THE EFFECT OF FINANCIAL PERFORMANCE ON THE VALUE OF COMPANIES IN THE BANKING SECTOR: THE ROLE OF GOOD CORPORATE GOVERNANCE AS A MODERATION VARIABLE

Riky Panca Putra Kusuma, Marlina Widiyanti, Shelfi Malinda, Mohamad Adam
Universitas Sriwijaya Palembang, Indonesia
Email: rikypanca@gmail.com, marlinawidiyanti68@yahoo.co.id, shelfimalinda@unsri.ac.id
mr_adam88@unsri.ac.id

Abstract
The purpose of this study is to obtain empirical evidence of the influence of profitability (Return on Assets and Return on Equity), BOPO, Credit Risk (NPL ratio) and the role of Good Corporate Governance as a moderating variable on the Value of Banking Companies listed on the Indonesia Stock Exchange. The sampling technique used purposeful sampling, the research samples obtained totaled 13 companies with a research period from 2017-2021 so that there were 65 units of analysis. The research design was quantitative descriptive. The analysis technique in this research is multiple linear regression analysis method with interaction test. The results showed that ROA has a significant positive effect, ROE has a significant negative effect on firm value. Meanwhile, BOPO, NPL and GCG have no effect on company value. GCG as a moderating variable moderates ROE on firm value however, it cannot moderate the effect of ROA, BOPO and NPL. The implication of this research is that companies must pay attention to profitability and those that can affect stock prices so that company value can increase.

Keywords: ROA; ROE; BOPO; NPL; GCG; Company Value

INTRODUCTION
The main goal of a company according to the Theory of Firm is to maximize its wealth or company value (Salvatore, 2005). So that if a company is considered to have value, the company is valuable or in the sense that it has future prospects. The high value of the company can provide maximum prosperity to the company owner or stakeholders. Company value is one that causes the company to grow sustainably. Management carries out various efforts with various policies to increase the value of the company which is reflected in its stock price where the main goal is to increase the prosperity of owners and shareholders (Brigham &; Weston, 2018).

The Covid-19 virus epidemic has swept all parts of the World in Wuhan City, China. This caused a health crisis and impacted finances from 2020 to the end of 2021 worldwide. Various countries have issued several policies to overcome the crisis that is worse for their countries. Furthermore, the Authority that supervises the Financial Industry in Indonesia also issued several provisions to accelerate the recovery of the National Economy, including the Financial Services Authority (OJK) through the Financial Services Authority Regulation (POJK) Number 11/POJK.03/2020 dated March 13, 2020 concerning National Economic Stimulus as a Policy Countercyclical The impact of the spread of Coronavirus Disease 2019, so that the policy has an indirect effect on the increase in stock prices in 2020-2021.
The Effect of Financial Performance on the Value of Companies in the Banking Sector: The Role of Good Corporate Governance as a Moderation Variable

Corporate Governance is one of the things that can increase the value of the company (Suryani et al., 2020). In this study, GCG is measured by managerial ownership. Here are the phenomena that occur between company performance and Good Corporate Governance to the value of banking companies. Based on graph 1, there is a phenomenon in 2018-2019 where ROA decreased from 1.59% to 1.48%, but the company's value increased from 101.42% to 102.15%. This is not in line with the signal theory proposed by (Spence, 1973) Explaining that profitability can be a good signal (positive) for investors, because positive profitability illustrates the company's good prospects so as to increase investor confidence in the company's performance which ultimately contributes to an increase in the value of the company as indicated by the increase in the price of the company's shares.

Phenomenon in 2018-2019 where ROE decreased from 10.12% to 8.60%, but the company's value increased from 101.42% to 102.15%. In signal theory, it is indicated that companies with increased and high profitability will have a positive effect on the value of the company. This phenomenon is not in line with signal theory. A decrease in profitability will be a bad signal for investors, which will reduce investor confidence which can result in a decrease in company value marked by a decrease in stock value. in 2018-2019 which showed BOPO increased from 57.37% to 63.52% accompanied by an increase in company value from 101.42% to 102.15%. According to Asriyani and Mawardi (2018) BOPO can be used to see the level of efficiency of the company in using all its production factors. If the BOPO value is high, it can be indicated that the bank is in a troubled state.

