SANG PENCERAH
Jurnal Ilmiah Universitas Muhammadiyah Buton

Analysis Company Value based Good Corporate Governance on Financial Performance in the Service Trade and Investment Sector on the Indonesian Stock Exchange 2020-2022

Azaluddin[1*]

[1]Faculty of Economics, Muhammadiyah University of Buton, Indonesia
[*]Korespondensi: azaluddin@umbuton.ac.id

Article Info	Abstrak
  	Abstrak *The purpose of this study was to examine the effect of financial performance, as measured by return on equity (ROE), on firm value by including good corporate governance (GCG) as a moderator. The study used a sample of eight companies listed on the Indonesia Stock Exchange (IDX). Information about company revenues, one of the information included in financial reports, is used as a focal point because information about company revenues can be used to assess management performance and responsibilities with a total of 32 observations. The data collection method used in this study reads, records and records monthly reports for 2021-2022 related to downloading data and information on companies in the trade, services and investment sectors listed on the Indonesian Stock Exchange. The results of this study indicate that financial performance has a positive impact on goodwill. The results of this study indicate that the value of Indonesian companies, especially those engaged in the trade and investment services sector, is determined by the earning power of company assets, and the higher the earning power, the more efficient the turnover of assets and funds is displayed.*

1. Introduction

Manufacturing companies are large companies where the company processes raw materials into finished goods that are traded. Of course, manufacturing companies also experience fluctuations in business performance and company value (Nisa & Hariyanti, 2022). Companies that continue to experience continuous

decline are threatened by their survival, such as PT. Indofood Sukses Makmur Tbk (INDF) recorded a decrease in net profit of 37.3% in the first quarter of 2015. Indofood's profit fell to IDR 870 billion or IDR 79 per share compared to IDR 1.39 trillion or IDR 133 per share in the same period last year (Wiariningsih et al., 2019). These problems motivate everyone who has a stake in the organization to take charge of it, manage it, and use its resources wisely and effectively in order to meet its objectives. Financial Accounting Standards (SAK) are followed in the preparation of the financial accounts. A company's financial situation and performance, particularly those pertaining to liquidity, profitability, solvency, and profitability, can be evaluated using information from SAK (Gemala et al., 2022). A company always contains information in the form of changes in stock reports and cash flow statements. This report is used by information users, especially stakeholders, to obtain important information about the company to assist them in the decision-making process (Yohendra & Susanty, 2019). Stakeholders are defined as parties or stakeholders of a group who are directly or indirectly involved in the expansion or activities of the company and whose groups influence or are influenced by the company (Yosepha Tarigan et al., 2022).

Because it may be used to evaluate management's performance and duties, information regarding the company's income, one of the data points in the financial statements, is used as a focal point. The capacity of each company to carry out all of its commercial activities is known as corporate performance (Lubis & Susanto, 2019). The importance of assessing firm success through financial statement analysis has affected business leaders' perceptions that, in an era of rapid technology advancement, running a business is a very complex undertaking (Widiatami, 2023).

A company's ability to make money from its operations might be reflected in its financial performance. If the business can run smoothly, it will be lucrative for the relevant company (Bakhtiar & Rokhayati, 2023). The meaning and ownership of corporate governance must be in harmony for there to be good corporate governance. Because there is a conflict of interest between management and shareholders, corporate governance is how the organization handles these situations. The secret to a company's success in generating long-term and more competitive profits in business is the implementation of strong corporate governance (Putri, Utami, 2022). All businesses are infused with good corporate governance, which increases the company's credibility and draws in investors. Company value and performance are tightly intertwined (Muafiroh & Hidajat, 2023).

