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The Effect Of Good Corporate Governance On Firm Value With Financial Performance As An Intervening Variable (Empirical Study Of State-Owned Enterprises Listed On The Indonesia Stock Exchange For The Period 2019-2021)

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ABSTRACT
This study aims to obtain empirical evidence of the effect of good corporate governance, proxied by managerial ownership, on firm value, proxied by Tobin's Q, and financial performance, proxied by ROA, as an intervening variable. The subject of this research is a state-owned enterprise (BUMN) company listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period. The sample for this study was selected using a non-probability sampling technique with a purposive sampling approach, resulting in a total of 71 samples of companies that met the specified criteria. The analytical technique employed in this study was path analysis, conducted using IBM SPSS Statistics 25 software. The study yielded the following results:(1) There is no effect of good corporate governance on firm value in BUMN companies listed on the IDX; (2) There is no effect of good corporate governance on financial performance in BUMN companies listed on the IDX; (3) There is no effect of financial performance on firm value in BUMN companies listed on the IDX; (4) There is an influence of good corporate governance on firm value through financial performance in BUMN companies listed on the IDX.

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INTRODUCTION

The advent of modernity, globalization, and the information technology revolution has intensified business competition in the contemporary era. Every company strives to appear dynamic, aligning its operations with the prevailing zeitgeist and consumer preferences. This presents a significant challenge for businesses striving to maintain their competitive edge. To survive in the market, companies must continuously adapt and innovate, offering fast and precise services and high-quality products. Essentially, the company must create a value that can make it compete with other competitors. In order to gain the trust of the community, it is necessary to apply the principles of Good Corporate Governance (GCG). There are five basic principles of good corporate governance, including transparency, accountability, responsibility, independence, and fairness. In the context of the current era of globalization,

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in which technology plays an important role in all aspects of community life, there is a growing demand for greater transparency or openness as a means of providing accountability to interested parties. As a result, the implementation of GCG in all economic activities appears to be a necessary and inevitable consequence. The International Finance Corporation (IFC) defines corporate governance as a structure and process for the direction and control of the company. The regulation of the Minister of State-Owned Enterprises Number: PER-01/MBU/201 defines good corporate governance as a set of principles that guide the management of a company in accordance with applicable laws and regulations and ethical standards.

Article 3 of the Regulation of the Minister of State-Owned Enterprises enumerates the five fundamental principles of GCG. These principles include: transparency—or the openness in the decision-making process as well as the disclosure of material and pertinent information about the company. Secondly, accountability, which entails the clarity of functions, implementation, and accountability of organs, thus ensuring the effective management of the company. Thirdly, accountability, which signifies conformity in the management of the company to laws and regulations, as well as sound corporate principles. Fourthly, independence, which pertains to the professional management of the company without conflict of interest or influence/pressure from any party that is not in accordance with laws and regulations, as well as sound corporate principles. Fifth, it is necessary to ensure fairness, which entails justice and equality in the fulfilment of stakeholders' rights, in accordance with agreements and relevant laws and regulations.

Appropriate and comprehensive implementation of GCG can foster the value and excellence of the company. However, a significant challenge currently facing the company is that the principles and practices associated with GCG are still not widely understood by business actors and the general public. This is evidenced by Indonesia's low ranking of 12th in a survey conducted by the Asian Corporate Governance Association (ACGA) on the implementation of corporate governance rules.

Table 1. CG Rules

Rank	Country	Score (%)
1	Australia	94 (78)
2	Hong Kong	89 (74)
3	Malaysia	84 (70)
4	India	81 (68)
5	Singapore	81 (68)
6	Thailand	81 (68)
7	Taiwan	76 (63)
8	China	69 (58)
9	Japan	56 (47)
10	Korea	54 (45)
11	Philippines	51 (43)
12	Indonesia	42 (35)

Source : ACGA (2018)

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GCG refers to a set of components (systems) that are controlled and organized to run the company's business (Wibowo, 2010). These components include processes and structures as well as various participants (board of directors, board of commissioners, shareholders, and other stakeholders). The mechanisms or technical aspects needed to control and coordinate the various participants in running the company's business are called processes and structures.