The phenomenon in 2017–2021 where NPLs tend to increase for 5 years and the company's value fluctuates. The NPL variable shows the company's ability to manage its bad loans. If the NPL value is high, it indicates a lot of non-performing loans and the company's lack of ability to manage its credit risk. The phenomenon in 2020 to 2021 where managerial ownership remained at 0.43% and the company's value increased from 98.53% to 105.78%. This is not in line with Agency Theory from Jensen and Meckling (1976) who get that greater managerial ownership can degrade agency cost.

Internal factors that affect the value of the company that are influenced by the stock price that are influenced include dividend policy, the Company's financial performance, cash flow information and profits. While external factors that affect stock prices include stock transactions, deposit interest rates, social and political conditions of a country, macroeconomic

Source: Idx.co.id (data processed by the author)
policies of a country, and determined by the forces of demand and supply in the capital market. The more people who buy shares, the stock price will increase, and vice versa if more people sell shares, the stock price will decrease.

The phenomenon of company value is an interesting thing to study, because there are many factors that can affect changes in company value in the capital market both internal and external. In this study, the author aims to determine the effect of company performance in the banking sector as measured by profitability measured through the ratio of Return on Assets (ROA), Return on Equity (ROE) and efficiency through the ratio of Operating Costs and Operating Income (BOPO), as well as credit risk measured from the ratio of Non-Performing Loans (NPL). In addition, there are moderator variables that can affect company value and Good Corporate Governance (GCG) assessment of Company Value in the 2017-2021 period.

**METHOD RESEARCH**

The object of research was carried out on banking companies listed on the Indonesia Stock Exchange in the 2017-2021 period. Data collection using *purposive sampling* techniques where research samples were obtained as many as 13 companies. The research method used is a descriptive method with a quantitative approach using Multiple Analysis Regression Interaction test, Classical assumption test is carried out before hypothesis test so that the test results meet the criteria of BLUE (Best Linear Unbiased Estimated). After that, hypothesis testing was carried out with statistical t tests, F tests, and determination coefficient analysis. The model used in this study can be formulated as follows:

\[
Y = \alpha + \beta_1 \text{XROA} + \beta_2 \text{XROE} + \beta_3 \text{XBOPO} + \beta_4 \text{XNPL} + \beta_5 \text{XGCG} + \epsilon_i
\]

**Table 1. Operational Definition and Variable Measurement**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Formula</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Value</td>
<td>Company values provide an overview of the company's prospects (Brigham and Daves, 2016).</td>
<td>Tobin's Q = (EMV + D) / (EBV + D)</td>
<td>Ratio</td>
</tr>
<tr>
<td>ROA</td>
<td>Operating profit compared to assets (Brigham and Houston, 2019).</td>
<td>ROA = Profit / Total Assets (Brigham &amp; Daves, 2016)</td>
<td>Ratio</td>
</tr>
<tr>
<td>ROE</td>
<td>Profit versus all equities (Brigham and Houston, 2019).</td>
<td>ROE = Profit / Total Equity (Brigham &amp; Daves, 2016)</td>
<td>Ratio</td>
</tr>
<tr>
<td>BOPO</td>
<td>BOPO, to measure the level of efficiency in carrying out its operational activities Dendawijaya (2009).</td>
<td>BOPO = (Operating Expenses) / (Operating Income) x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>NPL</td>
<td>NPLs are a percentage of non-performing loans (Meydianawathi, 2007).</td>
<td>NPL = (Non-performing Loans) / (Total Credits) (Brigham &amp; Daves, 2016)</td>
<td>Ratio</td>
</tr>
<tr>
<td>GCG</td>
<td>Managerial ownership can be interpreted as shareholders on the part of management (Effendi, 2016).</td>
<td>MAN = (manager's shares) / (Qml Outstanding shares)</td>
<td>Ratio</td>
</tr>
</tbody>
</table>