Financial performance is a metric used to determine company health and the most important tool for determining company health is financial reporting (Nurhayati, 2021). Different methods to financial indicators, including liquidity, profitability, liabilities, activities, and market indicators, can be used to measure the company's financial performance. There are three different measures that are used. The debt to equity ratio (DER) measure is used by the profitability indicator, the return on assets (ROA) measure is used by the solvency indicator, and the price boolean value (PBV) measure is used by the market indicator (Gayatri Tejakusuma & Endang, 2022). A ratio called return on assets (ROA) displays the results of the profit margin for the company's overall assets or assets in use. Return on Investment (ROI) measures the efficiency of all capital in a business, including debt and stock (Primayoga et al., 2013). The corporation performs badly and vice versa the lower

this ratio. The following information pertains to the typical financial performance of businesses, services, and investment firms listed on the Indonesia Stock Exchange between 2020 and 2022, which serves as the study's sample (Shantika & Kurniawati, 2023).

Table 1. Mean Financial Performance of Companies in the Trading and Investment Sector

Year	ROA	DER	PBV
2020	26,0	1,38	2,97
2021	27,6	1,28	3,43
2022	14,9	1,12	4,17

Based on the table above, the average financial performance of companies in the service and investment sectors as measured by ROA fluctuated from 2020 to 2022, with the lowest revenue in 2022 of 14.9 and the highest ever achieved. 27.6 to 2020. Looking at the DER ratio, leverage indicates that the company's financial performance tends to be stable beginning in 2022, even though in 2020 it has increased by 1.52x. Based on the market share or PBV of companies in the services and investment sectors from 2020 to 2021, the highest value is 4.17 in 2022 and the lowest PBV is 2.97 in 2021 (Manurung, 2022).

Company value, which is often correlated with its share price, is investors' assessment of a company's success, with higher quality stock prices leading to higher companies that can increase market confidence in current developments (Prayoga & Bahri, 2023). and in the future. In the statement above, the researcher wants to examine the financial difficulties and the company sector that investors are interested (Syahputra et al., 2022). Researchers are examining the effects of good corporate governance on financial performance and business value in the retail and investment services sector as a result of the dispute surrounding the moderation of good corporate governance, as represented by institutional ownership.

2. Methods

The financial statements of a total of 24 trading, service, and investment organizations registered on the Indonesia Stock Exchange make up the research population. This is because in the sampling methodology of this study, the authors used a pro-positive sampling approach, namely sampling based on the suitability of the characteristics with the specified sampling. standard. The following criteria were used: 1) Companies in the IDX Trading Service and Investment sector, 2) Businesses not continuously listed on the IDX during the 2019–2022 period, and 3) Businesses lacking the necessary amount of information and not turning a profit. The annual reports on sound corporate governance and business performance used in this study are available to the public on each company's official website or the IDX website as secondary data (Pertiwi & Pratama, 2011). This study's data are of the quantitative research variety. Data that is evaluated (gives a score) and is composed of numbers or other quantitative information is known as quantitative data. Financial reports and other research components that include reported data on the worth of companies in the trading and securities services industry listed on the Indonesia Stock Exchange are used as quantitative data. Secondary data or data received indirectly, i.e. data gathered by collectors, are the sources of data used in this study. Secondary data sources are those that offer information indirectly, through other

persons or documents, rather than directly to data collectors (Dimas Ivan, Haryadi, 2022). The company's yearly financial reports, which were published in 2020 through 2022, provide the secondary data for this study. The monthly closing statistics of businesses in the service and investment sectors listed on the Indonesia Stock Exchange serve as analytical data.

The data collection method used in this study reads, records and records monthly reports for 2020-2022 related to downloading data and information on companies in the trade services and investment sectors listed on the Indonesian Stock Exchange. This research model is a qualitative model, namely causality. In this study, we have an independent variable (biased variable) and a dependent variable (biased variable). Data analysis from this study used the SPSS (Statistical Product & Services Solution) program for Windows.

Descriptive Statistical Test

Descriptive statistics are analyzes carried out with the aim of explaining or understanding the overall picture of the data being analyzed (Laksono & Kusumaningtias, 2021). The mean, minimum, maximum, and standard deviation of the variables under investigation are determined using descriptive analysis. The numerical measure of sample data provided by descriptive statistics is extremely significant. This numerical scale is a way to condense and simplify facts into a form that is easier to explain and interpret.

