**The Effect Of Good Corporate Governance On Company Value With Financial Performance As An Intervening Variable For Subsector Metal And Mineral Companies Listed On Indonesian Stock Exchange Period 2016-2021**

Hamka Yudha Pratama1, Andi Aswan2, Andi Ratna Saridewi 3

1,2,3 Hasanuddin University; fayufahyudha@gmail.com

# Abstract

This study aims to determine the effect of good corporate governance on firm value with financial performance as an intervention variable in metal and mineral mining sub-sector companies listed on the Indonesian stock exchange in 2016-2021. The population in this study are companies listed as metal and mineral mining sub-sector companies. This research was conducted by retrieving the company's financial data information that has been published by the company or the Indonesia Stock Exchange on its website with a quantitative method. The sample of this study used a purposive sampling method where the sampled companies had to meet complete data requirements from 2016 to 2021. In analyzing the research data using the SPSS version 25 application. The results of the study found that the influence of institutional ownership, managerial ownership, independent commissioners and returns on equity has a significant effect on firm value. Meanwhile, financial performance as an intervening variable cannot influence institutional ownership, managerial ownership, independent commissioners and audit committees on price-to-book value.

**Keywords:** good corporate governance, firm value, financial performance

# INTRODUCTION

Broadly speaking, a country’s economic entities must have short-term goals and long-term goals. One of the goals of establishing a company is to maximize the value of the company and the profits that will be obtained. The mining sector has decreased every year but is still among the top 5 sectors that can realize a domestic and foreign investment. This is due to the saturation of mining activities due to the COVID-19 pandemic, according to Tutuk Cahyono (2020), the head of Bank Indonesia Kaltim representative explained that the COVID-19 pandemic was the main reason for the decline in investment in the mineral and coal sector this year, the decline in mining performance was due to the weakening demand for coal from the destination country. exports due to lockdown policies in several countries and excess coal production, as well as the decline in domestic economic activity due to large-scale social restrictions policies. Meanwhile, the majority of share prices of companies in the metal and mineral mining sub-sector experienced an increase when there was conducive economic stability or during a pandemic compared to other sub-sector companies that experienced a recession in their share prices. This affects the investor's point of view of the company invested.

Research on the effect of good corporate governance on firm value with financial performance as an intervening variable has been studied by several people. One of them is Meilinda Stefani Harefa (2015) further researched the analysis of the influence of good governance and capital structure on firm value with financial performance as a mediating variable. The results of his research conclude that good corporate governance has no effect on firm value, but financial performance as measured by return on assets can mediate the relationship between capital structure and firm value. In addition, according to Fery Ferial (2016) through his research entitled the influence of good corporate governance on financial performance and its effect on firm value (study on SOEs listed on the Indonesia Stock Exchange for the period 2012-2014), the results of his research state that good corporate governance has a significant effect on the value of the company. the company, also good corporate governance harms financial performance. Several studies that have been carried out and the various variables used by the researchers show various indicators that affect the mechanism of firm value.

The phenomenon that is present in this study the role of good corporate governance and financial performance will have an impact on firm value, by looking at the direct, indirect, and total effects. Based on the background described previously, the researcher tries to develop research on the effect of good corporate governance on firm value with financial performance as an intervening variable in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2021 period. The type of research used in this research is descriptive quantitative.

# LITERATURE REVIEW

1. **Agency Theory**

The agency theory problem arises because there is a problem of interest between shareholders and managers, namely the problem of the meeting point of maximum utility between the two. As managers, they are required to carry out the interests of several parties, especially the shareholders (principals) who should be morally responsible for optimizing the profits of the shareholders, but on the other hand, managers also have an interest in the welfare of all company stakeholders. Therefore, there is a point that agents or managers do not always act in the interests of shareholders (Jensen and Meckling, 1976).

The main goal of applying agency theory is to explain the process of how the parties who cooperate, namely the principal and agent, can design contracts whose purpose is to reduce costs as a result of asymmetric information. Asymmetric information or asymmetric information is the difference in the information received by managers is usually better than the information received by shareholders (Brigham and Houston, 2011). The asymmetry of the information provided is a form of the opportunistic nature of the agent in carrying out and obtaining personal benefits and company scale. Information asymmetry influences determining funding sources, capital structure, and debt financing decisions that have high risk, while shareholders prefer the use of debt because it will not reduce their rights to the company.

In minimizing the conflict between the principal and the agent, there is a supervisory mechanism that can align the interests brought by both parties, so using the supervisory mechanism will cause a cost called agency cost which includes monitoring costs, bonding costs, and residual losses (Lestari, 2010). 2013). Agency theory tries to solve problems that occur between the two parties who work together even though they have different divisions and goals. There are many ways to minimize or resolve agency conflicts including institutional ownership, managerial ownership, dividend and debt policies, risks, alliances, and understanding their role (Ahmad, 2008).

1. **Good Corporate Governance**

According to IICG (2010) cited by Harefa (2015) explains that Good Corporate Governance is a system, process, and structure used by corporate organizations to provide added value to the company on a long-term basis. In carrying out the process of good corporate governance, especially in companies in Indonesia, according to Julianti (2015), there are 4 good corporate governance mechanisms, namely:

1. Institutional ownership is the large number of shares owned by the company from the total shares outstanding or commonly called the size of the company's share ownership in an organization. The presence of institutional owners is considered to be able to effectively supervise every decision made by the manager.
2. Managerial ownership is a shareholder who serves as well as a management party who actively participates in every decision-making by the company, including commissioners and directors (Zamzani, 2018).
3. An independent commissioner is one of several commissioners on the board of commissioners. Independent commissioners are also bodies that do not have business or family relationships with companies that have interests, with the presence of independent commissioners as a form of representation of the interests of investors, including independent (minority) shareholders.
4. The Audit Committee is a group of people selected by the company's board of commissioners who are responsible for monitoring financial reports, the main task of which is to review the company's internal controls, ensure the effectiveness of the audit function and improve the quality of the company's financial reports.
5. **Profitability**

According to Heri (2015) quoted by Nurhayaty (2017) explaining that profitability is a description of the company's ability to generate profits, this is also expressed by Pratama (2020) that profitability is a ratio that measures how well the company's management performs in utilizing capital. explain the level of profits owned by the company related to assets, sales, and total assets of the company. Return on Equity is a ratio used in assessing the company's ability to generate profits based on certain shares. The higher the value of the company's return on equity, the company has a good ability to earn profits besides knowing the efficiency and effectiveness of the company's capital management.

