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THE EFFECT OF GOOD CORPORATE GOVERNANCE ON COMPANY VALUE WITH FINANCIAL PERFORMANCE AS A MEDIATING VARIABLE

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Abstract: The company aims not only to earn profit but also to increase its value. Firm value is the price that is willing to pay when the company is sold. This study aims to examine the effect of Good Corporate Governance on firm value with financial performance as a mediating variable. This research was conducted at manufacturing companies listed on the IDX for the 2017-2021 period. The sample was determined by purposive sampling and a sample of 60 was obtained. The data analysis technique used was path analysis. The results of the analysis show that management ownership and institutional ownership have no effect on financial performance, independent commissioners have an effect on financial performance, management ownership, independent commissioners, financial performance have an effect on firm value, institutional ownership has no effect on firm value, financial performance has not been able to mediate the relationship between management ownership, independent commissioners on firm value, and financial performance are able to mediate the effect of institutional ownership on firm value.

Keywords: *management ownership, institutional ownership, independent commissioners, financial performance, and company value*

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1. Introduction

Corporate value is the main object for the company as a survival in the future. The value of the company is very vital because increasing the value of the company can increase prosperity for shareholders so that shareholders will invest their capital in the company. This increase in company value can be achieved if there is cooperation between company management and other parties, both shareholders and stakeholders in making financial decisions with the aim of maximizing working capital owned. If the actions between the manager and the other party go according to the company's goals, then the problem between the two parties will not occur. In reality, the unification of the interests of the two parties often creates problems. Managers and shareholders often have agency problems. The agency problem will cause the company's financial goals not to be achieved. The separation of ownership by principals from control by agents (management) in an organization tends to cause agency conflicts. (Jensen & Meckling, 1976), (Watts & Zimmerman, 1986) state that financial reports made with accounting numbers are expected to minimize conflicts between interested parties. The financial statements reported by the agent as accountability for their performance, the principal can assess, measure and monitor the extent to which the agent is working to improve his welfare and provide compensation to the agent.

In the perspective of agency theory, agents who are risk adverse and who tend to be selfish will allocate resources (invest) that do not increase the value of the company. This agency problem will indicate that the company's value will increase if the company owner can control management behavior so as not to waste the company's resources, either in the form of improper investment or in the form of shirking (negligence).

To overcome agency problems, good corporate governance is needed which must be implemented within the company, this corporate governance is known as Good Corporate Governance (GCG). GCG is defined as procedures with a role to regulate and structure a company that provides added value to stakeholders (Monks & Minow, 2001). By reducing agency problems, it will also minimize agency costs so as to be able to improve company performance whose impact will provide added value to the company.

Several GCG mechanisms can be used to reduce agency problems. These mechanisms include managerial ownership, institutional ownership, and independent commissioners. Managerial Ownership is the total percentage of shares owned by management who actively participate in the decision-making process or all capital in the company. If management's share ownership is high, the company's value will also increase (Sholekah & Venusita, 2014). Managerial ownership will help align the interests of management and shareholders, so that management will carry out its operations to increase the value of the company in accordance with its role as the owner of the company. According to (Fatimah et al., 2019), managerial ownership has a positive effect on firm value and Managerial ownership has no effect on firm value (Gill & Obradovich, 2012) and (Putra & Simanungkalit, 2014).

Institutional ownership is the ownership of company shares by institutions or institutions(Muid, 2009). If institutional ownership increases, the supervision of parties from outside the company will be stronger, so agency expenditure will decrease and firm value will increase. According to (Putra & Simanungkalit, 2014), institutional ownership has a positive effect on firm value. According to Obradovich (2013), institutional ownership has a negative effect on firm value, and institutional ownership has no effect on firm value (Maryanti & Fithri, 2017).

Independent commissioners are the essence of corporate governance whose job is to ensure the implementation of company strategy, oversee management in managing the company, and implementation of accountability. Independent commissioners are able to carry out objective supervision in order to increase company performance and value . According to (Maryanti & Fithri, 2017), the board of independent commissioners has a positive effect on company value, but this is not in line with (Sunardi, 2019), the board of independent commissioners has a negative effect on company value.

GCG relationship with firm value is also predicted to be influenced by other factors. According to (Husnan & Pamudji, 2013), the majority of investors are interested in companies that share data about financial performance reported in annual reports. The implementation of GCG can overcome fraud that can be committed by internal parties of the company so that it will improve financial performance. Good financial performance can make the company's value more perfect in the eyes of stakeholders and investors, so they are interested in investing.