Classical Assumption Test

The purpose of the normalcy test is to examine the distribution of the regression model. A normal data distribution characterizes a strong regression model. The SPSS Kolmogorov-Smirnov normality test tool was used to conduct a data normality test to determine whether the data were normally distributed. According to Singgih (Mukrimaa et al., 2016), the decision criterion is based on profitability (asymptotic significance) 1) If the significance is > 0.05, then the distribution of the regression values is normal, 2) If the significance is <0.05 then the distribution of the regression model is not normal.

Multicollinearity Test

The effect of this multicollinearity test can be in the form of large sample variability. This indicates that the standard error is high since the tested coefficient, t count, is smaller than t table. This demonstrates that the independent variables that are impacted by the dependent variable do not have a linear relationship (Ferdinand et al., 2022). The tolerance and inflation variance (VIF) values can be used to determine multicollinearity in a regression model. The variability of the chosen independent variables that cannot be accounted for by additional independent variables is measured by tolerance. Because VIF = 1/tolerance, which denotes high collinearity, the low tolerance number should match the high VIF value. A tolerance of 0.10 or a VIF value greater than 10 serve as the cutoff value.

Heteroscedasticity Test

Use the following decision criteria: 1) For the value of the independent variable Sig <0.05: there is heteroscedasticity, 2) For the value of the independent variable Sig > 0.05: there is no heteroscedasticity (Hardianti et al., 2023).

3. Findings and Discussions

The population of firms includes 24 companies that will be listed on the Indonesia Stock Exchange (IDX) between 2020 and 2022. The service and investment sector is a sector engaged in trade in services and investment, including retail, wholesale, tourism, restaurants, hotels, advertising, printing, healthcare, computers, investment companies, etc. This sector is also a strong sector because it is a common need of the community in everyday life.

3.1 Findings

The results of this study are in the form of information to test whether the size of the GCG variable affects the company's financial performance which in turn influences management decisions and company value. Hypothesis testing and analysis techniques in this study used statistical analysis with the SPSS program.

Descriptive Statistics Test

The results of descriptive statistics on the GCG variable for companies listed on the IDX for 2020-2022.

Table 2. Average Good Corporate Governance and Financial Performance

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
KK	24	.00	4.79	4.5899	.83944
GCG	24	.00	3.93	2.2257	1.22957
NP	24	1.35	6.26	4.6881	1.21527
Valid N (listwise)	24				

Source: Secondary SPSS data that has been processed in 2023

In this investigation, 24 observational data were used. According to the test results above, each variable's minimum, maximum, mean, and standard deviation are as follows:

1. The financial performance value obtained as a whole means a minimum value of 0.00 as measured by ROE and a minimum value of 0.00 for the data samples analyzed. The highest value of financial data is 4.79, while the highest value of analytical data is 4.79. The financial performance median is 4.5899. The standard deviation number is 0.83944, which indicates that there are minor changes in the ROE value and that the standard deviation value is less than the average, indicating a uniform (homogeneous) data distribution pattern.

2. The minimal overall firm value as determined by PBV is 1.35, and the maximum firm value determined by data analysis is 6.26. The company's mean and standard deviation are 4.6881 and 1.21527, respectively. This indicates a homogeneous (uniform) data distribution pattern with minor changes in the PBV value, with the standard deviation value being less than the average value.

3. A minimum value of 0.00 and a maximum value of 3.93 are available for the supervisory board sample size. The mean and standard deviation of the data are 2.2257 and 1.22957, respectively. This indicates a uniform data distribution pattern (uniform), hence the commissioner's rejection is minimal because the standard deviation number is less than the average value.

Classic assumption test

A regression model's normality can be determined using the normality test. A normal data distribution characterizes a strong regression model. In this investigation, the Kolmogrov-Smirnov test (KS test) and histogram analysis were both employed. The results of the K-S test for normalcy are displayed in the table below.

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		24
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.04150685
Most Extreme Differences	Absolute	.123
	Positive	.097
	Negative	-.123
Test Statistic		.123
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Secondary SPSS data that has been processed in 2023.

Based on the outcomes of the normalcy test, the asymp score is calculated. For the Asymp value, use 0.200 Sig (both sides). The data can be considered regularly distributed if Sig is bigger than the significance level = 0.05 or (0.200 > 0.05). The normalcy test demonstrates that the normality assumption is true as a result.