1. **Company Value**

Sembiring (2019) reveals that the company's value is an achievement obtained by the company through the trust formed by the company from the community after the company was established from the time it was founded until now.

1. **Conceptual Model**

Figure 1. Conceptual Model



Based on **Figure 1**, shows how the influence relationship between institutional ownership, managerial ownership, independent commissioners, and audit committees as independent variables, return on equity as the intervening variable, and firm value as the dependent variable. The results of this influence will indicate how much impact the dependent and intervening variables have on the dependent variable.

# RESEARCH METHOD

# Location and Research Design

# This research will be carried out on companies that are included in the metal and mineral mining sub-sector listed on the Indonesia Stock Exchange. A collection of information and data used in the financial statements of companies in the metal sub-sector and cement sub-sector between 2016-2021. This data was obtained through the website www.idx.co.id and the websites of their respective companies. The time of research was carried out on July 1, 2022, to December 31, 2022.

# Population and Samples

# This study uses quantitative data, which are numbers and values that have been audited in the annual reports of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the period 2016 to 2021. The population in this study is all listed metal and mineral mining sub-sector companies. and is still listed on the Indonesia Stock Exchange (IDX) for the 2016-2021 period. The total population in this research is 11 companies. The samples taken in this study were 8 companies with sampling requirements, namely, metal and mineral mining sub-sector companies must be registered and have financial reports for 6 consecutive years and the available data completely meets the required variables.

# Data Collection Method

# The type of data used in this study is secondary data in the form of financial statements of metal mining sub-sector companies that meet the criteria for research samples published on the Indonesia Stock Exchange during the 2016-2021 period. The data obtained from the sample financial statements are contained in the Indonesia Capital Market Directory (ICMD) for the 2016-2021 period which is accessed through www.idx.co.id and the respective company websites.

# Variable Operational Definition

# The variables in this study are as follows:

# Institutional Ownership

# Institutional ownership is the large number of shares owned by the company from the total shares outstanding or commonly called the size of the company's share ownership in an organization.

# $$\frac{Institutional ownership }{Total Shares Outstanding} X 100$$

# Managerial Ownership

# Managerial ownership is a shareholder who serves as well as a management party who actively participates in every decision-making by the company, including commissioners and directors (Zamzani, 2018).

$$\frac{Managerial ownership }{Total Shares Outstanding} X 100$$

# An Independent Commissioner

# An independent commissioner is one of several commissioners on the board of commissioners. Independent commissioners are also bodies that do not have business or family relationships with companies that have interests, with the presence of independent commissioners as a form of representation of the interests of investors, including independent (minority) shareholders.

$$\frac{Number of Independent Commissioners}{Number of Commissioners} X 100$$

# Audit Committe

# The Audit Committee is several people selected by the company's board of commissioners who are responsible for monitoring the financial statements, the main task of which is to review the company's internal controls, ensure the effectiveness of the audit function and improve the quality of the company's financial statements.

$$\frac{Numbers of Audit Committe}{3} X 100$$

# Return On Equity

# Return on equity is the rate of return on equity to the owners of the company.

$$\frac{Net Income}{Total Equity} X 100$$

# Price-to-Book Value

# Price-to-book value is the result of the comparison of the stock price and the book value of the stock at a certain time

# $$\frac{Closing stock price}{Stock Book Value}$$

# Data Analysis Method

# Descriptive technical analysis is an analysis carried out in order to determine the position of the dependent variable, both for one or more variables (independent and or dependent variables) without making a comparison of the variables themselves as well as to find out the relationship between other variables (Sugiono, 2017). This research uses several analyzes including classical assumption test (normality test, heteroscedasticity test, and auto correlation test), hypothesis test (path analysis), and coefficient of determination test.

# Hypothesis Test

# In the path analysis model, the function is to analyze the relationship between variables with the aim of knowing the direct or indirect effect of the independent variable on the dependent variable. The regression equation model used to determine the effect of good corporate governance on firm value with profitability as the intervening variable is as follows:

# Z = β1X1 + β2X2 + β3X3 + β4X4 + ε ……………………… (3.1)

# Y = β5X1 + β6X2 + β7X3 + β8X4 + β9Z + ε ………………. (3.2)

# Keterangan :

# Z = Return on Equity

# Y = Company Value

# X1 = Institutional Ownership

# X2 = Managerial Ownership

# X3 = Independent Commissioner

# X4 = Audit Committe

# β1 = Path coefficient of X1 with Z

# β2 = Path coefficient of X2 with Z

# β3 = Path coefficient of X3 with Z

# β4 = Path coefficient of X4 with Z

# β5 = Path coefficient of X1 with Y

# β6 = Path coefficient of X2 with Y

# β7 = Path coefficient of X3 with Y

# β8 = Path coefficient of X4 with Y

# β9 = Path coefficient of Z with Y

# ε = error

# RESEARCH RESULT

This study uses secondary data obtained through the dissemination of information data on the Indonesia Stock Exchange. The population in this study includes companies from the metal and mineral mining sub-sector listed on the Indonesia Stock Exchange for the periods 2016, 2017, 2018, 2019, 2020, and 2021. The sample of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange is 8 companies. Documentation technique is a technique used in this study by looking at documents that have occurred, namely the company's financial statements. This company report can be accessed through the website of the Indonesia Stock Exchange (www.idx.com) and the website of the company concerned, the share price can be accessed through yahoo.finance.co.id. in the period 2016-2021. The list of companies taken is as follows:

Table 1. List of Metal and Mineral Mining Subsector Companies

|  |  |  |
| --- | --- | --- |
| **No** | **Emiten** | **Company Code** |
| 1 | PT. Aneka Tambang Tbk. | ANTM |
| 2 | PT. Cita Mineral Investindo Tbk. | CITA |
| 3 | PT. Central Omega Resouces Tbk. | DKFT |
| 4 | PT. Vale Indonesia Tbk. | INCO |
| 5 | PT. Merdeka Cooper Gold Tbk | MDKA |
| 6 | PT. J Resources Asia Pasifik Tbk. | PSAB |
| 7 | PT. Timah Persero Tbk | TINS |
| 8 | PT. Kapuas Prima Coal Tbk. | ZINC |

Source : www.idx.co.id

The following are the results of the description of the variable data which are detailed in the following table:

Figured 2. Statistics Descriptive Result



1. Institutional Ownership

Figure 2 illustrates the minimum value contained in institutional ownership is at the number 0.17 which is owned by the company PT. Kapuas Prima Coal Tbk. and the maximum value is owned by the company PT. Cita Mineral Investindo Tbk. with several 1.15 so it can be explained that the range of institutional ownership of metal and mineral mining sub-sector companies in this research sample is in the number 0.17 to 1.15 with an average value of 0.64 with a standard deviation of 0.24. Based on these data, it is stated that institutional ownership has an average greater than the standard deviation of 0.64 > 0.24.

1. Managerial Ownership

Figure 2 illustrates the minimum value contained in managerial ownership is at 0.001 which is owned by the company PT. Aneka Tambang Tbk. and the maximum value is owned by the company PT. Kapuas Prima Coal Tbk. with several 0.58 so it can be explained that the range of managerial ownership of metal and mineral mining sub-sector companies in this research sample is in the number 0.001 to 0.58 with an average value of 0.15 with a standard deviation of 0.21. Based on these data, it is stated that managerial ownership has an average smaller than the standard deviation of 0.15 < 0.21.

1. Independent Commissioner

Figure 2 illustrates the minimum value contained in the independent commissioner is 0.33 which is owned by all metal and mineral mining sub-sector companies and the maximum value is owned by PT. Cita Mineral Investindo Tbk. and PT. Merdeka Cooper Gold Tbk with several 0.5 so that it can be explained that the range of independent commissioners of metal and mineral mining sub-sector companies in this research sample is in the number 0.33 to 0.5 with an average value of 0.36 with a standard deviation of 0.56. Based on these data, it is stated that the independent commissioner has an average greater than the standard deviation of 0.36 < 0.56.

1. Audit Committee

Figure 2 illustrates the minimum value contained in the audit committee is at number 1.0 which is owned by all metal and mineral mining sub-sector companies other than PT. Aneka Tambang Tbk. and the maximum value is owned by the company PT. Aneka Tambang Tbk. with the number 2.0 so it can be explained that the range of the audit committee of the metal and mineral mining sub-sector companies in this research sample is in the number 1.0 to 2.0 with an average value of 1.13 with a standard deviation of 0.25. Based on these data, it is stated that the audit committee has an average greater than the standard deviation, namely 1.13 > 0.25.

1. Return On Equity

Figure 2 illustrates the minimum value contained in the return on equity is at -0.10 which is owned by the company PT. Central Omega Resources Tbk. and the maximum value is owned by the company PT. Cita Mineral Investindo Tbk. with several 0.44 so it can be explained that the range of return on equity of companies in the metal and mineral mining sub-sector in this research sample is in the number -0.10 to 0.44 with an average value of 0.09 with a standard deviation of 0.12. Based on these data, it is stated that the return on equity has a smaller average than the standard deviation of 0.09 < 0.12.

1. Price-to-Book Value

Figure 2 illustrates the minimum value contained in the price-to-book value is 0.41 which is owned by the company PT. Central Omega Resources Tbk. and the maximum value is owned by the company PT. Kapuas Prima Coal Tbk. with several 5.92 so it can be explained that the price-to-book value range of the metal and mineral mining sub-sector companies in this research sample is at 0.41 to 5.92 with an average value of 1.95 with a standard deviation of 1.29. Based on these data it is stated that the price-to-book value has an average The average is smaller than the standard deviation, namely 1.95 > 1.29.

**Classic Assumption Test**

1. Normality Test

The normality test has a purpose, namely to find out whether the data that has been owned has been distributed normally or not. This study uses the normality test which is represented by the Kolmogorov-Smirnov method. The following are the results of the normality test using the Kolmogorov-Smirnov method..

Figure 3. Normality Test



From the results of the normality test of this study, it can be said that the value of the Kolmogorov-Smirnov method is 0.162 with a significance value of 0.088, the significance value is greater than the standard normality test, which is 0.05 (0.088 > 0.05). It can be concluded that this study is normally distributed.

1. Heteroskedasticity Test

The heteroscedasticity test has the aim of validating the research regression model for residual inequality and variance in an observation with other observations. The following are the results of the heteroscedasticity test:

Figure 4. Heteroskedasticity Test



From the results of the heteroscedasticity test in the table above, it can be concluded that all the independent variables owned by this study have a significance value greater than 0.05, indicating that there is no heteroscedasticity problem, especially in the later regression model.