The corporate governance mechanism consisting of managerial ownership and institutional ownership is expected to be able to improve company management to be better than before, so that this can improve company performance and have added value and a positive image for the company. The proportion of total managerial ownership makes managers have sufficiently high authority to participate in every decision making and higher responsibility. The independent board of commissioners as supervisors from outside the company is also able to supervise management so that management will carry out their duties properly which will have an impact on the company's financial performance. This is in accordance with previous research conducted by (Hasan & Mildawati, 2020); (Khumairoh et al., 2014); (Ratih & Setyarini, 2014) state that good corporate governance has a significant effect on financial performance. However, it is different from the research conducted by (Lestari et al., 2018); (Maryanto, 2017); (Tjahjono & Chaeriyah, 2017) that good corporate governance has no significant effect on financial performance.

In this study, financial performance is assessed in terms of profitability as measured by ROA (Return on Assets). Profitability measures a company's ability to generate profits. Profitability is the ratio of management effectiveness based on the returns generated from sales and investments. Research on the influence of GCG, financial performance on firm value has been carried out a lot. (Ratih & Setyarini, 2014) conducted research on the effect of GCG on firm value and financial performance as an intervening variable. Ratih's research results show that GCG has no effect on firm value either directly or indirectly. Whereas Rahmasari & Trisnaningsih, 2021 conducted research on the effect of GCG on company value with financial performance as a mediating variable in manufacturing companies for the 2017-2019 period and the results were that financial performance was able to mediate the effect of GCG on company value.

Manufacturing companies are an industry that dominates companies listed on the Indonesia Stock Exchange (IDX). Around 241 companies in the manufacturing industry are grouped into several industrial sub-categories. (eddyelly.com, 2022). Among them are basic & chemical industry, various industries, and consumer goods industry. The number of companies in the industry, as well as the current economic conditions have created intense competition among manufacturing companies. Competition in the manufacturing industry makes each company increasingly improve its performance so that its goals can still be achieved. Based on data from the Ministry of Industry, the manufacturing sector contributed greatly to national GDP in the second quarter of 2021, namely 17.34%. The top two contributors from the manufacturing sector are the food and beverage industry (6.66%) and the chemical, pharmaceutical and traditional medicine industries (1.96%). With a total GDP contribution of 8.62% from the two industries, the Ministry of Industry is pushing for further development, especially in relation to the demand for food and essential oils. (bkpm.go.id, 2021)

Based on the background described earlier and there is still a research gap in previous research, the researcher is interested in researching "The Influence of Good Corporate Governance on Company Value with financial performance as a mediating variable in manufacturing companies in the food and beverage subsector listed on the IDX for the 2017-2021 period."

2. Research Method

This research is an explanatory research that verifies the interrelationship of a set of variables in a predetermined research problem. The type of research used in this research is quantitative research. By using the comparative causal method to get an explanation of a problem related to cause and effect relationships. The variables in this study have 3 kinds, namely independent variables, dependent variables and intervening variables. The variable good corporate governance as an independent variable is proxied into managerial ownership, institutional ownership, and independent commissioners then the dependent variable consists of the company value variable which is proxied into Tobin's Q, while the last variable is the intervening variable consisting of the financial performance variable which is proxied into return on assets (ROA).

The type of data used in this study is secondary data in the form of documentary data, namely in the form of annual reports published by companies and annual financial reports that have been published by every company listed on the Indonesia Stock Exchange during the 2017-2022 period.

Population and sample

The population is a group that is the center of attention for a researcher, which has certain characteristics as determined by the researcher. The population used in this study are food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2022 period. The sampling technique used in this study was purposive sampling with a quantitative approach. According to (Sugiyono, 2013) purposive sampling is a sampling technique by making certain considerations carried out by researchers.

