

**THE EFFECT OF FINANCIAL PERFORMANCE AND
GOOD CORPORATE GOVERNANCE ON COMPANY
VALUE**

THESIS



ENDAH SRI WAHYUNI

NIM. B1031211221

**ACCOUNTING STUDY PROGRAM,
FACULTY OF ECONOMICS AND
BUSINESS, TANJUNGPURA
UNIVERSITY PONTIANAK**

2025

PLAGIARISM-FREE STATEMENT

The undersigned;

Name : Endah Sri Wahyuni
NIM : B1031211221
Department : Accountancy
Courses : Accountancy
Concentration : Financial Accounting
Article Title : The Effect of Financial Performance and Good Corporate Governance on Company Value

Truthfully stating that the Final Project with the title above, as a whole, is purely the author's own work and not plagiarism of someone else's work, except for the part referred to as a bibliography source in accordance with the applicable writing guidelines (the plagiarism check result sheet is attached).

If there are errors and mistakes in it, it is entirely the responsibility of the author which can result in the cancellation of the Final Project with the title mentioned above.

Thus this statement the author made truthfully

Pontianak, December 12, 2024

Endah Sri Wahyuni

NIM. B1031211221

FINAL PROJECT ACCOUNTABILITY

I, the undersigned:

Name : Endah Sri Wahyuni
NIM : B1031211221
Department : Accountancy
Courses : S1 Accounting
Concentration : Financial Accounting
Exam Date : December 10, 2024
Thesis Title : The Effect of Financial Performance and Good
Corporate Governance on Company Value

I hereby declare that this Final Project is my own work, and all sources of data and information, both cited and referenced, have been declared correct

Pontianak, December 12, 2024

Endah Sri Wahyuni
NIM. B1031211221

LEMBAR YURIDIS

THE EFFECT OF FINANCIAL PERFORMANCE AND GOOD CORPORATE GOVERNANCE ON COMPANY VALUE


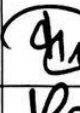


Penanggung Jawab Yuridis



Endah Sri Wahyuni
B1031211221

Jurusan : Akuntansi
Program Studi : Akuntansi
Konsentrasi : Akuntansi Keuangan
Tgl Ujian Skripsi dan Komprehensif : 10 Desember 2024

Majelis Penguji

No.	Majelis Penguji	Nama/NIP	Tgl/Bln/Thn	Tanda Tangan
1.	Ketua Penguji	Angga P. Karpriana, S.E.,M.Acc.,Ak.	24/12/2024	
		NIP. 198611292014041001		
2.	Sekretaris Penguji	Djunita Permata Indah, S.E., M.Acc.	24/12/2024	
		NIP. 199106142019032019		
3.	Penguji 1	Dr. Khristina Yunita, S.E., M.Si., A., CA.	24/12/2024	
		NIP. 197906182002122003		
4.	Penguji 2	Ika Nur Azmi, S.E., M.Ak., Ak.	14/12/2024	
		NIP. 199003152023212050		

Dinyatakan Telah Memenuhi Syarat dan Lulus
Dalam Ujian Skripsi dan Komprehensif



24 JAN 2025
Koordinator Program Studi Akuntansi

Dr. Khristina Yunita, S.E., M.Si., Ak., CA
NIP. 197906182002122003

ACKNOWLEDGMENTS

Praise and gratitude to the author for the presence of Allah SWT, for all His blessings, graces, and gifts that have given knowledge, experience and strength as well as opportunities to the writer so that he can complete the Final Project entitled "The Effect of Financial Performance and Good Corporate Governance on Company Value" can be completed well. This Final Project is prepared as one of the requirements to obtain a bachelor's degree (S1) at the Faculty of Economics and Business, Tanjungpura University.

