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The Influence Of Good Corporate Governance, Intellectual Capital, And Investment Opportunity Set On Company Value

Nopagia[1], Suripto[2], Holiawati[3]
[1,2,3]Master of Accounting Program, Pamulang University, Jalan Surya Kencana No. 1, Banten, Indonesia

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ABSTRACT
In facing various challenges that can threaten business value, an in-depth investigation is necessary. Market trust and company prospects are highly influenced by a company's high value. This research aims to explore how effective corporate management, intellectual resources, and investment opportunities impact company value. The data used in this study is sourced from the annual financial reports of companies listed on the Indonesia Stock Exchange, specifically those included in the LQ45 index. The research employs a quantitative approach, focusing on the associative relationship between the aforementioned variables. A purposive sampling method was used for sample selection, with specific criteria set in advance. A total of 22 companies were selected as the research sample, and data was observed over a 5-year period, resulting in 110 observational data points used for analysis. The Ordinary Least Squares (OLS) method was used in this study to test the proposed hypotheses. The results show that while the investment opportunity set and intellectual resources have a positive and significant effect on company value, good corporate management does not have a significant impact on company value. This indicates that in maintaining company value, the management of intellectual resources and investment opportunities may play a more significant role than good corporate governance. In the long term, company value can continue to grow, and stakeholders will take note of this development. Therefore, companies need to keep striving to maximize their performance by considering the internal and external conditions that affect their value.

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Corresponding Author:
Nopagia
Master of Accounting Program, Pamulang University
Jalan Surya Kencana No. 1, Banten
nopagia05@gmail.com

INTRODUCTION

A company is established with the goal of achieving optimal company value growth. Company value is a key factor influencing investor perceptions, as it reflects the company's performance and stock price in the stock market. To attract capital from prospective investors, a company must demonstrate good performance and prospects, which are often reflected in a high stock price. However, sometimes companies may not want their stock prices to be too high, fearing that it may reduce their attractiveness to investors or make the shares difficult to sell. This can be seen in the actions of several companies that go public and conduct stock splits to adjust their stock prices. In addition to achieving company value growth, other corporate goals include maximizing profit and improving the welfare of company owners and shareholders. Company value is a primary indicator of how the market values the company as a whole and is often measured by the price-to-book value ratio. The market reflects the company's future prospects through a high price-to-book value ratio, and this also becomes the goal of company owners, as high company value indicates high profits and greater shareholder welfare (Sari, 2021).

Company valuation reflects the price given by investors for the shares traded in the stock market. By going public, the community and management gain better insights into the company's valuation. The company's value is reflected in stock market dynamics, where expectations about the company's future affect its stock price. If the company is perceived to have a positive outlook, its stock price tends to increase. Conversely, if the company faces challenges or uncertainty, its stock value may decline (Handriani and Robiyanto, 2018). Companies always rely on their primary objective when conducting activities and making decisions. Maximizing shareholder wealth is the main goal of a company (Brigham and Houston, 2018), meaning that maximizing shareholder wealth is identical to maximizing company value (Besley, 2000; Alamsyah and Malanua, 2021).

According Sinuraya and Dillak (2021), company value can be measured by the company's general stock price (Besley, 2000). Business value is the price a prospective buyer would pay if the business were sold. Company owners desire high company value. Share price bargaining power indicates a company's value. A high stock value indicates good future prospects, while weak stock value indicates poor prospects (Pujarini, 2020). In other words, a company with high value will gain public trust. The supply and demand mechanism in the stock exchange determines the fair market value of a company when it goes public, and this market value is reflected in the listing price (Handriani and Robiyanto, 2018).

In Indonesia, the phenomenon of company value remains an interesting topic for study, as value represents investor perspectives on a company, which they use as a way to measure the company's future sustainability. Recent phenomena indicate that prospective investors can use several stock indices provided by the Indonesia Stock Exchange (IDX). One of the most popular indices in Indonesia is the IHSG (Composite Stock Price Index) and LQ45. However, using the IHSG to calculate stock returns has limitations, as the weighting used by the IHSG is based on the total capitalization of stocks listed on the IDX. As a result, the IHSG only reflects the movement of active and liquid stocks in the secondary market, while the LQ45 index comprises liquid stocks with high market capitalization, high trading frequency, good growth prospects, and sound financial conditions, logically selected by the IDX to be part of its portfolio.

