the company. This is because there is a manager's assumption that the results obtained by the company (profit) will still be enjoyed by shareholders outside the manager on a larger scale. So that causes managers who have share ownership in the company can not enjoy the benefits that the company gets in large numbers. Agency theory also states that because of differences in interests between principals and agents, management will take actions that only benefit themselves. These results are in accordance with the research findings of Nurkhin, Wahyudin, & Fajriah (2017), but are not in line with the research of Nurwahidah, Husnan, & Nugraha (2019) which states that there is a negative and significant effect of managerial ownership on firm value through financial performance.

7) Institutional ownership of corporate value through financial performance

The results of this study indicate that financial performance (ROA) is able to mediate institutional ownership of firm value (PBV). This indicates that if Good Corporate Governance as seen from the company's institutional share ownership goes well, the company's financial performance will improve which will encourage an increase in company value. And when there is an increase in the value of the company, it will invite investors to invest in the company through buying and selling company shares. The same research results were found by Santoso (2017), but are not in line with the findings of Ismawati, Sriyanto, Khaerunnisa, & Mahmudi (2019).

5. CONCLUSION

The purpose of this research is to analyze how the influence of good corporate governance on firm value with financial performance as an intervening variable in property and real estate companies. The results of the research hypothesis show that partially, managerial ownership variables do not affect financial performance and firm value. While institutional ownership has a positive and significant effect on financial performance, but does not affect firm value. Based on the results of path analysis using the sobel test calculator, it was found that financial performance was able to act as an intervening variable between institutional ownership variables and firm value, but was unable to act as an intervening variable between managerial ownership and firm value.

ACKNOWLEDGEMENTS

I thank the University of North Sumatra for providing support and direction to me in the process of completing this research article.

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