In the preparation of this Final Project, the author realizes that without the help and support of various parties, the preparation of this Final Project cannot run properly. In this regard, on this occasion the author would like to sincerely and sincerely thank the following people:

1. My parents who are very extraordinary have supported me who have sacrificed a lot of time, energy and money to finance me and always pray and provide support to complete this Final Project. As well as other family members who cannot be mentioned individually.
2. Prof. Dr. H. Garuda Wiko, SH., M.Si. as the Rector of Tanjungpura Pontianak University.
3. Mrs. Dr. Barkah, S.E., M.Si. as the Dean of the Faculty of Economics and Business, Tanjungpura University.
4. Mrs. Dr. Nella Yantiana, S.E., M.M., Ak., CA, CMA, CPA. as the Head of the S1 Accounting Department, Faculty of Economics and Business, Tanjungpura University.
5. Mr. Vitriyan Espa, S.E., M.SA., Ak., C.Ht., CA. as Secretary of the Department of Accounting, Faculty of Economics and Business, Tanjungpura University.
6. Mrs. Dr. Khristina Yunita, S.E., M.Si., Ak., CA. as the Head of the Accounting Study Program, Faculty of Economics and Business, Tanjungpura University.

7. Mrs. Djunita Permata Indah, S.E., M.Acc.. as Academic Supervisor and MBKM Research Supervisor II who have taken the time, provided guidance, and direction in the preparation of this final project.
8. Mr. Angga P. Karpriana, S.E., M.Acc., Ak. as the Main Supervisor of MBKM Research as well as the Comprehensive Exam Examiner who has taken the time, provided guidance, in the process of writing the final project from start to finish.
9. All lecturers, teaching staff, library staff, and the academic community at the Faculty of Economics and Business, Tanjungpura University who have provided useful knowledge for the author.
10. As well as to the author's friends who have given a lot of support.

Pontianak, December 12, 2024

Endah Sri Wahyuni
NIM. B1031211221

THE EFFECT OF FINANCIAL PERFORMANCE AND GOOD CORPORATE GOVERNANCE ON COMPANY VALUE

By:

Endah Sri Wahyuni

Department of Accounting,
Faculty of Economics and Business
Tanjungpura University

ABSTRACT

This study aims to evaluate the effect of financial performance and good corporate governance on company value. Financial performance is assessed using return on assets (ROA), while good corporate governance is measured through the presence of independent commissioners. Company value is measured by Price Book Value (PBV). The data used in this study were collected from eight mining companies listed on the Indonesia Stock Exchange (IDX) over a four-year period (2020- 2023). Data analysis was carried out using the panel data regression method. The results of the study indicate that financial performance and board percentage do not have a significant effect on company value. This suggests that these two factors may not be the main indicators that investors need to consider in evaluating company value. This finding is relevant for investors or potential investors, providing an understanding that other aspects, such as business strategy, innovation, and management quality, may play a greater role in investment decision making. This study emphasizes the importance of considering additional factors that are more decisive in analyzing company value to help investors make more informed investment decisions.

Keywords: *Financial Performance, Good Corporate Governance, Corporate Value.*

SUMMARY OF FINAL PROJECT
THE EFFECT OF FINANCIAL PERFORMANCE AND GOOD CORPORATE
GOVERNANCE ON COMPANY VALUE

1. Background

Given Indonesia's abundant mineral and energy resources, mining is one of the most important economic sectors (Central Statistics Agency, 2022). Exports of mining products averaged 17.50% of total non-oil and gas exports in 2018-2022. However, over time, exports of mining commodities have fluctuated but tend to increase both in terms of weight and value. Indonesia's mining commodity exports have fluctuated significantly in recent years (Syahputra, 2017). In 2020, there was a 15.52% decline in exports, followed by a 14.19% decline in export value in 2019 and 20.75% in 2020.

However, in 2018, exports increased by 20.50%, and the positive trend continued with a sharp increase of 92.14% in 2021 and 71.30% in 2022 (Central Statistics Agency, 2022). These fluctuations illustrate unstable conditions, but the contribution of mining sector remains an important factor in maintaining the stability of the national economy. Amid global uncertainty, mining exports still have great potential to attract investor interest.

Financial performance is one of the factors that potential investors should consider when deciding to invest in stocks because financial performance determines the value of a company. This is because the better the financial performance of a company, the greater the company's ability to generate profits in line with investors' expectations (Zabetha et al., 2018).