An example of a phenomenon related to company value increase is the Salim Group, which operates in the consumer goods sector and is expected to have a bright future. In recent years, the Salim Group has expanded its asset portfolio through share acquisitions and business expansion. In 2014, one of the group's companies, PT Indofood Sukses Makmur Tbk (INDF), recorded net sales of IDR 63.59 trillion, an increase of 14.3 percent compared to the previous year. This performance resulted in a net profit of IDR 3.89 trillion, a 55.2 percent increase from the previous year. The company's success in maintaining profit growth signaled

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positive company value. Investment analysis shows that the Salim Group and Astra are highly liquid and attractive investment choices for long-term investors. Furthermore, in 2018, the Salim Group collaborated with Madco to acquire 60 percent of Hyflux Ltd shares from Singapore. This long-term approach reflects the company's efforts to increase its value in the eyes of investors (Siegel, 2021).

Another phenomenon related to company value is the case of PT Fast Food Indonesia Tbk (FAST). Toward the end of 2016, the company realized debt disbursement from the market through the issuance of bonds. The company, which manages KFC fast-food restaurants in Indonesia, raised IDR 200 billion in bonds. The funds were used for business development and expansion. Interest payments were made smoothly during the 2016-2017 period. FAST ultimately achieved a 55.79 percent net profit growth, with the company's revenue recorded at IDR 2.31 trillion, up 11.05 percent compared to the previous year. This was responded to by the market with an increase in the company's stock price, indicating a rise in company value (Probowo, 2016)

The Composite Stock Price Index (IHSG), which surged in the fourth quarter of last year, is expected to continue its bullish trend through the end of this year. Last week's trading saw the IHSG break an all-time record, briefly touching 6,714.158 on Friday (November 12, 2021), before correcting and closing at 6,651.054. As of Tuesday morning (November 16), the IHSG remained at the psychological level of 6,600. If this upward trend continues, the IHSG could reach 6,800 by the end of the year, according to a prediction from U.S.-based financial services company JPMorgan, which forecasts Indonesia's economy to grow in 2021, with the IHSG potentially soaring to a record 6,800 by the end of December 2021. This year, the IHSG has been bolstered by the technology sector, which has performed exceptionally well, increasing by 403 percent since the beginning of the year. However, that achievement has faded due to the sluggish performance of several large-cap issuers, which are also among the most liquid and included in the LQ45 index.

Since the beginning of the year, the IHSG has gained nearly double digits, up 8.75 percent as of Tuesday morning (November 16). In contrast, the LQ45 index has declined 1.25 percent year-to-date. The LQ45 index tracks the price performance of 45 stocks with high liquidity, large market capitalization, and sound company fundamentals. The LQ45 index consists of 45 issuers selected based on liquidity and market capitalization, along with other predetermined criteria. Despite the pressure on stock prices since the beginning of the year, the financial performance of issuers in the LQ45 index has shown a fairly positive increase, at least through the end of the third quarter, based on reports from 30 companies that have released interim financial statements. The LQ45 index itself tracks the price performance of 45 stocks with high liquidity, large market capitalization, and strong company fundamentals. The LQ45 index consists of 45 issuers selected based on liquidity and market capitalization, along with other predetermined criteria. In aggregate, as of September this year, the combined revenue of the 30 companies reached IDR 1.151 trillion, up 13.40 percent from the same period last year, reflecting an increase of IDR 136.05 trillion in revenue. Aggregate profits also increased significantly, rising by IDR 34.97 trillion from September last year. This represents a growth of 32.70 percent in the net profit of the 30 LQ45 issuers, which amounted to IDR 141.94 trillion by the end of the third quarter of 2021.

Of the 30 companies, only five reported a decline in revenue, while 25 others experienced revenue growth, with 18 companies posting double-digit growth, and five of them achieving revenue increases of more than 45 percent. In terms of profit performance, none of the 30 companies recorded losses. In contrast, in September 2020, Chandra Asri and PT Timah posted losses, but both companies turned things around this year. Five companies reported a decline in net profit, with the largest being Indo Tambangraya Megah, which saw its net profit jump by 579 percent. Below is a financial summary of the 30 LQ45 issuers that have reported their third-quarter financial performance this year.