Source: data processed by the author from selected books
RESULT AND DISCUSSION

Table 2 Descriptive Statistical Results

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>65</td>
<td>.00020</td>
<td>.03250</td>
<td>.0146015</td>
<td>.00875831</td>
</tr>
<tr>
<td>ROE</td>
<td>65</td>
<td>.00110</td>
<td>.17750</td>
<td>.0941231</td>
<td>.04993964</td>
</tr>
<tr>
<td>TOBINSQ</td>
<td>65</td>
<td>.22998</td>
<td>1.77857</td>
<td>1.0208334</td>
<td>.28155217</td>
</tr>
<tr>
<td>BOPO</td>
<td>65</td>
<td>.21465</td>
<td>1.22377</td>
<td>.6184359</td>
<td>.21995450</td>
</tr>
<tr>
<td>NPL</td>
<td>65</td>
<td>.00434</td>
<td>.07870</td>
<td>.0263390</td>
<td>.01521704</td>
</tr>
<tr>
<td>MILES</td>
<td>65</td>
<td>.00002</td>
<td>.04843</td>
<td>.0043941</td>
<td>.01248836</td>
</tr>
</tbody>
</table>

Source: SPSS 25.0 Data Processing Results

Classic Assumption Test Results

The normality test can be performed using *Kolmogorov-Smirnov test*. Distributed data is not normally distributed. The way to overcome this is done outlier data after outlier data is carried out, N = 47. The results of the multicollinearity test in the moderation model are free from symptoms of multicollinearity. Deep heteroscedasticity test using White Test with normal results. The autocorrelation test, the Durbin-Watson (dw) test, shows that the model undergoes autocorrelation so that it is fixed with the dw d method so that the data is free from autocorrelation.

Coefficient of Determination (Adjusted R2)

The coefficient of determination test aims to measure how far the ability of the independent variable to explain the variation of the dependent variable (Ghozali, 2018). Based on the results of the table below, the result of the value of the Adjusted R Square after moderation is 0.170 or 17%.

The t-value test is used to measure how far the influence of one independent variable individually in explaining the variation of the dependent variable (ghozali, 2018). The results of t-value testing underlie the preparation of a research model which can be formulated as follows:

TOBINSQ = 0.262 + 0.177ROA − 0.191ROE + 0.039BOPO + 0.007NPL − 0.002KM

Furthermore, an interaction test was carried out to see the effect of GCG moderation with the results of the following equations:

TOBINSQ = -0.239 - 0.071ROA − 0.051KM − 0.014ROA*KM (Interaction equation 1)
TOBINSQ = -1.482 - 0.964ROE − 0.231KM − 0.148ROE*KM (interaction equation 2)
TOBINSQ = 0.101 + 0.369BOPO + 0.012KM + 0.062BOPO*KM (interaction equation 3)
TOBINSQ = 0.927 + 0.350NPL + 0.154KM + 0.061NPL*KM (interaction equation 4)

Table 3. t-Value Test Results after Moderation

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>B</th>
<th>Sig</th>
<th>α</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 ROA has a significant positive effect on the value of the company.</td>
<td>.097</td>
<td>.386</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2 ROE has a significant negative effect on the value of the company.</td>
<td>- .23</td>
<td>.253</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3 BOPO has no effect on company value</td>
<td>- .167</td>
<td>.223</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4 NPL has no effect on company value</td>
<td>- .149</td>
<td>.149</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5 GCG has no effect on company value</td>
<td>.081</td>
<td>.610</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Hypothesis</th>
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<th>Sig</th>
<th>α</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6 GCG does not moderate ROA to company value</td>
<td>-</td>
<td>.701</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>H7 GCG moderates ROE on company value</td>
<td>-</td>
<td>.003</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8 GCG does not moderate BOPO on corporate value</td>
<td>.062</td>
<td>.387</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>H9 GCG does not moderate NPLs against corporate value</td>
<td>.061</td>
<td>.120</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: SPSS 25.0 Output (Data processed by author)

The Effect of ROA on Company Value

Return on Assets (ROA) has a regression coefficient value of 0.177 with a positive or unidirectional value with a significance of 0.014 < α 0.05. These results show that the variable Return on Assets positive and significant effect on Company Value (H1 supported). Signal Theory explains that profitability can be a good (positive) signal for investors, because positive profitability illustrates the company's good prospects so as to increase investor confidence in the company's performance which ultimately contributes to an increase in company value. The results of this study are in line with Mudijjah et al (2019); Widiyanti et al (2019); Rusnaeni et al (2022) found a significant positive influence of ROA on company value. However, the results of this study are not in line with Alkhairani et al. (2020) found that profitability has a significant negative effect on company value. Damaiantri (2020); Saputri and Supramono (2021) found that profitability has no effect on company value.