Table 1 Sample Criteria and Total Population

No	Criteria	amount
1	Food and beverage sub-sector manufacturing companies listed on the IDX in 2017 – 2021	72
2	Manufacturing companies that are not listed on the IDX for the 2017-2021 period	(25)
3	Companies that do not have published financial reports from 2017-2021	(4)
4	Companies that do not present variable indicator data according to those studied.	(31)
	Number of research samples	12
	The number of samples for 5 years (5 x 12)	60

Source : processed data, 2023

After being analyzed using the sampling technique, a total of 12 companies were obtained that matched the research criteria. The total number of research samples multiplied by the research period is 60. The following is a list of companies that were sampled:

Table 2 Sample Company List

1	Campina Ice Cream Industry Tbk
2	Wilmar Cahaya Indonesia Tbk
3	Sariguna Primatirta Tbk
4	Delta Djakarta Tbk
5	Buyung Poetra Sembada Tbk
6	Indofood CBP Sukses Makmur Tbk
7	Indofood Sukses Makmur Tbk
8	Multi Bintang Indonesia Tbk
9	Mayora Indah Tbk
10	Nippon Indosari Corporindo Tbk

11	Sekar Laut Tbk
12	Ultrajaya Milk Industry and Trading Company Tbk

Source : processed data, 2023

3. Results and Discussion

3.1. Results

Table 3. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
kepemilikan manajerial	60	.00	.92	.1367	.03456	.26771
kepemilikan institusi	60	.00	1.00	.7702	.03809	.29508
komisaris independen	60	.33	.67	.3800	.00932	.07218
kinerja keuangan	60	1.60	53.00	11.6625	1.22114	9.45894
nilai perusahaan	60	.13	4.64	1.2344	.14839	1.14941
Valid N (listwise)	60					

Source : SPSS, 2023

The managerial ownership variable has an average value of 0.1367 with a minimum value of 0.00 and a maximum value of 0.92. Institutional ownership variable has an average value of 0.7702, with a minimum value of 0.00 and a maximum of 1.00. The independent commissioner variable has an average value of 0.38 with a minimum value of 0.33 and a maximum value of 0.67. Financial performance proxied by ROA has an average value of 11.6625 with a minimum value of 1.6 and a maximum value of 53.00. The company value variable proxied by Tobins Q has an average value of 1.2344 which has a minimum value of 0.13 and a maximum value of 4.64.

Classic assumption test

The Kolmogorov-Smirnov value of normality test results has a significant Asymp value. Sig. (2-tailed) of 0.066 is more than 0.05 so that the regression equation model is normally distributed. The multicollinearity test results show that the collinearity tolerance value is 0.921 <10 and the VIF value is 1.085 > 1 in the variable institutional ownership. the collinearity tolerance value is 0.883 <10 and the VIF value is 1.132 > 1. in the independent commissioner variable the collinearity value is 0.492 <10 and the VIF value is 2.033 > 1. In addition, the company value variable indicates that the collinearity tolerance value is 0.551 <10 and the value VIF is 1.816 > 1. So, it can be concluded that the regression equation model is free from multicollinearity. Heteroscedasticity test results, the significance level of the institutional ownership variable was 0.259 > 0.05, the significance level of the managerial ownership variable was 0.206 > 0.05, the significance level of the independent commissioner variable was 0.395 > 0.05, and the financial performance significance level was 0.628 > 0.05. It can be concluded that the regression equation model is free from heteroscedasticity. The Durbin-Watson (DW) value is 1.879 with a dL of 1.444, a dU of 1.727, and a 4-dU of 4 – 1.727 = 2.273. Then 1.727 < 1.879 < 2.273. So the regression equation model in this study is free from autocorrelation.

Regression results 1 (x1,x2,x3,xm to y)

Tabel. 4 The results of the SPSS regression analysis model 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631[a]	.398	.354	.92360

a. Predictors: (Constant), kinerja keuangan, kepemilikan manajerial , kepemilikan institusi, komisaris independen

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.270	.789		-.342	.734
	kepemilikan manajerial	2.355	.468	.548	5.032	.000
	kepemilikan institusi	-.787	.434	-.202	-1.816	.075
	komisaris independen	6.396	2.375	.402	2.693	.009
	kinerja keuangan	-.055	.017	-.453	-3.211	.002

a. Dependent Variable: nilai perusahaan

Source : SPSS, 2023

First Model Path Coefficient

a. Referring to the output of regression model 1 in the coefficient table section, it can be seen that the significance value of the variables x1 (managerial ownership) = 0.000, x3 = 0.004, and xm (financial perform) = 0.001 is smaller than 0.05, so these results conclude that x1, x3, xm have a significant effect on the value of the company. While the institutional ownership variable gives significance = 0.471 greater than 0.05, it can be concluded that institutional ownership has no effect on firm value.
b. The R square value contained in the summary table is 0.418, this indicates that the contribution of the influence of x1, x2, x3, xm on y is 41.8% while the rest is contributed by other variables not included in the study. Meanwhile for the value of e2 =√(1-0.418) = 0.763