The phenomenon at the IDX shows that company value often changes even though financial policies are not made frequently. The financial policies in question include dividends paid annually, investment activities, and financing. The change in company value is caused by fluctuations in stock prices. Company value changes when foreign capital floods the financial market, acting as the main fuel driving up the Composite Stock Price Index (IHSG). Economic or business developments cause each company to compete to maximize profits in order to increase its value.

In Indonesia, recent events have shown that the Composite Stock Price Index (IHSG), which serves as a benchmark index for the capital market, fell by 20.56 percent in 2020. Meanwhile, the LQ45 index, consisting of highly liquid stocks with good business prospects, experienced an even larger correction of 24.67 percent, with some LQ45 constituent stocks suffering a significant decline of over 30.06 percent. This reflects the decline in the stock prices of LQ45 companies over a five-year period (2018-2022).

LQ45 Stock Selection Criteria: The stock market index on the Indonesia Stock Exchange (IDX) consists of 45 companies that meet specific criteria, including being among the top 60 companies with the highest market capitalization in the last 12 months. To be included in the LQ45 index, stocks must meet the following criteria: they must have been listed on the IDX for at least three months, rank among the top 60 stocks based on transaction value in the regular stock market, and among the 30 stocks with the highest transaction value, which automatically enter the LQ45 index calculation.

This issue needs to be studied because company value is an important concern for the capital market and the macroeconomy as a whole, as well as for each company specifically. Without high company value, a company will find it difficult to expand its business activities to a higher level. A capital market with high-value companies will also enhance the overall performance of the market, resulting in a healthy capital market and economic growth. Many recent cases of declining company value need to be researched. There is no doubt that the current phenomenon is highly relevant and interesting to study. Given the importance of company value and the fact that maximizing value is a company's primary goal, further research is needed to gain a deeper understanding of the factors influencing company value.

High company value is the long-term goal of every business, as it demonstrates shareholder prosperity and attracts investors to provide capital. Stock prices on the stock exchange reflect company value. Company value correlates positively with the stock price obtained (Silvia Indrarini, 2019), which impacts market confidence and future prospects. In Indonesia, the phenomenon of company value is still of great interest for study, as value represents investor perspectives on the company and is used as a way to measure a company's ability to survive in the future.

According to Carney, Gedajlovic and Sur (2011), conflicts of interest can be avoided by implementing mechanisms that align the interests of management with those of shareholders as owners. A good corporate governance mechanism can help address conflicts of interest. Good corporate governance is a form of corporate management that protects the interests of shareholders (the public) as company owners and creditors as external financiers. A good corporate governance system can protect all parties involved, including management, shareholders, and creditors. This corporate governance mechanism provides more oversight for companies, which is expected to improve company performance and, in turn, increase company value. Agency theory leads to corporate governance, which holds that corporate management should be controlled and monitored to ensure compliance with applicable regulations. It is expected that corporate management, which consists of four elements of interest: fairness, transparency, responsibility, and accountability, will help reduce agency conflicts.

Sunardi (2019), Suripto and Lucas (2023), and Kartika and Payana (2021) concluded that good corporate governance has a positive impact on company value. The implementation of good corporate governance is expected to be beneficial in increasing and maximizing company value. Good corporate governance is expected to balance various interests, providing benefits for the company as a whole. Therefore, if a company implements a good corporate governance system, it is expected that its performance will improve, leading to an increase in the company's stock price as an indicator of company value, and thus enhancing company value. However, research by Asma & Redawati (2018) concluded that good corporate governance does not affect company value. The mechanism of good corporate governance is still viewed as an obligation that must be fulfilled by companies, rather than a culture. As a result, investors and potential investors do not respond to information about the mechanism of good corporate governance because they view it as a mere formality that companies are required to follow.

Another way to increase company value is through intellectual capital. Companies can use intellectual capital as a strategy to reduce the greater environmental damage caused by their operations, especially mining companies. This will certainly reduce costs that may arise if there is no prior prevention. These costs arise because environmental damage must be addressed, and the cost of doing so will increase if the environmental damage is significant.