One of the primary objectives of establishing a company is to enhance the financial well-being of its shareholders or company owners and to maximize the company's value (Sudana 2015: 8). Company value can be utilized as a metric for gauging success in competing with other companies in the same industry. For publicly traded companies, maximizing the company's market value is equivalent to maximizing the stock market price. Company value is a condition that has been achieved by a company as a result of public trust in the company, which has been built up over several years of activity, beginning with the company's foundation and continuing until the present day (Sukirni, 2012).

Company value is determined by the performance of the company's management and its financial performance. As stated by (Subramanyam, 2017), financial performance can be evaluated by revenue recognition and expense attribution. Revenue recognition ensures that all revenue is earned in the period recorded, while matching ensures that only expenses resulting from revenue are earned in the period recorded. (Prasinta, 2012) Financial performance can be measured by several financial ratio approaches, including liquidity, profitability, solvency, activity, and market ratios. This study employs the theoretical framework of agency theory, which elucidates the relationship between company owners or shareholders and management. The owner or shareholder is the party that provides capital to the company, while the manager is the party appointed by the owner and authorized to make decisions in managing the company. (Jensen and Meckling, 1976) define the agency relationship as a contract between one or more principals and one or more agents. The agents are tasked with performing services on behalf of the principals, who delegate decision-making authority to them. Additionally, there is a signaling theory, which is an effort made by company management to describe the condition of the company's performance to interested parties. This theory involves two parties: the internal party, or management, who acts as the party providing the signal, and the outside party, or investor, as the party receiving the signal. (Spence, 1973) posits that by providing a signal or signals, management attempts to provide relevant information that can be utilized by investors. Subsequently, the investor will make a decision based on his or her understanding of the signal provided by management.

This research offers several benefits, including the potential to provide new knowledge and insights in the field of accounting. In particular, it can contribute to our understanding of good corporate governance information and its implications for firm value and financial performance, with a focus on state-owned enterprises (BUMN companies). Furthermore, it can be useful for companies to recognize the importance of good corporate governance in supporting their business processes, thereby enhancing their ability to gain the trust of

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consumers, which in turn creates an advantage for the company in competing with other competitors.

Several similarities and differences can be observed between this study and previous research. One such similarity is the use of the independent variable GCG, which is proxied by managerial ownership, as an independent variable in (Fatimah, Mardani, R. M., &Wahono, 2019) research. The next equation with previous research is in the independent variable used. (Syafitri, T., Nuzula, N. F., & Nurlaily, 2018) employed the dependent variable firm value, which was proxied by Tobin's Q. The first difference between this study and previous research lies in the variables used. The second difference lies in the variables used. The first difference lies in the variables used. In previous research, (Fatimah, Mardani, R. M., &Wahono, 2019) employed the firm value variable, proxied by the Price Earning Ratio (PER), as the dependent variable and the financial performance variable, proxied by ROE, as the intervening variable. Do not utilize intervening variables and instead employ GCG variables proxied by the Independent Board of Commissioners and the Audit Committee as independent variables. The second distinction pertains to the sample utilized. (Fatimah, Mardani, R. M., &Wahono, 2019) employed a sample of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange for the 2015-2017 period. (Eksandy, 2018) employed a sample of Islamic banking companies in Indonesia for the period 2011-2014. Utilized a sample of LQ 45 companies listed on the Indonesia Stock Exchange for the period 2009-2013. In this study, the GCG variable was proxied by managerial ownership, the firm value variable was proxied by Tobin's Q, and the financial performance variable was proxied by ROA. The sample consisted of BUMN companies listed on the Indonesia Stock Exchange for the 2019-2021 period.

This study will examine the relationship between good corporate governance (GCG), firm value, and financial performance. The author will utilize empirical evidence to investigate the impact of GCG on firm value and financial performance. This study will utilize secondary data, specifically financial reports of state-owned companies obtained from the Indonesia Stock Exchange or www.idx.ac.id for the 2019-2021 period. The hypotheses developed in this study are based on the aforementioned variables. The first hypothesis is that there is an effect of GCG on firm value in state-owned companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The second hypothesis is that there is an effect of GCG on financial performance in state-owned companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The third hypothesis concerns the effect of financial performance on firm value in state-owned companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The fourth hypothesis examines the effect of GCG on firm value through financial performance in state-owned companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The framework utilized is depicted in the accompanying figure.