Financial performance factors alone are not enough to guarantee the value of a company, but companies must pay attention to good corporate governance. Good corporate governance is expected to balance various interests so that it benefits the company as a whole (Zabetha et al., 2018).

Corporate governance has been a topic that has attracted a lot of attention since 1998 when the country was experiencing a crisis. One of the causes of the crisis that occurred in Indonesia is the weak supervision of the company's directors.

For Investors, the growth and stability of exports of this commodity are positive indicators for long-term prospects of mining companies (Nugroho et al, 2022). To ensure that investment interest remains high, mining companies need to continue to maintain and improve their operational performance. This includes efforts to maintain company value through good management strategies, operational efficiency, and increased competitiveness. The company's financial performance is very important for prospective investors in considering stock investments, because it reflects the company's value.

On the other hand, poor financial performance can reduce investor interest, because it indicates a higher risk of loss or the company's inability to meet expectations (Zabetha et al., 2018). The company's value cannot be guaranteed based on its financial performance alone. In addition, companies need to consider governance as well as possible. To benefit the entire company, through good corporate governance, it is hoped that it can balance the interests of various parties (Zabetha et al., 2018).

2. Problem Formulation

- a. Does Financial Performance affect the Company's Value in Mining Companies in the Metals and Minerals Sub-Sector Listed on the Indonesia Stock Exchange for the 2020-2023 Period?
- b. Does Good Corporate Governance affect the Company Value of Mining Companies in the Metals and Minerals sub-sector listed on the Indonesia Stock Exchange for the 2020-2023 period?

3. Research Objectives

- a. To find out the effect of Financial Performance on Company Value in Mining Companies in the Metals and Minerals Sub-Sector listed on the Indonesia Stock Exchange for the 2020-2023 Period
- b. To find out the effect of Good Corporate Governance on Company Value

in Mining Companies in the Metals and Minerals Sub-Sector Listed on the Indonesia Stock Exchange for the 2020-2023 Period

4. Research Methods

This study uses a quantitative method with a data analysis technique in the form of multiple linear regression analysis assisted by using the Eviews application. Data and information for this research are obtained through mining companies listed on the Indonesia Stock Exchange (IDX), as well as through the internet and journals. The subject of this study is mining companies in the metal and mineral sub-sector that are listed on the Indonesia Stock Exchange (IDX) from 2020-2023.

5. Results and Discussion

- a. From the results of the test of financial performance variables, it has no effect on the value of companies in mining companies in the metals and minerals sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2020-2023 period. This shows that the high level of ability of a company to profit from certain sales does not affect how high the company's value is.
- b. From the results of the test of the good corporate governance variable, it has no effect on the value of companies in mining companies in the metal and mineral sub-sector listed on the Indonesia Stock Exchange for the 2020-2023 period. This shows that the larger the number of independent committee members, does not guarantee an increase in the value of the company.
- c. Simultaneously, financial performance variables and good corporate governance have an influence on the company's value. This indicates that the company's value can be affected by an improvement in financial performance due to effective monitoring from independent commissioners.

6. Conclusion

The results showed that both hypotheses were rejected. The coefficient value of determination gives a result of 0.494038 which means that the company's performance and good corporate governance can explain the company's value with a percentage of 49.4%.

Some factors such as financial performance and good corporate governance presented in this study do not limit future researchers to study and use other factors that may be proven to be able to affect the value of the company.