Intellectual capital is a valuable resource and the ability to act based on knowledge and skills, as well as knowledge-based technology (Kianto, Sáenz and Aramburu, 2017). Thus, companies have a high competitive value compared to other companies. To increase company value in Indonesia today, the concept of intangible assets is no longer a primary focus. This is evidenced by the fact that very few companies in the country list intangible assets on their balance sheets, leading to biased company valuations.

Intellectual capital is a component that can support efforts to protect the environment to achieve sustainability performance. Intellectual capital consists of intangible assets such as information resources, innovation, and knowledge that can enhance competitive capabilities while protecting the environment, which can improve sustainability performance (Yusliza *et al*., 2020). Environmentally friendly products and services will be driven by human capital that understands green business, organizational structure and commitment to implementing green business, and good relationships with stakeholders. This will undoubtedly increase sales, generating business and social benefits.

Arini & Musdholifah (2018) and Kristina & Wiratmaja (2018) concluded that intellectual capital has a positive and significant effect on company value, meaning that companies with high intellectual capital have a competitive advantage that can withstand intense business competition, thereby increasing company value. Conversely, research by Hatane et al (2019) and Sasongko et al (2019) stated that intellectual capital has no impact on company value because intellectual capital is a matter of corporate management that is not directly related to investors.

Companies and stakeholders have high expectations for increasing company value. Smith and Watts (1992) suggested that company growth can be measured through the concept of the Investment Opportunity Set (IOS), which reflects available investment opportunities. The Investment Opportunity Set is a key factor in determining a company's market value. It provides a more comprehensive picture of how company value is measured based on future expenditures. The Investment Opportunity Set is important because it is closely related to investment decisions that include current assets (assets in place) and future investment options. These decisions have a significant impact on company value. Investors and other stakeholders will respond positively to companies with a high Investment Opportunity Set because they perceive that companies with many investment options tend to have good growth prospects, which can yield positive results on company value.

Several studies, including Alamsyah and Malanua (2021), Dewi (2017), Dharmawan & Riza (2019), and Br Sinuraya (2021), concluded that the Investment Opportunity Set (IOS) has a positive and significant effect on company value. The IOS is measured using the Market to Book Value of Equity as a proxy, which illustrates the company's ability to acquire and manage capital. These results indicate that investment opportunities, as reflected in the company's ability to manage capital, have a positive and significant effect on company value. However, another study by Kolibu et al. (2020) reached a different conclusion, stating that the Investment Opportunity Set has no effect on company value. They argued that companies may pay insufficient attention to the right investment opportunities that could increase company value.

The researcher conducted follow-up research on company value. Unlike previous research, this study adds one independent variable, the Investment Opportunity Set, to produce broader and higher-quality results. This study differs from previous research as the researcher will compare the Kompas 100 and LQ45 indices over the research period from 2017 to 2021. As these two major indices are known as "blue chips" and attract investors to invest, because their participants represent the capital market's performance, the results of

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this study can represent companies in the capital market as a whole. This is because the market capitalization coverage of both indices reaches about 60-70% of all participants in the Indonesia Stock Exchange.

METHODS

This research aims to evaluate the influence of independent variables on the dependent variable, where company value is the dependent variable, and the investment opportunity set, intellectual capital, and good corporate governance are the independent variables. Therefore, this study falls under the category of associative quantitative research. The extent to which independent variables, measured by various indicators, influence the dependent variable is expected to explain the level of independence and show the relationships between them. The data used in this research comes from annual reports published by the Indonesia Stock Exchange (IDX) over a five-year period, from 2017 to 2021, and made available through its official website (www.idx.co.id). The analytical tools selected for the study include EVIEWS 10 and Microsoft Excel 2013, with data analysis techniques such as Descriptive Statistical Analysis, Panel Data Regression Model, Panel Data Regression Model Selection, Classical Assumption Test, and Hypothesis Testing. As stated by Sugiyono (2019: 69), independent variables are factors that cause changes or the emergence of the dependent variable. In this study, the dependent variable is company value.