Regression results 2 (x1,x2,x3, to xm)

Table 5. The result of the SPSS regression analysis model 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670[a]	.449	.420	7.20434

a. Predictors: (Constant), komisaris independen, kepemilikan manajerial , kepemilikan institusi

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-22.536	5.368	Double-click to activate	-4.198	.000
	kepemilikan manajerial	4.305	3.604	[illegible]	1.194	.237
	kepemilikan institusi	-1.485	3.376	-.046	-.440	.662
	komisaris independen	91.469	13.923	.698	6.569	.000

a. Dependent Variable: kinerja keuangan

Source : SPSS, 2023

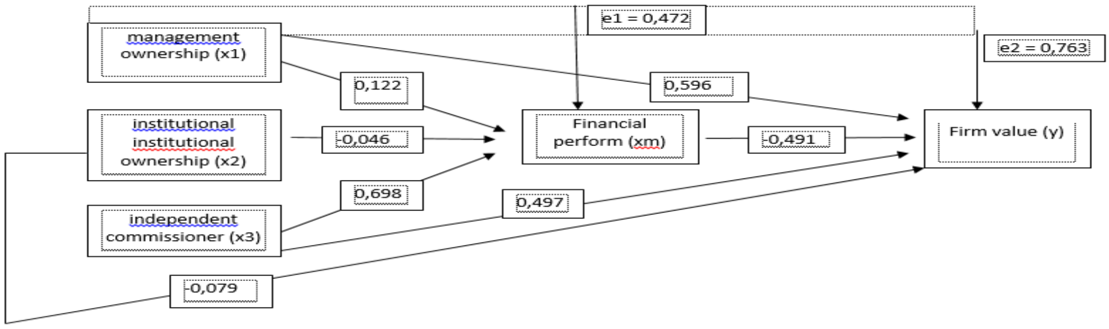

Figure 4. Path analysis models
Source : SPSS, 2023

Coefficient Of The Second Model Path

a. Referring to the output of the regression model 2 in the coefficient table section, it can be seen that the significance value of the variables x1 = 0.237 and x2 = 0.662 is greater than 0.05, so these results conclude that x1 and x2 have no effect on financial performance. While the independent commissioner variable gives significance = 0.000 less than 0.05, it can be concluded that the independent commissioner has a significant effect on financial performance.
b. The R square value contained in the summary table is 0.449, this indicates that the contribution of x1, x2, x3 to xm is 44.9% while the rest is contributed by other variables not included in the study. Meanwhile for the value of e1 =√(1-0.449) = 0.472

Hypothesis Testing

a. Analysis of the effect of x1 on xm
Obtained a significance value of x1 = 0.237 greater than 0.05. So it can be concluded that there is no direct influence between x1 (institutional ownership) and xm (financial performance)
b. Analysis of the effect of x2 on xm
The significance value of x2 = 0.662 is greater than 0.05. So it can be concluded that there is no direct influence between x2 (managerial ownership) and xm (financial performance)
c. Analysis of the effect of x3 on xm
It is obtained that a significance value of x3 = 0.000 is smaller than 0.05. So it can be concluded that there is a direct influence between x3 (independent commissioner) and xm (financial performance)
d. Analysis of the effect of x1 on y
It is obtained that a significance value of x1 = 0.000 is smaller than 0.05. So it can be concluded that there is a direct influence between x1 (institutional ownership) and y (firm value)
e. Analysis of the effect of x2 on y
Obtained a significance value of x2 = 0.471 greater than 0.05. So it can be concluded that there is no direct influence between x2 (managerial ownership) and y (firm value)
f. Analysis of the effect of x3 on y
It is obtained that a significance value of x3 = 0.004 is smaller than 0.05. So it can be concluded that there is a direct influence between x3 (independent commissioner) and y (firm value)