1. Autocorelation Test

The autocorrelation test aims to see the relationship between the nuisance error in period t and the error in the previous period. Here is the autocorrelation test:

Figure 5. Autocorelation Test



From the results of the autocorrelation test above, it can be concluded that the Durbin-Watson value obtained is 2.036. From the Durbin-Watson table, the lower limit value (dL) is 0.9530 and the upper limit value (dU) is 1.8863 with a 95% confidence level or a significance level of 0.05. Thus, in this study, it can be said that there is no autocorrelation problem because du < d < 4-du.

**Hypotesis Test**

The following is the result of the regression data processing carried out in this study which summarized the path coefficients which can be seen in table 2.

Table. 2 Path Coefficient Summary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Regration** | **Koef. Regration** | **Standard Error** | **t Value** | ***P. Value*** | **Explanation** |
| X1 → Z | 0.085 | 0.162 | 0.524 | 0.606 | Not significant |
| X2 → Z | 0.084 | 0.182 | 0.461 | 0.650 | Not significant |
| X3 → Z | 0.237 | 0.547 | 0.433 | 0.669 | Not significant |
| X4 → Z | -0.079 | 0.122 | -0.649 | 0.524 | Not significant |
| X1 → Y | 5.266 | 0.926 | 5.688 | 0.000 | Significant |
| X2 → Y | 6.035 | 1.039 | 5.808 | 0.000 | Significant |
| X3 → Y | -9.661 | 3.122 | -3.095 | 0.006 | Significant |
| X4 → Y | 1.058 | 0.700 | 1.512 | 0.147 | Not significant |
| Z → Y | 2.892 | 1.270 | 2.277 | 0.035 | Significant |

Source : Aplikasi SPSS 26

From table 2 above, it can be seen that the calculated t value and P value can be explained as follows:

1. Institutional ownership variable (X1) has a positive but not significant effect on return on equity (Z),
2. Managerial ownership variable (X2) has a positive but not significant effect on return on equity (Z),
3. The independent commissioner variable (X3) has a positive but not significant effect on return on equity (Z),
4. The audit committee variable (X4) has a negative but not significant effect on return on equity (Z),
5. Institutional ownership variable (X1) has a positive and significant effect on the price-to-book value (Y),
6. Managerial ownership variable (X2) has a positive and significant effect on the price-to-book value (Y),
7. The independent commissioner variable (X3) has a negative and significant effect on the price-to-book value (Y),
8. The audit committee variable (X4) has a positive but not significant effect on the price-to-book value (Y), and
9. The variable price-to-book value (Z) has a positive and significant effect on the price-to-book value (Y).

From these results, it can be summarized through the path coefficients in table 2, a path diagram can be made as follows:

Figure 4. Analisys Path



The structural equation in the above model is as follows:

Z = 0.085X1 + 0.084X2 + 0.237X3 – 0.079X4 + ε ……………… (1)

Y = 5.266X1 + 6.035X2 – 9.661X3 + 1.058X4 + 2.892Z + ε ….... (2)

Figure 4 shows the form of the coefficients of direct and indirect relationships between variables. The effect of institutional ownership (X1) on return on equity (Z) is positive but not significant and the value is 0.085, the effect of managerial ownership (X2) on return on equity (Z) is positive but not significant and the value is 0.084, the effect of independent commissioners (X3) on return on equity (Z) is positive but not significant and the value is 0.237, and the influence of the audit committee (X4) on return on equity (Z) is negative but not significant and the value is 0.085. Furthermore, the influence of institutional ownership (X1) on price-to-book value (Y) is positive and significant value is 5,266, the influence of managerial ownership (X2) on price-to-book value (Y) is positive and significant value is 6,035, the influence of independent commissioners (X3) on price-to-book value (Y) is negative but significant value is -6,991, the effect of the audit committee (X4) on price-to-book value (Y) is positive but not significant at 1,058, and the effect of return on equity (Z) on price-to-book value (Y) positive and significant value of 2,892. Based on table 2, it can be calculated the indirect and total relationship, by looking at the value of the indirect relationship, it can be found by multiplying the beta coefficient of the variables traversed, in addition to calculating the total effect value by adding up the indirect effect with the direct effect (Ghozali, 2012). The following table 2 describes the indirect, direct, and total effects:

Table 3 Coefficients of Indirect, Direct and Total Relationships Between Variables



Source : SPSS 26 Aplication

Based on table 3, it can be explained that three effects occur, namely:

1. Direct influence
	1. The direct effect of the institutional ownership variable (X1) on return on equity (Z) is 0.085.
	2. The direct effect of the managerial ownership variable (X2) on return on equity (Z) is 0.084.
	3. The direct effect of the independent commissioner variable (X3) on the return on equity (Z) is 0.237.
	4. The direct effect of the audit committee variable (X4) on the return on equity (Z) is -0.079.
	5. The direct effect of institutional ownership variable (X1) on price-to-book value (Y) is 5.266.
	6. The direct effect of managerial ownership variable (X2) on price-to-book value (Y) is 6.035.
	7. The direct effect of the independent commissioner variable (X3) on the price-to-book value (Y) is -9.661.
	8. The direct effect of the audit committee variable (X4) on the price-to-book value (Y) is 1.058.
	9. The direct effect of the return on equity (Z) variable on the price-to-book value (Y) is 2.892.
2. Indirect influence
	1. The indirect effect of institutional ownership variable (X1) on price-to-book value (Y) through return on equity (Z) is obtained from 1 x 9 which is 0.085 x 2.892 = 0.246
	2. The indirect effect of managerial ownership variable (X2) on price-to-book value (Y) through return on equity (Z) is obtained from 1 x 9 which is 0.084 x 2.892 = 0.243
	3. The indirect effect of institutional ownership variable (X1) on price-to-book value (Y) through return on equity (Z) is obtained from 1 x 9 which is 0.237 x 2.892 = 0.685
	4. The indirect effect of institutional ownership variable (X1) on price-to-book value (Y) through return on equity (Z) is obtained from 1 x 9, namely -0.079 x 2.892 = -0.228
3. Indirect influence
	1. The total effect of institutional ownership variable (X1) on price-to-book value (Y) is 5.266 + 0.246 = 5.512
	2. The total effect of managerial ownership variable (X2) on price-to-book value (Y) is 6.035 + 0.243 = 6.278
	3. The total effect of the independent commissioner variable (X3) on the price-to-book value (Y) is -9.661 + 0.685 = -8.976
	4. The total effect of audit committee variables (X4) on price-to-book value (Y) is 1.058 - 0.228 = 0.830