Company value is a concept that reflects investors' perceptions of the company's level of success, which is closely related to the stock price (Sujoko and Soebiantoro, 2007). An increase in company value is considered a significant achievement, aligning with the expectations of company owners, as a higher company value also means increased prosperity for the owners. Company value is often reflected through the movement of its stock price.

Company value can be measured using several ratios, including Earnings per Share (EPS), which indicates the return investors or shareholders receive per share, Price Earnings Ratio (PER), which is the ratio of a company's stock price to its earnings per share, Dividend Yield, which compares dividends to stock price, and Price to Book Value (PBV), a ratio comparing the market value of a stock with its book value (Brigham, 2010). This research uses Price to Book Value (PBV) as a proxy for company value. A high Price to Book Value increases market confidence in the company's prospects and indicates greater shareholder prosperity (Hermuningsih, 2013).

RESULTS AND DISCUSSION

Descriptive Analysis

Table 1. Descriptive Analysis

Variable	Mean	Std. Deviation	Minimum	Maximum
GCG	0.902909	0.138613	0.400000	1.000000
1C	8.282273	5.931422	-28.53000	20.97000
IOS	-1.776455	3.550621	-8.660000	8.900000
NP	2.487273	2.239347	0.430000	16.13000

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The dependent variable in this study is company value. From 110 data points, the average (mean) company value is 2.487273, with a maximum value of 16.13000 from HM Sampoerna Tbk in 2017 and a minimum value of 0.430000 from PP (Persero) Tbk in 2021. The standard deviation is 2.239347, indicating data variability since the mean is larger than the standard deviation.

The independent variables in this study are Good Corporate Governance (GCG), Intellectual Capital (IC), and the Investment Opportunity Set (IOS). GCG has a mean of 0.902909, with a maximum value of 1.000000 and a minimum value of 0.400000. The standard deviation is 0.138613, showing data variability. IC has a mean of 8.282273, with a maximum value of 20.97000 and a minimum value of -28.53000. The standard deviation is 5.931422, indicating data variability. IOS has a mean of -1.776455, with a maximum value of 8.900000 and a minimum value of -8.660000. The standard deviation is 3.550621. Skewness and kurtosis values for each variable further indicate the distribution characteristics of the data.

Model Selection

In panel data analysis, there are several model options available, namely the Common Effect Model (OLS), Fixed Effect Model (FEM), or Random Effect Model (REM). To determine the most suitable model in the context of the research, specific tests such as the Chow Test, Hausman Test, or Breusch-Pagan Test are typically employed. These tests help in selecting the model that best fits the data and research objectives.

Table 2. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	17.537946	(21,85)	0.0000

Based on the results obtained, the Probability value is 0.0000 < 0.05, which indicates that the best model is the Fixed Effect Model.

Table 3. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.820229	3	0.0202

Based on the results obtained, the Probability value is 0.0202 < 0.05, indicating that the best model to use is the Fixed Effect Model.

Table 4. Model Testing Results

Test	Test Formulation	Result
Chow Test	Prob. 0,000 < 0,05	*Fixed Effect* Model
Hausman Test	Prob. 0,0202 < 0,05	*Fixed Effect* Model

Based on the results above, the model that will be used in this research is the Fixed Effect Model.

C. Hypothesis Testing

Table 5. Hypothesis Test Results (T-Test)

Variable	t-Statistic	Prob.
NP	4.616685	0.0000
GCG	-1.412097	0.1616
IC	2.540304	0.0129
IOS	6.854953	0.0000

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Table 5 shows that:

1. For Good Corporate Governance, the t-Statistic is -1.412097, and the probability t-statistic is 0.1616 > 0.05, indicating that Good Corporate Governance has no effect on company value.
2. For Intellectual Capital, the t-Statistic is 2.540304, and the probability t-statistic is 0.0129 < 0.05, indicating that Intellectual Capital has a positive effect on company value.
3. For the Investment Opportunity Set, the t-Statistic is 6.854953, and the probability t-statistic is 0.0000 < 0.05, indicating that the Investment Opportunity Set has a positive effect on company value.