TABLE OF CONTENTS

PLAGIARISM-FREE STATEMENT	ii
FINAL PROJECT ACCOUNTABILITY	iii
JURIDICAL SHEET	Error! Bookmark not defined.
ACKNOWLEDGMENTS.....	v
ABSTRACT	vii
SUMMARY OF FINAL PROJECT	viii
1. Background	viii
2. Problem Formulation	ix
3. Research Objectives	ix
4. Research Methods	x
5. Results and Discussion	x
6. Conclusion.....	xi
TABLE OF CONTENTS	xii
TABLE LIST.....	xiv
IMAGE LIST.....	xv
CHAPTER I INTRODUCTION	16
1.1. Background	16
1.2. Problem Formulation	18
1.3. Research Objectives	18
1.4. Research Contribution	19
1.4.1. Theoretical Contribution.....	19
1.4.2. Practical Contribution.....	19
1.5. Contextual Overview of Research.....	19
CHAPTER II LITERATURE REVIEW.....	20
2.1. Theoretical Foundations	20
2.1.1. Agency Theory.....	20
2.1.2. Company Values	20
2.1.3. Financial Performance	21
2.1.4. Good Corporate Governance.....	21

2.2.	Conceptual Framework and Research Hypothesis	22
2.2.1.	Conceptual Framework	22
2.2.2	Research Hypothesis	22
2.2.2.1.	The Effect of Financial Performance on the Company's Value	22
2.2.2.2	The Influence of Good Corporate Governance on Company Value	23
CHAPTER III RESEARCH METHODS		24
3.1.	Form of Research	24
3.2.	Place and Time of Research.....	24
3.3.	Data.....	24
3.4.	Population and Sample	24
3.5.	Research Variables	25
3.6.	Analysis Methods	28
3.6.1.	Descriptive Analysis.....	28
3.6.2.	Panel Data Regression Analysis.....	29
3.6.3.	Panel Data Model Selection Test	29
3.6.4.	Classical Assumption Test.....	30
3.6.5.	Hypothesis Test	31
CHAPTER IV RESULT AND DISCUSSION		32
4.1.	Research Results.....	32
4.1.1.	Research Overview	32
4.2.	Testing and Data Analysis Results	33
4.2.1.	Descriptive Statistical Analysis.....	33
4.2.2.	Model Selection Analysis	33
4.2.3.	Classical Assumption Test.....	36
4.2.4.	Hypothesis Test	37
4.3.	Discussion	39
CHAPTER V COVER.....		41
5.1.	Conclusion	41
5.2.	Suggestions	42
BIBLIOGRAPHY		43

ATTACHMENT

.....**Error! Bookmark not defined.**

TABLE LIST

Table 3. 1 Variable Operational Definition.....	13
Table 4. 1 Results of Descriptive Statistical Analysis	33
Table 4. 2 Chow Test Results.....	34
Table 4. 3 Hausman Test Results	35
Table 4. 4 Selected Models	35
Table 4. 5 Multicoloniality Test Results	36
Table 4. 6 Heteroscedasticity Test Results.....	36
Table 4. 7 Determination Coefficient Test Results (R ²)	37
Table 4. 8 Partial Test Results	38
Table 4. 9 Simultaneous Test Results	38

IMAGE LIST

Figure 2. 1 Conceptual Framework	22
--	----

CHAPTER I

INTRODUCTION

1.1. Background

Given Indonesia's abundant mineral and energy resources, mining is one of the most important economic sectors (Central Statistics Agency, 2022). Exports of mining products averaged 17.50% of total non-oil and gas exports in 2018-2022. However, over time, exports of mining commodities have fluctuated but tend to increase both in terms of weight and value. Indonesia's mining commodity exports have fluctuated significantly in recent years (Syahputra, 2017). In 2020, there was a 15.52% decline in exports, followed by a 14.19% decline in export value in 2019 and 20.75% in 2020. However, in 2018, exports increased by 20.50%, and the positive trend continued with a sharp increase of 92.14% in 2021 and 71.30% in 2022. These fluctuations illustrate unstable conditions, but the contribution of the mining sector remains an important factor in maintaining the stability of the national economy. Amid global uncertainty, mining exports still have great potential to attract investor interest.

Financial performance is one of the factors that potential investors should consider when deciding to invest in stocks because financial performance determines the value of a company. This is because the better the financial performance of a company, the greater the company's ability to generate profits in line with investors' expectations (Zabetha et al., 2018).