So it can be said from the results of the hypothesis obtained as follows:

1. First hypothesis testing

H1 : Institutional ownership has a positive influence on price-to-book value in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021. Based on table 2, the summary of the path coefficients shows that the coefficient value of institutional ownership (X1) to firm value (Y) is 5.266. The ownership variable has a t count of 5.688 with a significance level of 0.000. The significance value is less than 0.05 indicating that there is a positive and significant effect of the institutional ownership variable (X1) on the price-to-book value (Y) of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2021 period, so the hypothesis is accepted.

1. Second hypothesis testing

H2 : Managerial ownership has a positive influence on price-to-book value in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

Based on table 2, the summary of the path coefficients shows that the coefficient value of managerial ownership (X2) on firm value (Y) is 6.035. The ownership variable has a t count of 5.808 with a significance level of 0.000. The significance value is less than 0.05 indicating that there is a positive and significant effect of the managerial ownership variable (X2) on the price-to-book value (Y) in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2021 period, so the hypothesis is accepted.

1. Third hypothesis testing

H3 : The Independent Commissioner has a positive influence on the price-to-book value of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

Based on table 2, the summary of the path coefficients shows that the coefficient value of the independent commissioner (X3) on the firm value (Y) is -9,661. The ownership variable has a t count of -3.095 with a significance level of 0.006. The significance value is less than 0.05 indicating that there is a negative and significant effect of the independent commissioner variable (X3) on price-to-book value (Y) in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2021 period, so the hypothesis is accepted.

1. Fourth hypothesis testing

H4 : The Audit Committee has a positive influence on the price-to-book value of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

Based on table 2, the summary of the path coefficients shows that the coefficient value of the audit committee (X4) on the firm value (Y) is 1.058. The ownership variable has a t count of 1.512 with a significance level of 0.147. The significance value is less than 0.05 indicating that there is a positive but not significant effect of the audit committee variable (X4) on the price-to-book value (Y) of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2021 period, so the hypothesis is rejected.

1. Fifth hypothesis testing

Return on equity has a positive effect on the price-to-book value in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

Based on table 2, the summary of the path coefficients shows that the coefficient value of return on equity (Z) to firm value (Y) is 1.058. The ownership variable has a t count of 1.512 with a significance level of 0.147. The significance value is less than 0.05 indicating that there is a positive and significant effect of the return on equity (Z) variable on price-to-book value (Y) in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2021 period, so the hypothesis is accepted.

 In testing the effect of mediation, it can be seen from the indirect effect of each independent variable, namely institutional ownership, managerial ownership, independent commissioners, and audit committees. In testing the indirect effect, its significance or not in mediating can be determined, tested using the Sobel test. The Sobel test was used to calculate the t value of the statistical effect of mediation, where the t count > 1.96 with a significance level of 0.05. it can be concluded that there is a mediating effect between the independent and dependent variables.

1. Sixth hypothesis testing

H6: Return on equity can mediate the relationship between institutional ownership and price-to-book value in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

In table 3 it can be seen that the indirect effect of institutional ownership (X1) on price-to-book value (Y) through return on equity (Z) is 0.246. The results of calculations using the Sobel test obtained the t-value of the mediation effect of 0.5224. The t-count value is 0.5224 < 1.96, indicating that return on equity cannot mediate the relationship between institutional ownership and price-to-book value.

1. Seventh hypothesis testing

H7: Return on equity can mediate the relationship between managerial ownership and price-to-book value in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

In table 3, it can be seen that the indirect effect of managerial ownership (X2) on price-to-book value (Y) through return on equity (Z) is 0.243. The results of calculations using the Sobel test obtained the t value of the mediation effect of 0.460. The t-count value is 0.460 < 1.96, indicating that return on equity cannot mediate the relationship between managerial ownership and price-to-book value.

1. Eighth hypothesis testing

H8: Return on equity can mediate the relationship between institutional ownership and price-to-book value in metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

In table 3 it can be seen that the indirect effect of independent commissioners (X3) on price-to-book value (Y) through return on equity (Z) is 0.685. The results of calculations using the Sobel test obtained that the t-value of the mediation effect was -0.429. The t-count value was -0.429 < 1.96, indicating that return on equity could not mediate the relationship between independent commissioners and price-to-book value.

1. Ninth hypothesis testing

H9: Return on equity can mediate the relationship between the audit committee and the price-to-book value of metal and mineral mining sub-sector companies listed on the Indonesia Stock Exchange in 2016-2021.

In table 3, it can be seen that the indirect effect of the audit committee (X4) on price-to-book value (Y) through return on equity (Z) is 0.246. The results of calculations using the Sobel test obtained the t value of the mediation effect of -0.5952. The value of t-count -0.5952 < 1.96, indicates that return on equity cannot mediate the relationship between institutional ownership and price-to-book value.