Table 6. Hypothesis Test Results (F-Test)

R-squared	0.853983	Mean dependent var	5.602789
Adjusted R-squared	0.812755	S.D. dependent var	3.408437
S.E. of regression	1.282650	Sum squared resid	139.8411
F-statistic	20.71353	Durbin-Watson stat	1.909954
Prob(F-statistic)	0.000000		

Based on the results above, the probability F-statistic value is 0.000000 < 0.05, indicating that the independent variables, namely the influence of Good Corporate Governance, Intellectual Capital, and the Investment Opportunity Set, have a significant effect on company value, meaning the model in this study is accepted.

From the coefficient of determination (R^2 test), it can be seen that the R-squared value is 0.812755 or 81%. This result suggests that the independent variables—good corporate governance, intellectual capital, and the investment opportunity set—can explain 81.27% of the dependent variable, which is company value. The remaining 18.73% is explained by other variables not included in this study.

Discussion

Good Corporate Governance on Company Value

Based on the research analysis, Good Corporate Governance (GCG) has a t-Statistic value of -1.412097 and a probability t-statistic of 0.1616 > 0.05, indicating that GCG does not significantly affect company value. According to the descriptive analysis results, the GCG variable has a mean value of 0.902909, which is considered good, while the company value mean is 2.487273, which has not optimally influenced the company value in the LQ45 index. Since the stock value is higher than the market price per share, these stocks are considered undervalued.

In companies, good GCG creates transparency in management, including clear disclosures of financial and operational information. This helps build investor trust and confidence in the company. Investors tend to be more interested in investing in companies that implement good GCG because they believe that such companies are professionally and ethically managed. Companies with good GCG also tend to have better access to financial markets and capital. Banks and financial institutions are more likely to provide credit or financial facilities to companies with good GCG, as they are considered to pose lower risks.

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Additionally, companies can more easily access capital sources, such as investors, competitors, or strategic partners, for business growth and development.

The findings of this study align with research conducted by Kiroyan (2006) on the influence of GCG on company value. The study found that board size, the proportion of independent directors, and corporate oversight mechanisms do not significantly affect company value. It suggests that other factors, such as market growth, tax policies, and the overall economy, have a more significant impact on company value than GCG. Research by Bossart et al., (2022) which analyzed the relationship between GCG and company value in developing countries, found that only a small number of GCG variables had a significant influence on company value in developing nations. Economic and social factors, such as the level of corruption, good governance, and infrastructure development, were found to have a more significant effect on company value.

The study by Nurwulandari et al (2022) on the relationship between corporate governance and company performance found no consistent relationship between good corporate governance and company performance. While some corporate governance practices were related to better performance, the study showed that external factors such as market conditions and business cycles had a greater impact on company performance than GCG factors. Research results may vary depending on geographic context, methodology, and other factors studied. Although the above studies showed no significant effect, this does not mean GCG has no important role in company value. Many other studies show a significant relationship between GCG and company value. Therefore, companies are still advised to implement good GCG practices to build investor trust, maintain reputation, and achieve long-term growth.

Influence of Intellectual Capital on Company Value

The analysis shows that intellectual capital significantly affects company value. This is evidenced by a probability value of 0.0129 < 0.05, indicating that intellectual capital has an impact on company value. The intellectual capital variable has a mean value of 8.282273, while the company value mean is 2.487273, suggesting that intellectual capital can enhance the company's long-term capabilities through investment in intellectual resources.

Intellectual capital refers to intangible assets such as knowledge, skills, expertise, innovation, brands, and relationships held by the company. It enables the company to generate innovations and create competitive advantages (Gregory and Willis, 2022). The knowledge and skills possessed by employees, along with applied technology and management expertise, help the company differentiate itself from competitors, develop unique products, and create added value for customers. This innovation and competitive advantage can, in turn, increase company value.

Intellectual capital allows companies to improve productivity and operational efficiency. High employee knowledge and skills can lead to more efficient business processes, minimizing costs and enhancing the quality of products or services. By increasing productivity and efficiency, companies can improve their profitability, thereby increasing company value. Intellectual capital also helps build investor trust and a good reputation in the market. Skilled and knowledgeable employees reflect professionalism and the company's ability to generate long-term profits, attracting investor interest and enhancing market perceptions. High investor confidence and a good reputation can increase company value in the eyes of investors and other stakeholders.