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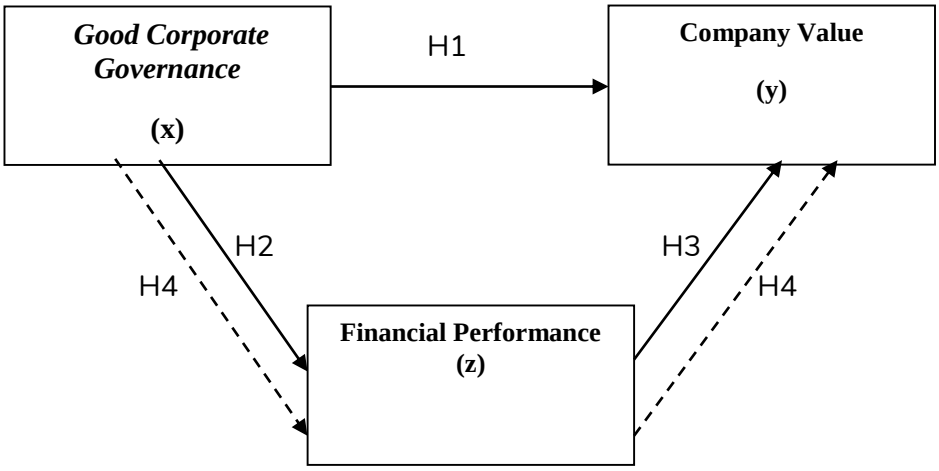

Figure 1. Framework

METHODS

This research is a type of empirical research that tests hypotheses to obtain evidence of significant influence between variables. This study employs a quantitative research approach to analyze the relationship between GCG and firm value and financial performance. According to (Sugiyono., 2017), the object of research is a scientific target that is used to obtain data with specific purposes and uses about something objective, valid, and reliable about a specific variable. The research objects in this study are GCG, firm value, and financial performance at state-owned enterprises listed on the Indonesia Stock Exchange. These data were accessed through the website www.idx.co.id and the company website by downloading published financial reports for the 2019-2021 period.

The dependent variable is the main variable that is the focus of research or the variable that is influenced by other variables. The dependent variable in this study is firm value as measured by Tobin's Q. Firm value in this study is defined as the company's success rate associated with stock prices. A high stock price indicates a high firm value. Firm value is reflected in the price investors pay for their shares in the market. In this study, the Tobin's Q indicator is employed as it is superior to the ratio of market value to book value and focuses on the current worth of the company relative to the cost of replacing it. In this study, Tobin's Q is formulated as follows:

$$\text{Tobin'sQ} = \frac{ME+DEBT}{TA}$$

Independent variables are variables that are thought to have an effect on the dependent variable. In this study, the independent variable is GCG as measured by managerial ownership indicators. There are several indicators of the implementation of GCG, namely the size of the board of commissioners, the number of independent board members, managerial ownership, institutional ownership, and the composition of the audit committee. The measurement for this study uses managerial ownership. Managerial ownership is defined as the percentage of management share ownership that actively participates in decision-making. Managerial

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ownership is quantified by the proportion of shares held by management of all outstanding shares. The formula for calculating managerial ownership is as follows:

$$KM = \frac{Number\ of\ Management\ Shares}{Number\ of\ Shares\ Outstanding} \times 100\%$$

The study employs a variable that intervenes between two factors—financial performance and managerial efficacy—as represented by the ratio of operating income to total assets (ROA). ROA is a measure that assesses a company's capacity to generate profits and overall efficiency. Its calculation formula, as presented below, is as follows:

$$ROA = \frac{Earning\ after\ taxes}{Total\ assets}$$

The population in this study are BUMN companies listed on the Indonesia Stock Exchange for the 2019-2021 Period. The total population in this study was 24 BUMN companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The sampling technique in this study used non-probability sampling using purposive sampling technique. Purposive sampling is a sampling method based on certain criteria (Chandrarin, 2017: 127). The samples used in this study must have the following characteristics, (1) BUMN companies that are listed and publish audited financial reports on the Indonesia Stock Exchange for the 2019-2021 period and (2) BUMN companies that present complete reports or information. Based on the sample selection using purposive sampling technique, 71 samples of BUMN companies listed on the Indonesia Stock Exchange for the 2019-2021 period were obtained that met the sample criteria.