**Coefficient of Determination Test**

The main purpose of using the coefficient of determination (R2) test is to calculate how far the ability of a model is to explain how much variation of the dependent variable is. This study shows the results of the coefficient of determination test, as follows:

Figure 5. Price-to-book value Determination Coefficient Test Results



Figure 5 shows that there is a coefficient of determination represented by the adjusted R2 value of 0.663. This shows that there are 66.3% of the dependent variable, namely price-to-book value which is explained by the five independent variables, namely institutional ownership, managerial ownership, independent commissioner, audit committee, and return on equity, while the remaining 33.7% price-to-book value can be explained by the variable others outside this research model.

# DISCUSSION

**The Effect of Institutional Ownership on Price-to-Book Value**

In testing the first hypothesis, institutional ownership influences firm value so the hypothesis is accepted. The statistical result of the t-test of institutional ownership is 5.688 with a significance value of 0.000 and a regression coefficient of 5.266. The results of this study are in line with the first hypothesis which shows a positive and significant effect on the price-to-book value, this is based on high institutional ownership capabilities which will have an impact on strengthening the level of control carried out from the behavior of managers representing the company which is carried out in reducing agency costs. so that managers carry out their duties with the appropriate capacity and needs in increasing the value of the company. The results of this study are following previous research conducted by Nuryono (2019) and Gusti Novalia (2016) which stated that institutional ownership has tremendous potential in increasing firm value.

**The Effect of Managerial Ownership on Price-to-Book Value**

In testing the second hypothesis, managerial ownership influences firm value so the hypothesis is accepted. The statistical results of the t-test of managerial ownership are 5.808 with a significance value of 0.000 and a regression coefficient of 6.035. The results of this study are in line with the second hypothesis which states that managerial ownership can have a positive and significant effect on firm value. This is based on the role of managerial ownership in carrying out the right control mechanism in minimizing agency conflicts which have a high impact on agency costs, besides that managerial ownership also becomes insider ownership which is a person who owns the company as well as the company manager, so that with the difference in interests between shareholders and the management of the company is getting smaller and acting more carefully because of the consequences of the decisions that have been taken, thus providing more value to the company because the company has a good control mechanism. The results of this study are following previous research described by Julianti (2015) which states that there is a positive and significant effect on firm value.

**The Influence of Independent Commissioners on Price-to-Book Value**

In testing the third hypothesis, independent commissioners influence firm value so that the hypothesis is accepted. The results of the independent commissioner's t-test statistic are -3.095 with a significance value of 0.006 and a regression coefficient of -9.661. This result is different from the third hypothesis, this study has a negative and significant effect. In agency theory, the corporate governance system can overcome agency problems and information asymmetry to increase the value of the company, but in this study, the results were different when independent commissioners came from outside the company, they could not know how the company was running and did not think too much about the company. so that the supervision carried out by independent commissioners is less than optimal. In addition, independent commissioners lack the capacity and sufficient experience in the financial sector, causing doubts about investor interest in the company, even though independent commissioners must be a bridge for shareholders and managers in reducing information asymmetry. The more independent commissioners, the more potential conflicts arise due to variations in opinion. The results of this study are following previous research proposed by Lestari (2017) which states that there is a negative and significant effect on firm value.

**Influence of the Audit Committee on Price-to-Book Value**

In testing the fourth hypothesis, the audit committee does not affect firm value so the hypothesis is rejected. The statistical results of the audit committee's t-test were 1,512 with a significance value of 0.147 and a regression coefficient of 1.058. This result is different from the previous hypothesis which says there is a significant positive effect on firm value, but in this study, it is not significant this is because the size of the audit committee of a company is not a guarantee that the value of the company will increase, many members of the audit committee will harm the company. who have many tasks or jobs. In addition, a less significant audit committee can reduce the effectiveness of company monitoring, so when the audit committee is less than optimal in carrying out its duties, the quality of the financial reports produced is less than optimal so it can reduce the value of the company in the eyes of investors. The results of this study are supported by previous research obtained by Mirnayanti (2022) and Indrastuti (2021) which stated a positive and insignificant effect on firm value because the company only complied with regulations and laws and did not maximize the performance of its audit committee.

**The Effect of Return On Equity on Price-to-book value**

In testing the fourth hypothesis, the audit committee does not affect firm value so the hypothesis is rejected. The statistical results of the audit committee's t-test are 2.277 with a significance value of 0.035 and a regression coefficient of 2.892. This result is following the fifth hypothesis which shows a positive and significant effect of return on equity on firm value. The higher the return on equity, the better the company's performance, further increasing the attractiveness of the company in attracting investors' interest in investing in their shares. This is following previous research conducted by Ariananda (2013) which states that the company's financial performance is represented by return on equity, the company will increase the company's profits, providing benefits to investors starting from dividends or stock price surpluses, thus providing good value to the company.

**The Effect of Institutional Ownership on Price-to-Book Value Through Return On Equity as an Intervening Variable**

The results of this study using the Sobel test explains that return on equity is still not able to mediate the effect of institutional ownership on return on equity, so the sixth hypothesis is rejected. This is following agency theory which says that there is a mismatch between data and information received by managers and company shareholders (Astutik, 2021). This problem is present because the manager as the operational executor of the company can interact directly with the company so that the data obtained is sufficient and in-depth about the company's operational activities. On the other hand, the company's shareholders cannot directly interact with the company so the information and data obtained have been passed through to fewer managers than managers. In addition, this study shows that the institutional ownership ratio is quite high at 47% causing a lack of synergy between the interests of the company owners which hinders the company from increasing its value of the company. The results of this study are following previous research conducted by Sukrini (2012) and Metalaras (2021) which stated that to increase the value of the company, the company must remain focused on the common interest (stakeholders and shareholders).