Multicollinearity Test

The installed R-squared value is 0.229. This value explains the role or contribution of independent variables to financial performance, while the NP variable can only explain 22.9%.

Table 4. Determination Test (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.503[a]	.253	.229	1.06742

a. Predictors: (Constant), KK

Source: Secondary SPSS data that has been processed in 2023.

Heteroscedasticity Test

The t statistical test essentially informs you of the relative contribution of each explanatory variable to the variation in the dependent variable. Use the degrees of freedom (df) = n-k-1 = 30-1-1 = 28 when doing the t-test. The t table is then 2048.

Table 5. Statistical test results for t KK against NP

Coefficients[a]				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	1.343	1.065		1.261	.217
	KK	.729	.228	.503	3.191	.003

a. Dependent Variable: NP

Source: Secondary SPSS data that has been processed in 2023.

As seen in the table above, the t-test is used to examine the independent variable's relationship to the dependent variable's financial performance, and the ROE measure of goodwill yields a value of 3.191. This means that t count > t table (3.191 > 2.048), the independent variables have a significant effect individually.

3.2 Discussions

Based on the outcomes of the tests that were done, a number of study discoveries were discovered. The study's findings reveal that goodwill is influenced by financial performance, and that GCG disclosures can reduce that link even though independent committees have demonstrated that fixed value ratios cannot.

Effect of Financial Performance on Firm Value

The first premise investigates how financial performance factors affect corporate value. The significance level for financial performance is 0.003, as can be seen in Table 4.7. If less than 0.05 is the CC profitability significance level, then the first hypothesis (H1) is accepted. The results of the goodwill financial position subtest indicate that this can affect goodwill. This is possible because companies in the trade and investment services sector have weathered the economic downturn resulting from the global crisis and maintained good performance.

These results support the research conducted by (Syahrani Wangi Puspita, Titania Nur Wahyuningtiyas, Fella Ardina Cahyani & Haryani, 2022), That financial performance affects company value. This result supports the hypothesis put forward by Modigliani and Miller, according to which a firm's worth is defined by the earning potential of its assets. Positive results show that a company's ability to earn more money translates into a higher asset turnover efficiency or profit margin. This affects the company's value, specifically how much more valuable the business will be the next year. The findings of this study, however, do not concur with that of (Kartika et al., 2023).

The Influence of GCG on Company Value in the Service Trade and Investment Sector

The second hypothesis looks at how the Good Corporate Governance (GCG) variable, which is alleged to have an impact on business value, might be affected. Table 5 shows that the GCG variable's significance level is 0.714, which is higher than the value of 0.05. Therefore, it can be concluded that the second hypothesis (H2) is rejected. The results of the study show that the Independent Commission has no significant effect on the goodwill of the trade and investment services division of the Indonesian Stock Exchange. Hypothesis 2 states that GCG calculated by independent experts has no positive effect on firm value.

These findings support the research conducted by (Badruddien, 2017). According to the study's findings, ownership, an independent board, and an audit committee have no bearing on financial success. This means that an independent

committee cannot perform an oversight function overseeing the policies and activities carried out by the board.

GCG can positively moderate the relationship between financial performance and company value

The third hypothesis examines the effect of the Good Corporate Governance (GCG) variable which is said to have an effect on the relationship between the Financial Performance variable and firm value. Table 4 shows that GCG variables can be relaxed, but not partially. The significant value of GCG can be proven to be 0.052 (> 0.05). This means that profitability does not affect the value of the company. GCG mitigation with profitability has a significance value of 0.047 (<0.05), which means that GCG mitigation has a positive and significant effect on firm value, while the third hypothesis (H3) can be concluded as acceptable. The GCG test as a moderation has a positive impact on the relationship between financial performance and goodwill, but not all of them. This is reflected in the GCG Sig score of 0.052 > 0.05. This means that profitability does not affect the value of the company. Meanwhile, good corporate governance (KK.GCG) means a Sig value of 0.047 <0.05, which means that the KK.GCG mitigation is positive and significant. Impact on goodwill. The results of this study support Hanny Rizky Savitri's research (2012) on the positive impact of GCG as a moderator.