The data analysis method in this study used IBM SPSS Statistics 25 software. Data analysis in this study involves several steps. First, a descriptive statistical test is carried out to test and explain the characteristics of the observed sample. The normality test aims to test whether in the regression model the independent variable and the dependent variable both have a normal distribution. A good regression model is to have a normal or near normal data distribution (Ghozali, 2016). Before statistical analysis techniques are carried out, the observed data must have been tested and controlled, usually (especially for secondary data) there are many biases (Chandrarin, 2017). The classic assumption test aims to minimize the bias of the regression model results used. Some forms of classical assumption tests are as follows: (1) Multicollinearity test aims to test whether or not there is a correlation between independent variables in a regression model. If there is a correlation there is a multicollinearity problem that must be overcome (Ghozali, 2016). To detect the presence of multicollinearity problems is to use the calculation of tolerance value and variance inflation factor (VIF). (2) Heteroscedasticity test is conducted to determine the inequality of residual variations from one observation to another in the regression model. A good regression model is homoscedasticity or no heteroscedasticity. The basis for decision making in the heteroscedasticity test using the Glejser test. (3) This autocorrelation test is carried out in order to test in a regression model whether there is a correlation between variables in period t and period t-1 or before (Ghozali, 2016). The autocorrelation test in this study was carried out with the Durbin-Watson test. The regression model can be said to be good if it is free

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from autocorrelation. So, if there is a correlation in this case, it can be said that there is an autocorrelation problem.

Hypothesis testing in this study uses path analysis technique, which is a type of multivariate analysis technique used to test the effect of independent variables on more than one dependent variable, in other words, to test the direct and indirect effects (through intervening variables) of independent variables on dependent variables determined / selected by the researcher (Chandrarin, 2017). Thus, path analysis is a means of testing the causal relationship between variables to determine the direct and indirect effects between the independent and dependent variables. The path analysis in this study uses IBM SPSS Statistics 25 software. The linear regression equation used to test the hypothesis will be formulated as follows

- Model 1
  $KK = \beta_{2.} GCG + e_1$ ..... (1)
- Model 2
  $NP = \beta_{1.} GCG + \beta_{3.} KK + e_2$ ..... (2)

Description:

GCG	= Good Corporate Governance
KK	= Financial Performance
NP	= Company Value
β_1, β_2, β_3	= Beta, Regression Coef.
e_1, e_2	= Error term, residuals in each equation

RESULTS AND DISCUSSION

This study uses research objects from BUMN companies listed on the Indonesia Stock Exchange in 2019-2021 that meet the sample criteria. Based on the results of sample selection using purposive sampling technique, 71 samples of BUMN companies that meet the sample criteria are obtained.

Table 2. Descriptive Statistical Analysis Results

Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
TobinsQ	.633916972	15.1916352	1.5875511142	2.111756875	71
ROA	-.580307596	0.222482396	-.001959328	.1114243435	71
KM	.000000000	.008556972	.0003139762	.0013142317	71

Table 2 reveals that the independent variable, namely GCG proxied by managerial ownership, has a minimum value of 0.000000000. This is observed in the Elnusa company in 2019, 2020, and 2021, as well as in Garuda Indonesia in 2019. The following companies exhibited the lowest values for the independent variable, namely GCG proxied by Managerial Ownership, in the years under consideration: Indofarma (2020 and 2021), Kimia Farma (2019, 2020 and 2021), Perusahaan Gas Negara (2019), Semen Indonesia (2019 and 2020), and Timah (2019, 2020 and 2021). The maximum value observed was 0.008556972, which

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was recorded by the Wijaya Karya Beton company in 2020. The average value (mean) was 0.0003139762, with a standard deviation of 0.0013142317. The dependent variable, namely the company value proxied by Tobin's Q, has a minimum value of 0.633916972, which is observed in the Kimia Farma company in 2019. In contrast, the maximum value is 15.1916352, which is observed in the Indofarma company in 2019. The mean value is 1.5875511142, with a standard deviation of 2.111756875. The intervening variable, namely financial performance proxied by ROA, has a minimum value of -0.580307596, namely the Garuda Indonesia company in 2021. The maximum value is 0.222482396, which is observed in the Bukit Asam company in 2021. The average value (mean) is -0.001959328 with a standard deviation of 0.1114243435.

The normality test is employed to ascertain whether the data in the regression model exhibits a normal distribution. In this study, the normality test employed the Kolmogorov-Smirnov Test. If the significant value is greater than 0.05, the distribution is deemed to be non-normal, whereas if the significant value is smaller than 0.05, the distribution is considered to be normal.