Moreover, intellectual capital enables companies to adapt to rapidly changing market conditions and business environments. The ability to adjust strategies, innovate, and capitalize on new opportunities relies heavily on the knowledge and skills possessed. Companies with strong intellectual capital will be better positioned to anticipate market changes, enhance competitiveness, and tackle potential challenges, which can impact company value in the long run.

Research by Olarewaju & Msomi (2021) investigated the impact of intellectual capital on company market value, finding that intellectual capital—including intangible assets such as employee knowledge, trademarks, and customer relationships—has a positive and significant influence on company value. This study suggests that companies capable of effectively managing their intellectual capital can enhance their market value. Research by Huang et al (2021) examined the relationship between intellectual capital and financial performance, revealing that intellectual capital positively and significantly influences a company's financial performance in terms of profitability and market value. They also found that factors such as employee knowledge, knowledge management systems, innovation, and branding significantly affect company value. Research by Gómez-Valenzuela (2022) utilized Intellectual Capital Efficiency (ICE) as an indicator of intellectual capital to measure its impact on company performance. The study found that ICE significantly influences the market value of companies, including new value creation through employee knowledge, research and development, customer relationships, and branding. These findings indicate that intellectual capital contributes to increasing company value through the creation of new value.

Influence of Investment Opportunity Set on Company Value

The analysis reveals that the Investment Opportunity Set (IOS) significantly affects company value. This is evidenced by a probability value of 0.0000 < 0.05, indicating that IOS has a significant impact on company value. The Investment Opportunity Set (IOS) refers to the extent to which a company has profitable investment opportunities that can create added value. The investment opportunities available to a company influence the perspectives of managers, owners, creditors, and investors regarding the company's profitability and growth prospects. A low IOS for companies listed in LQ45 signals to investors that the company has profitability risks and unclear growth prospects, potentially decreasing investor interest and consequently lowering the company's value. Additionally, this research supports signaling theory, suggesting that investor reactions to company reports containing investment opportunities provide positive signals, especially when those reports include favorable prospects. Such signals encourage investors to invest their capital in the company.

Generally, a larger investment opportunity set indicates greater growth potential for the company, thereby increasing its value. However, if a company fails to manage its investment opportunity set effectively, this growth potential may not materialize and could even decrease company value.

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The Investment Opportunity Set positively affects company value, as concluded in previous research by Alamsyah & Muchlas (2018), Dewi et al. (2018), Dharmawan & Riza (2019), Hakim (2019), Alamsyah (2021), and Br Sinuraya (2021), which found that IOS has a positive and significant impact on company value. IOS represents investment opportunities and is closely related to future growth potential. This finding contrasts with research by Kolibu et al. (2020), which concluded that IOS does not affect company value due to a lack of attention to appropriate investment opportunities that could enhance company value.

Based on prior research, the Investment Opportunity Set (IOS) has a positive influence on company value. Several studies indicate that IOS significantly impacts company value. Research by AlNajjar and Riahi-Belkaoui (2001) states that IOS positively affects company performance. Additionally, Gita Syardiana (2018) demonstrated that IOS positively influences company value with significant results. Other studies, including those conducted by Universitas Trisakti (2019) and the FEB Unmul Journal (2017), also yield similar findings. Therefore, companies must prioritize effective management of IOS to enhance company value and financial performance.

CONCLUSION

Based on the research analysis, there is a significant influence of intellectual capital and Investment Opportunity Set (IOS) on firm value, while Good Corporate Governance (GCG) does not show a significant effect. Although GCG is important for transparency and investor confidence, the results indicate that it does not always directly impact firm value, as reflected in the negative t-statistic. This aligns with previous studies that highlight external factors, such as market conditions and economic policies, as more influential. On the other hand, intellectual capital has proven to have a positive and significant impact on firm value. Intangible assets such as knowledge, innovation, and relationships that a company possesses can enhance productivity and efficiency, thereby increasing profitability and market value. Companies that effectively manage their intellectual capital can improve competitiveness and reputation. IOS also significantly contributes to firm value, with good investment opportunities providing positive signals to investors. However, poor management of investment opportunities can hinder growth and reduce firm value. Therefore, companies are advised to focus on managing intellectual capital and investment opportunities to enhance long-term value and performance.

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