The Effect of ROE on Company Value

Return on Equity (ROE) has a regression coefficient value of -0.191 with negative or opposite values with a significance of 0.010 < α 0.05. These results show that the variable Return on Assets negative and significant effect on Company Value (H2 not supported). In this study, the ROE value of banking companies for the 2017-2021 period tends to decrease, which tends to reduce good prospects for companies. The results of the study are in line with previous research by Yahya and Fietroh (2021); Pradina and Hasanah (2021); Shenurti et al. (2022); explain ROE has a significant negative effect on the value of the Company.

The Effect of BOPO on Company Value

BOPO has a regression coefficient value of 0.039 with positive and unidirectional values with a significance of 0.659 > α 0.05. These results show that the BOPO variable does not have a significant effect on Company Value (H3 not supported). In this study, the data from the value of BOPO is less than 80%, so the amount of BOPO does not affect the value of the company owned. This also indicates that the bank is able to control and maintain the efficiency of operating costs against operating income well, so that it will not interfere with bank performance significantly and does not affect investors' assessment of the company's value. The results of this study are in line with the results of previous research by (Asriyani and Mawardi (2018); Kansil et al. (2021); Murwani and Taufiq (2022); Resia et al (2023) which found that BOPO had no significant effect on company value. However, it is not in line with research Halimah (2020) which found that BOPO had a positive and significant effect on company value.

The Effect of NPL on Company Value

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NPL has a regression coefficient value of 0.007 with positive and unidirectional values with a significance of 0.526 > α 0.05. These results show that the NPL variable does not have a significant effect on Company Value (H4 is not supported). This research shows that the insignificance of the influence of NPLs on company value is due to the credit risk generated by banking companies is still said to be quite stable so that it does not interfere too much with the magnitude of the company's profitability value, this will also not greatly affect investor interest in investing in the banking industry. For investors, the most important thing is the profitability of the banking company, if the bank has a large profit, the dividends received by investors will increase (Melda et al., 2022). The results of this study are in line with the results of the study Khamisah et al. (2020); Yuniarti et al (2022) which found that NPLs did not have a significant influence on the value of the company.

The Effect of GCG on Corporate Value

Managerial ownership has a regression coefficient value of -0.002 with a negative or opposite value and a significance of 0.756 > α 0.05. These results show that the variable of Managerial Ownership does not have a significant effect on Company Value (H5 not supported).

GCG moderates the Effect of ROA on Corporate Value

Moderation Z and X1Z more than 0.05 which can be interpreted that managerial ownership is variable hModerator homologizer (potential moderation) means that the variable has the potential to become a moderation variable. The conclusion from the regression results above is that managerial ownership does not strengthen the effect of ROA on company value (H6 is not supported).

GCG moderates the Effect of ROE on Corporate Value

The significance value of the moderation variable Z in equation 5 has a significance of more than 0.05 but the interaction variable X2Z has a significance of less than 0.05 which can be interpreted that managerial ownership is a pure moderator variable (potential moderation) meaning it is a variable that moderates the relationship between the predictor variable and the dependent variable where the pure moderation variable interacts with the predictor variable without being the predictor variable. So it can be concluded that managerial ownership strengthens the influence of ROE on company value (H7 supported).

GCG moderates BOPO's Influence on Corporate Value

The significance value of moderation variables Z and X3Z is more than 0.05 which can be interpreted that managerial ownership is a moderator homologizer variable (potential moderation) meaning that the variable has the potential to become a moderation variable. The conclusion from the regression results above is that managerial ownership does not strengthen the influence of BOPO on company value (H8 is not supported).

GCG moderates the Effect of NPLs on Corporate Value

The significance value of moderation variables Z and X3Z is more than 0.05 which can be interpreted that managerial ownership is a moderator homologizer variable (potential moderation) meaning that the variable has the potential to become a moderation variable. The conclusion from the regression results above is that managerial ownership does not strengthen the influence of NPLs on company value (H9 is not supported).
CONCLUSION
This study concludes that ROE has a significant negative effect and ROA has a significant positive effect on company value. BOPO, NPL, GCG have no effect. GCG does not moderate ROA, BOPO and NPL but, rather, moderates ROE to company value. The coefficient of determination of this study shows at 17% which means that the independent variable is only able to explain the dependent variable with 17% while the remaining 83% is influenced by other factors outside this model.

REFERENCES
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