Table 3. One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		71
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.10593690
Most Extreme Differences	Absolute	.348
	Positive	.348
	Negative	-.319
Test Statistic		.348
Asymp. Sig. (2-tailed)		.000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on table 3 above the normality test results, it is known that the Asymp. Sig. (2-tailed) of 0.000 is smaller than 0.05. So, it can be concluded that the sample data in this study is normally distributed. The multicollinearity test aims to test whether or not there is a correlation between the independent variables in a regression model. In this study, the multicollinearity test used the Tolerance and Variance Inflation Factor (VIF) values. The model is declared multicollinearity free if the VIF value is less than 10 and the Tolerance value is greater than 0.1.

Table 4. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.625	.261		6.227	.000		

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ROA	.386	2.293	.020	.168	.867	.999	1.001
KM	-115.611	194.406	-.072	-.595	.554	.999	1.001

a. Dependent Variable: TobinsQ

Table 4 indicates that the tolerance value for the ROA and KM variables is greater than 0.1, while the VIF value is smaller than 10. This suggests that multicollinearity is not a concern in this research data.

The heteroscedasticity test is used to assess the equality of residual variations across observations in the regression model. If the correlation results are statistically significant at the 0.05 level or above, there is no evidence of heteroscedasticity in the regression model. Conversely, if the correlation results are statistically significant at the 0.05 level or below, there is evidence of heteroscedasticity.

Table 5. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.960	.233		4.120	.000
	KM	-110.905	173.621	-.077	-.639	.525
	ROA	1.031	2.048	.061	.503	.616

a. Dependent Variable: Abs_RES

Based on table 5 above, the significance result of the KM variable is 0.525 greater than 0.05 and the significance result of the ROA variable is 0.616 greater than 0.05. So it can be concluded that this research data does not occur heteroscedasticity.

This autocorrelation test is carried out in order to test in a regression model whether there is a correlation between variables in period t and period t-1 or before. The autocorrelation test in this study was carried out with the Durbin-Watson test.

Table 6. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.074[a]	.006	-.024	2.136682126468	.960

a. Predictors: (Constant), ROA, KM
b. Dependent Variable: TobinsQ

Based on the results of the autocorrelation test, the Durbin-Watson value is 0.960. Furthermore, this value will be compared with the Durbin-Watson table value at 5% significance with the formula (k; N). The number of independent variables is 2 or "k = 2", while the number of samples is "N = 71". Then the dL value is found to be 1.5577 and the dU value is 1.6733. The Durbin-Watson (d) value of 0.960 is smaller than dL of 1.5577. So it can be concluded that positive autocorrelation occurs.

Path analysis is a type of multivariate analysis technique used to test the effect of independent variables on more than one dependent variable, in other words, to test the direct

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and indirect effects (through intervening variables) of independent variables on the dependent variable that has been determined.

Table 7. Hasil Pengujian Model 1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.030[a]	.001	-.014	.112179840210

a. Predictors: (Constant), KM
b. Dependent Variable: ROA

Coefficients[a]

Model		Unstandardized Coefficients
		B
1	(Constant)	-.003
	KM	2.506

a. Dependent Variable: ROA

Based on the results of model 1 regression output, the coefficients table shows that the standardized beta value of KM is 0.030, with a significance value of 0.807 greater than 0.05. These results indicate that KM (GCG) has no effect on ROA (financial performance). Furthermore, the R Square value obtained in the Model Summary table is 0.001. This shows that the contribution or contribution of KM's influence on ROA is 0.1%. Meanwhile, the value of e1 is obtained by the formula √(1-0.001) so that e1 = 0.9995

Table 8. Model 2 Testing Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.074[a]	.006	-.024	2.136682126468

a. Predictors: (Constant), KM, ROA
. Dependent Variable: TobinsQ

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.625	.261		6.227	.000
	ROA	.386	2.293	.020	.168	.867
	KM	-115.611	194.406	-.072	-.595	.554

a. Dependent Variable: TobinsQ

Based on the results of model 2 regression output, the coefficients table shows that the standardized beta value of KM is -0.072, with a significance value of 0.554 greater than 0.05. These results indicate that KM (GCG) has no effect on Tobin's Q (firm value). While the standardized beta value of ROA is 0.020, with a significance value of 0.867 greater than 0.05. Thus, these results indicate that ROA (company performance) has no effect on Tobin's Q (company value). The R Square value obtained in the model summary table is