g. Analysis of the effect of xm on y
The significance value of xm = 0.001 is obtained, which is smaller than 0.05. So it can be concluded that there is a direct influence between xm (financial performance) and y (firm value)
h. Analysis of the effect of x1 on y through xm
Based on figure 4, the direct influence given by x1 to y is 0.596. while the indirect effect of x1 on y through xm is the multiplication of the beta value of x1 on xm and the beta value of xm on y, namely: (0.122) x (-0.491) = -0.06. Then the total effect given by x1 on y is the direct effect + indirect effect = 0.596 + (-0.06) = 0.536. Based on the calculation results above, it is known that the value of the direct effect is greater than the indirect effect, this result indicates that indirectly x1 through xm has no significant effect on y. so that xm is unable to mediate the effect of institutional ownership on firm value.
i. Analysis of the effect of x2 on y through xm
Based on figure 4, the direct effect that x2 has on y is -0.079. while the indirect effect of x2 on y through xm is the multiplication of the beta value of x2 on xm and the beta value of xm on y, namely: (-0.046) x(-0.491) = 0.023. Then the total effect given by x2 on y is the direct effect + indirect effect = -0.079 + 0.023 = -0.056. Based on the calculation results above, it is known that the value of the direct effect is smaller than the indirect effect, this result indicates that indirectly x1 through xm has a significant effect on y. so that xm is able to mediate the effect of institutional ownership on firm value.
j. Analysis of the effect of x3 on y through xm
Based on figure 4, the direct effect that x3 has on y is 0.437. while the indirect effect of x3 on y through xm is the multiplication of the beta value of x3 on xm and the beta value of xm on y, namely: (0.698)x(-0.491)= -0.343. Then the total effect given by x1 on y is the direct effect + indirect effect = 0.437 + (-0.343) = 0.094. Based on the calculation results above, it is known that the value of the direct effect is greater than the indirect effect, this result indicates that indirectly x3 through xm has no significant effect on y. so that xm is unable to mediate the influence of independent commissioner ownership on firm value.

3.2. Discussion

a. Management ownership has no effect on financial performance

There is no influence because managerial ownership is too low so that the performance of managers in managing the company is not optimal and managers as minority shareholders cannot actively participate in making decisions in the company, so it does not affect financial performance. This supports the research conducted by (Lestari et al., 2018), (Maryanto, 2017), (Tjahjono & Chaeriyah, 2017)

b. Institutional ownership has no effect on financial performance

Information asymmetry between shareholders and management causes managers as managers of the company to be able to control the company because they have more information about the company compared to shareholders. So that the existence of institutional ownership does not guarantee that monitoring of manager performance can run effectively. This supports the research conducted by (Lestari et al., 2018), (Maryanto, 2017), (Tjahjono & Chaeriyah, 2017)

c. Independent commissioners have an effect on financial performance

Independent commissioners can assist management in making decisions to improve financial performance supported by the truth and feasibility of financial information and other company information. Besides that, independent commissioners also play a controlling role in evaluating managers' decisions through their skills, knowledge expertise, and objectivity so as to reduce agency costs and prioritize the interests of shareholders. This supports the research conducted by (Dewi & Nugrahanti, 2017)

d. Management ownership affects the value of the company

Managerial ownership is management who actively participates in making company decisions (managers, directors and commissioners) and is also given the opportunity to own company shares (shareholders). Increased managerial ownership can align the interests of managers and shareholders so that managers tend to act according to the needs of shareholders. This supports the research conducted by (Sholekah & Venusita, 2014)

e. Institutional ownership has no effect on firm value

Information asymmetry between shareholders and management causes managers as managers of the company to be able to control the company because they have more information about the company compared to shareholders. So that the existence of institutional ownership does not guarantee that monitoring of manager performance can run effectively. This supports the research conducted by (Maryanti & Fithri, 2017)

f. Independent commissioners influence the value of the company

The existence of an independent board of commissioners is very important because in practice transactions are often found that contain elements of different interests in public companies. Independent commissioners have the responsibility to encourage the implementation of the principles of good corporate governance. According to agency theory (Jensen & Meckling, 1976), an independent board of commissioners is considered the highest internal control mechanism responsible for monitoring top management policies. According to agency theory, the number of independent commissioners can make it easier to control top management, and can improve the monitoring function so that the company's value increases.

g. Financial performance affects the value of the company

Good company financial performance will have an impact on increasing the value of a company. This good company value will attract investors to invest in the company in the hope that they will get profits (dividends). If the company gets a large profit this year, the amount of dividends distributed will also be even greater, automatically in the coming year investors will flock to invest in the company so that they will also benefit. They will be more motivated to invest in the company in the future. So that the greater the investors who invest in the company, the higher the share price of the company as well as the greater the number of outstanding shares. These two things can increase the value of the company

h. Financial performance is unable to mediate the effect of management ownership on firm value