**The Effect of Managerial Ownership on Price-to-Book Value Through Return On Equity as an Intervening Variable**

The results of this study using the Sobel test explains that return on equity is still not able to mediate the effect of managerial ownership on return on equity, so the seventh hypothesis is rejected. Partially managerial ownership can affect the value of the company in triggering an increase in the value of the company, but the company is still not stable in improving its finances, so in general, the company owners as well as managers try to remain optimistic when the company will still be able to compete in the market, especially in and after the pandemic. Terms of the ratio of the average managerial ownership are still not enough in improving the company's performance following investor expectations, the average managerial ownership is 29%. Because management is not the main shareholder of the company, the possibility of agency problems can still occur. The results of this study are also following previous research revealed by Metalaras (2021) which states that in increasing the capacity of managerial ownership, companies or managers must be able to monitor and intervene directly in the company's prospects in the future so that decision making is always balanced between shareholders and managers.

**The Influence of Independent Commissioners on Price-to-book value Through Return On Equity as an Intervening Variable**

The results of this study using the Sobel test explained that return on equity was still unable to mediate the influence of independent commissioners on return on equity, so the eighth hypothesis was rejected. This does not support agency theory problems independent commissioners can be the answer to group problems that occur because independent commissioners are objective and fair in management, especially regarding financial performance. Although partially independent commissioners have an effect on the price-to-book value, the company's financial performance at that time could not be a strong influence as an intervening variable. According to regulations issued by the Financial Services Authority, the issue of the number of independent commissioners is not the answer to providing a significant impact on financial performance and company value. Many independent commissioners are considered ineffective because of too many decisions, making them prone to conflicts of interest or differences of understanding between members. These results are following previous research revealed by Metalaras (2021) which states the need to increase the value of the company which must focus on making decisions that can increase the company's name in the eyes of investors.

**The Effect of the Audit Committee on Price-to-Book Value Through Return On Equity as an Intervening Variable**

The results of this study using the Sobel test explained that return on equity was still unable to mediate the effect of the audit committee on return on equity, so the eighth hypothesis was rejected. This does not support the agency theory problem which reveals that audit committees can assist management in making decisions that have an impact on company finances. Broadly speaking, the audit committee has not been able to partially influence the return on equity and price-to-book value. This is because the company's performance is still not optimal in generating profits during the pandemic and post-pandemic. So the influence of the audit committee has not maximally affected the increase in the company's name in the eyes of investors. In addition, investors are not sure that the performance of the audit committee is only a formality or to improve the company's financial performance.

# CONCLUSION

The conclusion of this study entitled "The Effect Of Good Corporate Governance On Company Value With Financial Performance As An Intervening Variable For Subsector Metal And Mineral Companies Listed On Indonesian Stock Exchange Period 2016-2021" is as follows : Institutional ownership has a positive and significant effect on the price-to-book value. This shows that institutional ownership can be a good corporate governance mechanism in increasing the value of the company which is represented by price-to-book value. Managerial ownership has a positive and significant effect on the price-to-book value. This shows that managerial ownership can be a good corporate governance mechanism in increasing the value of the company which is represented by price-to-book value. Independent Commissioner has a negative and significant effect on the price-to-book value. This shows that independent commissioners can be a good corporate governance mechanism in increasing the value of the company which is represented by price-to-book value. The audit committee has a negative but not significant effect on the price-to-book value. This shows that the audit committee has not become a good corporate governance mechanism in increasing the value of the company which is represented by price-to-book value. Financial performance represented by return on equity has a positive and significant effect on the price-to-book value. This shows that return on equity can be a good corporate governance mechanism in increasing the value of the company which is represented by price-to-book value. The direct effect of institutional ownership on the firm value represented by price-to-book value is stronger than the effect of institutional ownership on price-to-book value with financial performance represented by return on equity. So the return on equity is ineffective and insignificant in its role as an intervening variable The direct effect of managerial ownership on the firm value represented by price-to-book value is stronger than the effect of managerial ownership on price-to-book value with financial performance represented by return on equity. Return on equity is ineffective and insignificant in its role as an intervening variable. The direct effect of independent commissioners on the firm value represented by price-to-book value is stronger than the influence of independent commissioners on price-to-book value with financial performance represented by return on equity. Return on equity is ineffective and insignificant in its role as an intervening variable, and the direct effect of the audit committee on the firm value represented by price-to-book value is stronger than the effect of the audit committee on price-to-book value with financial performance represented by return on equity. Return on equity is ineffective and insignificant in its role as an intervening variable.

# REFERENCE

Abidin, Zainal. (2017). Determinan Return Saham Dan Implikasinya Terhadap Nilai Perusahaan (Property And Real Estate Go Public Di Indonesia. Jurnal Sekuritas Manajemen Keuangan, ISSN No. 2581-2696, Hal: 18-33, September 2017.

Ahmad, Afriandi Wirahadi dan Yossi Septriani. (2008). “Konflik Keagenan : Tinjauan Teoritis dan Cara Menguranginya”, Jurnal Akuntasi dan Manajemen, Vol. 3, No.2, ISSN 1858-3689, Hal: 47-55, Desember 2008.

Andaria, Siti., (2018). Pengaruh Good Corporate Governance, Corporate Social Responsibility, Kinerja Keuangan Dan Kebijakan Dividen Terhadap Nilai Perusahaan. Magelang

Ang, Robert. (1997). Buku Pintar : Pasar Modal Indonesia. Jakarta: Mediasoft Indonesia.