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0.006. This shows that the contribution or contribution of KM's influence on Tobin's Q is 0.06%. Meanwhile, the e2 value is obtained using the formula √(1-0.006) so that e2 = 0.9970. After testing model 1 and model 2, the path analysis model is obtained as follows:

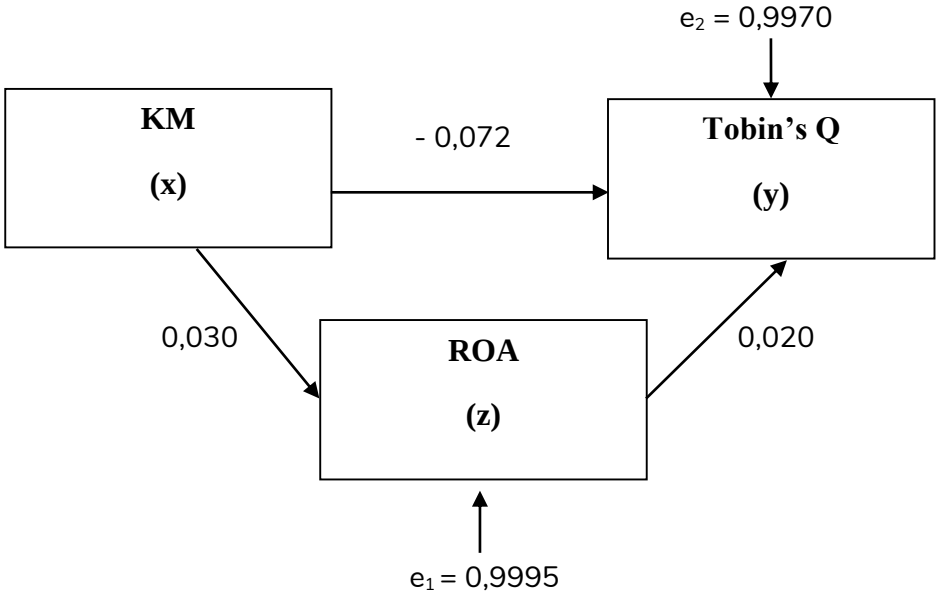

Figure 2. Path Analysis

The conclusion of the relationship pattern between variables in this study is explained as follows:

Table 9. Pengujian Pengaruh Langsung

H	Influence			*Path Coef.*	Sig	Desc
H1	KM	→	Tobin's Q	-0,072	0,554	H1 Reject
H2	KM	→	ROA	0,030	0,807	H2 Reject
H3	ROA	→	Tobin's Q	0,020	0,867	H3 Reject

Table 10. Testing the Direct-Indirect Effect

Konstruk Eksogen	Effect	Konstruk Endogen	Variable Intervening	Koefisin Direct Effect	Koefisien Path Indirect	Total Effect	Desc
KM	→	Tobin's Q	ROA	-0,072	0,001[a]	-0,071[b]	H4 Accepted

[a] Koefisien Path Indirect: (0,030 x 0,020)
[b] Total Effect: -0,072 + (0,030 x 0,020)

Analysis of the effect of KM (GCG) on Tobin's Q (firm value) through ROA (financial performance), it is known that the direct effect given by KM on Tobin's Q is -0.072. While the indirect effect of KM on Tobin's Q through ROA is the multiplication of the beta value of KM on ROA with the beta value of ROA on Tobin's Q, namely 0.030 x 0.020 = 0.001. Then the total effect given is the direct effect plus the indirect effect, namely -0.072 + 0.001 = -0.071.

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Based on the calculation results, it is known that the direct effect is -0.072 and the indirect effect is 0.001. The value of direct influence < the value of indirect influence. This shows that indirectly KM (GCG) on Tobin's Q (firm value) through ROA (financial performance) has a significant effect.