4. Conclusion

Based on the analysis of the eight sample companies from 2019 to 2022 in this study, it can be concluded that:

1. Financial performance has a positive impact on goodwill. The results of this study indicate that the value of Indonesian companies, especially those engaged in the trade and investment services sector, is determined by the earning power of company assets, and the higher the earning power, the more efficient the turnover of fund assets. The higher the sales profit margin achieved by the company, the more it will have an impact on increasing the value of the company.

2. The impact of good corporate governance on firm value. The results of this study indicate that independent commissioners tend to prioritize management and personal interests rather than ignoring minority shareholders. If sustainable gains are deemed unprofitable, the institution will withdraw its shares. Of course this affects the value of the company. Therefore, an independent board of directors has not been able to develop into a mechanism that increases the value of the company.

3. Moderate and appropriate corporate governance affects the relationship between financial performance and firm value. This shows that the existence of high corporate governance disclosures causes an increase in corporate value with high disclosure of responsibility

References

Badruddien, Y. (2017). Identification and assesment of insect pests causing fruit drop on citrus sinensis L. Osbeck and their management in Benue state, Nigeria. *Department of Crop Science, Faculty of Agriculture, University of Nigeria, Nsukka*, *4*(3), p.132.

Bakhtiar, S., & Rokhayati, H. (2023). Corporate Governance, Profitabilitas, dan Nilai

Perusahaan. *Owner*, *7*(2), 1503–1513.

Dimas Ivan, Haryadi, E. D. (2022). The Effect Of The Covid 19 Pandemic On Financial Performance And Company Value (Empirical Study On Construction Companies In Indonesia And Singapore). *Jurnal Akuntansi Dan Keuangan Universitas Jambi*, *7*(4), 204–218. https://doi.org/10.22437/jaku.v7i4.19775

Ferdinand, F., Christabel, D., Chenkiani, P. L., & Meiden, C. (2022). Pengaruh Good Corporate Governance terhadap Return on Assets (ROA) pada Beberapa Penelitian Skripsi Perguruan Tinggi , Studi Meta Analisis. *Jurnal Pendidikan Tambusai*, *6*, 4437–4453.

Gayatri Tejakusuma, & Endang. (2022). Analisis Mekanisme Good Corporate Governance Terhadap Nilai Perusahaan Sub Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Selama Pandemi Covid-19 Untuk Keputusan Investasi. *Seminar Nasional Akuntansi & Manajemen*, *3*(3).

Gemala, N., Tanno, A., & Kurniawan, R. (2022). Analisis Perbandingan Kinerja Keuangan Perusahaan dan Nilai Perusahaan Antara Pra Tax Amnesty dengan Pasca Tax Amnesty di Indonesia. *Ekonomis: Journal of Economics and Business*, *6*(1), 69.

Hardianti, S., Eka, E., Rina, R., Latif, A., & Asriany, A. (2023). Pengaruh Kinerja Keuangan terhadap Nilai Perusahaan dengan Good Corporate Governance sebagai Variabel Moderasi pada Perusahaan Food and Beverage yang Terdaftar di Bursa Efek Indonesia. *Owner*, *7*(2), 1434–1447.

Kartika, S. E., Puspitasari, W., & Khoriah, D. M. (2023). Pengaruh Profitabilitas, Ukuran Perusahaan, dan Analisa Good Corporate Governance Terhadap Tax Avoidance. *Jurnal Mutiara Ilmu Akuntansi (JUMIA)*, *1*(2), 86–104.

Laksono, B. S., & Kusumaningtias, R. (2021). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan dan Nilai Perusahaan Sektor Aneka Industri Tahun 2016-2018. *Jurnal Akuntansi Unesa*, *9*(2), 1–12.

Lubis, E., & Susanto, H. (2019). Penerapan Good Corporate Governance Di Pasar Modal Sebagai Upaya Melindungi Investor. *Jurnal Hukum Dan Bisnis (Selisik)*, *5*(1), 48–76.