Anggraini, D. (2013). Pengaruh Good Corporate Governance terhadap Nilai Perusahaan pada perusahaan Textile, Garment yang terdaftar di Bursa Efek Indonesia periode 2009 - 2012. Skripsi. Jurusan Akuntansi Univeristas Maritim Raja Ali Haji Tanjungpinang.

Aryani, Etha Rizki (2011). Pengaruh Good Corporate Governance Dan Struktur Kepemilikan Terhadap Agency Cost. Semarang.

Ayu, Putri Puspita dan Tika Septiani. (2017). Pengaruh Ukuran Dewan Komisaris, Komite Audit, Dan Kap Terhadap Fee Audit Eksternal. Jurnal Akuntansi Vol.12 No.1 April: 1-15. Jakarta.

Brigham, E., & Houston, J. (2006). Dasar-Dasar Manajemen Keuangan, Edisi 10. Jakarta: Salemba Empat.

Budiharjo, Roy. (2016). Good Corporate Governance Terhadap Return Saham dengan Profitabilitas Sebagai Variabel Intervening dan Moderating (Studi Empiris Pada Perusahaan Peraih CGPI Yang Terdaftar di Bursa Efek Indonesia Tahun 2010-2012). Jurnal Online Insan Akuntan, Vol. 1, No. 1, Hal. 163-194, Juni 2016.

Cahyaningrum, Yustina Wahyu. dan Antikasari, Tiara Widya. (2017). Pengaruh Earning Per Share, Price-to-book value, Return On Asset, Dan Return On Equity Terhadap Harga Saham Sektor Keuangan. Jurnal Economia Volume 13. No. 2 Hal. 191-200. Surakarta.

Defri, Selvani. 2021. Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Dan Return Saham Sebagai Variabel Mediasi. Skripsi Universitas Bung Hatta, Padang.

Franita, R. 2016. Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial dan Ukuran Perusahaan terhadap Nilai Perusahaan. Jurnal Mediasi, Vol.05, No.02: 72-89.

Habeahan, Edwin dan Imo Gandakusuma. 2019. Pengaruh Kinerja dan Ukuran Perusahaan Terhadap Stock Return pada Perusahaan Sektor Energi dan Pertambangan Periode 2012-2019. Jakarta

Harefa, Meilinda Stefani (2015). Analisis Pengaruh Good Corporate Governance Dan Struktur Modal Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variabel Intervening (Studi Pada Perusahaan Manufaktur Yang Terdaftar Di BEI). Medan.

Husnan, S. (2009). Dasar dasar Teori Portofolio & Analisis Sekuritas. Yogyakarta: UPP STIM YKPN.

Jensen, Michael C. dan William H. Meckling. (1976). Theory of The Firm : Managerial Behavior, Agency Costs and Ownership Structure. Journal of Financial Economics, 3, 305-360.

Julianti, Defy Kurnia. 2015, Pengaruh Mekanisme Good Corporate Governance Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Intervening Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2010-2013. Semarang

Legiman, Fachreza Muhammad. 2015, Faktor faktor yang mempengaruhi return saham pada perusahaan agroindustry yang terdaftar di Bursa Efek Indonesia periode 2009-2012.

Lestari, Vivi. (2013). Bukti mengenai dampak pengendalian Internal dan Good Corporate Governance terhadap audit fee, Jakarta.

Marius, M. E., & Masri, I. (2017). Pengaruh Good Corporate Governance dan Corporate Social Responsibility terhadap Nilai Perusahaan. Jurnal Mahasiswa Teknologi Pendidikan, 2 No.3, 1- 22

Nurhayaty, Ety. 2017. Analisis Profitabilitas Dalam Menilai Kinerja Keuangan Toko Ancol Jaya Cianjur Setelah Melakukan KSO Dengan Berkah Ritelindo. Jakarta.

Pratama, Hamka Yudha. 2020. Pengaruh Rasio Keuangan Terhadap Return Saham Perusahaan Subsektor Logam Dan Subsektor Semen Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2018. Makassar.

Saputri, Metalaras. (2021). Pengaruh Good Corporate Governance Dan Corporate Sosial Responsibility Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variabel Mediasi Pada Perusahaan Misscellaneous Industry Di BEI Periode 2016-2019. Jurnal Ilmu Manajemen Volume 9 Nomor 2 Jurusan Manajemen Fakultas Ekonomika dan Bisnis Universitas Negeri Surabaya.

Sembiring, Selvi dan Ita Trisnawati. (2019). Faktor-Faktor Yang Mempengaruhi Nilai Perusahaan. Jurnal Bisnis dan Akuntansi, Vol. 21 No. 1a-2 Hal. 173-184. November 2019.

Sugiyono. (2009). Metode Penelitian Bisnis. Bandung: Alfabeta Bandung.

Sugiyono. (2012). Metode Penelitian Kuantitatif Kualitatif dan R&D. Bandung: Alfabeta.

Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif dan R%D. Bandung.

Sukrin, (2020), Peran Mediasi Good Corporate Governance (GCG) Dalam Mempengaruhi Kinerja Keuangan Terhadap Nilai Perusahaan. Jurnal Ekonomi Pembangunan, Vol. 12 Issue 1 Tahun 2020, Hal: 1-19, Politeknik Bau-Bau.

Tutuk, Cahyono. 2020. https://kalimantan.bisnis.com/read/20200806/408/1275958/corona-bikin-sektor-pertambangan-lesu-ekonomi-kaltim-kontraksi. Diakses Agustus 1, 2022.

Wiranata, Yulius Ardy dan Yeterina Widi Nugrahanti. 2013. “Pengaruh Struktur Kepemilikan Terhadap Profitabilitas Perusahaan Manufaktur di Indonesia”. Dalam Jurnal Akuntansi dan Keuangan, Volume 15, No. 1. Hal 15- 26. Salatiga : Universitas Kristen Satya Wacana