With the addition of the financial performance variable used as an intervening variable, this does not affect the relationship with managerial ownership of firm value because managerial ownership has a greater direct effect on firm value than its indirect effect through financial performance. This means that the large percentage of share ownership by managers still cannot equate the interests of company management with investors and company owners so that they do not achieve high corporate value and do not achieve good performance. This study supports the results of Maryanto's research, (2017) which states that Return On Assets are unable to intervene managerial ownership of firm value.

i. Financial performance is able to mediate the effect of institutional ownership on firm value

According to Septianto, Sumiati and Rofiq (2017) because financial performance, which in this study is proxied using ROE, is one of the important information in assessing the company's condition, both short and long term. This information is closely related to the company's growth potential and will ultimately affect the level of investor confidence in stock demand. Corporate governance and financial performance serve as a signal for investors in making decisions. Good corporate governance in managing and managing good organizational resources can increase the company's short-term profits in generating profits for the company. So that the company's financial performance will increase along with the increase in good corporate governance. The higher the company's financial position, the better the company's value in the eyes of investors. Therefore, the company's financial performance is able to mediate the relationship between corporate governance and corporate value.

j. Financial performance is unable to mediate the influence of independent commissioners on firm value

Financial performance has not been able to mediate the effect of an independent board of commissioners on firm value, therefore H10 is rejected. These results do not support agency theory, the independent board of commissioners is able to handle group problems because the control tasks carried out are objective in managing management related to financial performance (Astutik, 2021). According to the regulations of the Financial Services Authority the number of independent commissioners has not been able to have an impact on financial performance and company value. This is because it is difficult for companies to carry out decision-making because of the many considerations put forward by independent members of the board of commissioners. Based on research data, the number of independent commissioners is 5-7 people. Thus, if there are a large number of independent commissioners, it is felt that they are less effective in making decisions aimed at increasing profits and company value. So that with so many independent members of the board of commissioners it is prone to conflict or misunderstandings between members. The practical interpretation of these results is to increase the value of the company, companies must focus on decision making

4. Conclusion

1) Management ownership has no effect on financial performance because managerial ownership is too low so that the performance of managers in managing the company is not optimal and managers as minority shareholders cannot actively participate in making decisions in the company
2) Institutional ownership has no effect on financial performance because the existence of institutional ownership does not guarantee that monitoring of manager performance can run effectively
3) Independent commissioners have an effect on financial performance because Independent commissioners play a controlling role in evaluating managers' decisions through their skills, knowledge expertise, and objectivity so as to reduce agency costs and prioritize the interests of shareholders
4) Management ownership affects the value of the company because Increased managerial ownership can align the interests of managers and shareholders so that managers tend to act according to the needs of shareholders

5) Institutional ownership has no effect on firm value because the existence of institutional ownership does not guarantee that monitoring of manager performance can run effectively
6) Independent commissioners influence the value of the company because Independent commissioners have the responsibility to encourage the implementation of the principles of good corporate governance. Independent board of commissioners is considered the highest internal control mechanism responsible for monitoring top management policies. According to agency theory, the number of independent commissioners can make it easier to control top management, and can improve the monitoring function so that the company's value increases.
7) Financial performance affects the value of the company because If the company gets a large profit this year, the amount of dividends distributed will also be even greater, automatically in the coming year investors will flock to invest in the company so that they will also benefit. They will be more motivated to invest in the company in the future. So that the greater the investors who invest in the company, the higher the share price of the company as well as the greater the number of outstanding shares. These two things can increase the value of the company
8) Financial performance is unable to mediate the effect of management ownership on firm value. With the addition of the financial performance variable used as an intervening variable, this does not affect the relationship with managerial ownership of firm value because managerial ownership has a greater direct effect on firm value than its indirect effect through financial performance. This means that the large percentage of share ownership by managers still cannot equate the interests of company management with investors and company owners so that they do not achieve high corporate value and do not achieve good performance
9) Financial performance is able to mediate the effect of institutional ownership on firm value. the company's financial performance will increase along with the increase in good corporate governance. The higher the company's financial position, the better the company's value in the eyes of investors
10) Financial performance is unable to mediate the influence of independent commissioners on firm value. According to the regulations of the Financial Services Authority the number of independent commissioners has not been able to have an impact on financial performance and company value. This is because it is difficult for companies to carry out decision-making because of the many considerations put forward by independent members of the board of commissioners. Based on research data, the number of independent commissioners is 5-7 people. Thus, if there are a large number of independent commissioners, it is felt that they are less effective in making decisions aimed at increasing profits and company value. So that with so many independent members of the board of commissioners it is prone to conflict or misunderstandings between members.

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