Muafiroh, C. P., & Hidajat, T. (2023). Pengaruh Good Corporate Governance Dan Financial Ratios Terhadap Financial Distress Perusahaan Perbankan. *Ecobisma (Jurnal Ekonomi, Bisnis Dan Manajemen)*, *10*(1), 136–155.

Nurhayati, P. (2021). Pengaruh Corporate Governance Dan Kinerja Keuangan Terhadap Financial Distress (Studi Kasus Pada Perusahaan Manufaktur Yang Terdaftar Di BEI Tahun 2015-2019). *Jurnal Akuntansi Dan Keuangan*, *22*(2), 939–946.

Pertiwi, T. K., & Pratama, F. M. I. (2011). Pengaruh Kinerja Keuangan, Good Corporate Governance Terhadap Nilai Perusahaan Food and Beverage. *Jurnal Manajemen Dan Kewirausahaan*, *14*(2).

Prayoga, M. D., & Bahri, S. (2023). Determinan Konsentrasi Kepemilikan,

Kesempatan Investasi, dan Karakteristik Perusahaan Terhadap Good Corporate Governance. *Jurnal Penelitian Dan Pengembangan Sains Dan Humaniora*, *6*(3), 379–386.

Primayoga, T., Siagian, P., & Hadiprajitno, P. B. (2013). Analisis Pengaruh Corporate Governance terhadap Kinerja Perusahaan (Studi Empiris pada Perusahaan Perdagangan dan Jasa). *Diponegoro Journal of Accounting*, *2*(4), 594–606.

Putri, Utami, M. (2022). Pengaruh Corporate Social Responsibility dan Good Corporate Governance terhadap Kinerja Keuangan Perusahaan. *Jurnal Akuntansi*, *10*(2), 53–66.

Shantika, A. K., & Kurniawati, S. L. (2023). Struktur Modal dan GCG Terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Mediasi di JII. *Jurnal Ilmiah Ekonomi Islam*, *9*(01), 585–597.

Syahputra, A., Ismaulina, I., & Rofizar, H. (2022). Kinerja Keuangan Perbankan BEI Ditinjau dari Aspek Good Corporate Governance dan Ukuran Perusahaan. *Widya Cipta: Jurnal Sekretari Dan Manajemen*, *6*(2), 123–127.

Syahrani Wangi Puspita, Titania Nur Wahyuningtiyas, Fella Ardina Cahyani, F., & Haryani, K. P. S. (2022). Pengaruh Kinerja Keuangan, Good Corporate Governance Dan Corporate Social Responsibility Terhadap Nilai Perusahaan Pada Perusahaan Sub Sektor Telekomunikasi Yang Terdaftar Di Bei Periode 2019-2021. *Jurnal Maneksi*, *11*(2), 352–363.

Wiariningsih, O., Junaidi, A. T., & Panjaitan, H. P. (2019). Effect of Good Corporate Governance and Leverage on Financial Performance and Corporate Value in Mining Companies Listed on IDX For the Year 2013-2016. *Procuratio*, *7*(1), 18–29. https://www.ejournal.pelitaindonesia.ac.id/ojs32/index.php/procuratio/article/download/392/328/

Widiatami, A. K. (2023). Analisis Kinerja Perusahaan: Peran Good Corporate Governance pada Industri Sektor Pariwisata Dan Transportasi di Era Pandemi. *Jurnal Ekonomi Dan Bisnis*, *12*(2), 138–149.

Yohendra, C. L., & Susanty, M. (2019). Tata kelola perusahaan dan nilai perusahaan. *Jurnal Bisnis Dan Akuntansi*, *21*(1), 113–128.

Yosepha Tarigan, R., Dwi Shinta Ramadhani, D., Firmansyah, A., Meinawa Ikhsan Prodi, W. D., Sektor Publik, A., Keuangan Negara STAN, P., Bintaro Utama Sektor, J. V, Jaya, B., & Selatan, T. (2022). Hubungan Kinerja Keuangan Perusahaan dan Nilai Perusahaan. *Studi Akuntansi Dan Keuangan Indonesia*, *5*(1), 38–60.