The results of testing hypothesis 1 indicate that there is no evidence to suggest that GCG has an effect on firm value. This may be due to the fact that companies have not yet paid sufficient attention to GCG. Furthermore, it is possible that investors do not consider the influence of GCG when evaluating a company. Agency theory, which posits that the agent is a party authorized by the company owner to manage the company, evidenced by transparency in the disclosure of managerial share ownership, also does not affect firm value. This indicates that it merely demonstrates the company's commitment to implementing GCG principles, one of which is transparency in terms of disclosing company information to the public. However, it cannot affect the company's value in the calculation. Investors may consider other factors when assessing a company, such as its success rate, which is often associated with an increase in stock prices. A high stock price indicates a high company value, and vice versa. This suggests that the size of GCG does not affect the value of the company.

The findings of this study align with those of (Putra, 2016), which demonstrate that there is no impact of KM (Managerial Ownership) on firm value. This may be attributed to the fact that companies have not yet prioritized GCG. Similar results are also demonstrated in the research conducted by (Syafitri, T., Nuzula, N. F., & Nurlaily, 2018), which states that KM has no significant effect on firm value. This may be attributed to investors who prioritize other factors, such as stock prices, over GCG (managerial ownership) in measuring firm value. The research of (Fatimah, Mardani, R. M., &Wahono, 2019) and (Ferial, F., Suhadak, & Handayani, 2016) yielded different results, indicating that GCG has a significant effect on firm value. Hypothesis 2 testing revealed that GCG has an effect on financial performance, which was rejected. This indicates that managerial share ownership in the company has no effect on financial performance. GCG has no effect on financial performance, possibly because companies do not perceive or believe that GCG plays an important role or adds value in improving financial performance. Additionally, investors do not consider GCG (in this case, managerial ownership) as a factor that can affect the financial performance of a company (proxied by ROA). The conclusion of this hypothesis is that GCG, as proxied by managerial ownership, has no effect on financial performance. Consequently, H2 is rejected. These results are not in line with previous research by (Fatimah, Mardani, R. M., &Wahono, 2019) and (Ferial, F., Suhadak, & Handayani, 2016), which state that GCG has an influence on financial performance.

The results of hypothesis 3 testing indicate that the effect of financial performance on firm value is rejected. This finding suggests that financial performance has no effect on firm value, potentially due to the influence of other factors on the relationship between financial performance and firm value. These factors may include Return On Equity (ROE), leverage, profitability, stock price, and others. The results of testing this hypothesis are not in line with previous research conducted by (Fatimah, Mardani, R. M., &Wahono, 2019) and (Ferial, F.,

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Suhadak, & Handayani, 2016), which state that financial performance affects firm value. The results of this study are supported by agency theory and signal theory, which posit that the agent is a party authorized to make decisions regarding the company's management, including the dissemination of honest, complete, and detailed information to the principal and the public. This information is intended to convey a positive signal to outsiders or investors. However, it has been demonstrated that investors do not perceive financial performance proxied by ROA as an important factor in measuring firm value.

The results of hypothesis 4 testing indicate that the effect of GCG on firm value through financial performance is accepted. GCG exerts an influence on firm value because state-owned enterprises (BUMN) are expected to serve as exemplars for other entities in implementing GCG in managing the company. This suggests that managers who own some shares in the company are perceived as a positive signal by investors, indicating that they will work assiduously to manage the company efficiently, thereby indirectly enhancing its value. This result differs from that of previous research conducted by (Fatimah, Mardani, R. M., &Wahono, 2019), which found that financial performance is unable to mediate the relationship between GCG and firm value.

CONCLUSION

The results of the processing, testing, and data analysis conducted on the research "The Effect of Good Corporate Governance on Firm Value with Financial Performance as an Intervening Variable" indicate that the following conclusions can be drawn: (1) There is no influence of good corporate governance on firm value in state-owned companies listed on the Indonesia Stock Exchange. (2) There is no influence of good corporate governance on financial performance in state-owned companies listed on the Indonesia Stock Exchange. (3) Financial performance has no influence on firm value in state-owned companies listed on the Indonesia Stock Exchange. (4) Good Corporate Governance exerts an influence on company value through financial performance in state-owned companies listed on the Indonesia Stock Exchange. This study is subject to several limitations, despite the researchers' best efforts to develop it as thoroughly as possible. One such limitation is that the sample used in the study was limited to state-owned enterprises (BUMN) listed on the Indonesia Stock Exchange. Consequently, the findings of this study cannot be generalized to research objects outside of the scope of state-owned enterprises. Additionally, the proxies used in the independent variables of this study are limited to managerial ownership.

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