Financial performance factors alone are not enough to guarantee the value of a company, but companies must pay attention to good corporate governance. Good corporate governance is expected to balance various interests so that it benefits the company as a whole (Zabetha et al., 2018). Corporate governance has been a topic that has attracted a lot of attention since 1998 when the country was experiencing a crisis. One of the causes of the crisis that occurred in Indonesia is the weak supervision of the company's directors.

For investors, the growth and stability of exports of this commodity are positive indicators for the long-term prospects of mining companies (Nugroho et al., 2022). To ensure that investment interest remains high, mining companies need to continue to maintain and improve their operational performance. This includes efforts to maintain company value through good management strategies, operational efficiency, and increased competitiveness. Thus, this sector can make a greater contribution to the national economy and increase investor confidence in facing global challenges. The company's financial performance is very important for prospective investors in considering stock investments, because it reflects the company's value. If a company's financial performance is good, the company has a greater ability to generate profits, in accordance with investor expectations. Investors will be more interested in investing in companies with stable and profitable financial performance, because this shows the potential for long-term growth (Budianto et al, 2023).

On the other hand, poor financial performance can reduce investor interest, because it indicates a higher risk of loss or the company's inability to meet expectations (Zabetha et al., 2018). The company's value cannot be guaranteed based on its financial performance alone. In addition, companies need to consider governance as well as possible. To benefit the entire company, through good corporate governance, it is hoped that it can balance the interests of various parties (Zabetha et al., 2018).

Since the 1998 national crisis, corporate governance has attracted much attention. One of the causes of the crisis in Indonesia was the lack of supervision of the company's directors. In this study, Return on Assets (ROA) is a measurement ratio applied in determining financial performance. This ratio helps investors and potential investors assess the prospects of a company. Meanwhile, the independent board of commissioners is the ratio used to determine the good corporate governance variable. The ratio between the stock price and its book value or Price Book Value (PBV) is a way to determine the value of the company.

This study is a development of previous research by Aini & Cholid (2020). Previous studies used independent variables, namely Return on Assets (ROA) to measure company performance, researchers in this study added additional variables, namely the proportion of the board of commissioners obtained from research by Sitanggang (2021). Previous studies used insurance companies, in addition, for this study the researchers used the metal and mineral subsector of mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2020 to 2023.

1.2. Problem Formulation

Based on the background that has been described, the main problems in this study are as follows:

1. Does Financial Performance affect the Company's Value in Mining Companies in the Metals and Minerals Sub-Sector Listed on the Indonesia Stock Exchange for the 2020-2023 Period?
2. Does Good Corporate Governance affect the Company Value of Mining Companies in the Metals and Minerals sub-sector listed on the Indonesia Stock Exchange for the 2020-2023 period?

1.3. Research Objectives

The objectives of this research focus on the issues that will be discussed as follows:

1. To find out the effect of Financial Performance on Company Value in Mining Companies in the Metals and Minerals Sub-Sector listed on the Indonesia Stock Exchange for the 2020-2023 Period
2. To find out the effect of Good Corporate Governance on Company Value in Mining Companies in the Metals and Minerals Sub-Sector Listed on the Indonesia Stock Exchange for the 2020-2023 Period

1.4. Research Contribution

1.4.1. Theoretical Contribution

It is hoped that the results of this research will help the development of science, especially in the field of management in companies related to financial performance and good corporate governance. The results of this study can also be used as a reference for PIHK who conduct similar research.

1.4.2. Practical Contribution

- 1). This research is expected to provide information for decision-making for company management in order to increase the company's value in mining companies in the metal and mineral sub-sector.
- 2). This research is expected to provide information and input to investors related to decision-making who want to invest in mining companies in the metal and mineral sub-sector in order to make decisions effectively and efficiently.

1.5. Contextual Overview of Research

This study aims to test whether there is an influence of Financial Performance and Good Corporate Governance on Company Value in mining companies in the Metals and Minerals sub-sector. The measurement and valuation of a company's value is closely related to financial performance. Performance measurement shows how well a company manages the company in a period. By using this measurement, companies can improve their operational activities in order to compete with other companies.