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Good Corporate Governance as a Factor Affecting Company Value through Financial Performance in BUMN Companies Listed on the Indonesia Stock Exchange (IDX)

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Good Corporate Governance, Institutional Ownership, Independent Commissioners, Financial Performance, Company Value.

ABSTRACT

This research examines the effect of good corporate governance on company value through financial performance as an intervening variable on BUMN companies listed on the Indonesia Stock Exchange. Good corporate governance is measured by variables of institutional ownership (X1) and independent commissioners (X2), financial performance is measured by Return on Assets (Y1) and company value is measured by Price Book to Value (Y2). To implement the objectives of this research, analysis techniques are using path analysis with annual financial statement data for each company for the 2012-2018 period. The results show that Good Corporate Governance with a proxy by institutional ownership and independent commissioners had a positive and significant effect on company value. Meanwhile, financial performance cannot mediate between good corporate governance variables and company value.

INTRODUCTION

In today's globalization era, competition in the business world is increasingly high, advances in science and technology have driven companies to continue to grow and maintain their existence. One strategy that companies can set to compete is to be able to create conditions for organized and competitive management. The organization continuously improves its capabilities in the fields of technology, processes, and improves the system so that it will be able to contest competitively and be able to deal with environmental changes (Nursyamsi, 2013). One of the criteria for a company that has a good quality is a company that is able to align its interests, both internal and external interests of the company.

Optimizing the value of the company is one of the objectives of the company. A high company value can increase prosperity for company owners and shareholders. The higher value of the company can attract investors to buy shares of the company so that stock prices increase and create capital gains that have an impact on increasing the prosperity of the shareholders. The higher the value of the company, the greater the prosperity obtained by the shareholders (Lasmanita, et al., 2019).

Another factor which might influence a company's value is financial performance as measured by profitability. Profitability can influence investors' decisions in performing investment. The higher the company's ability to generate profits, the higher the value of the company so that it will optimize the wealth of shareholders. An increase in the company value plays a role as a reflection of financial performance and can provide a positive signal to investors. A good corporate financial performance can influence on the company value. The welfare and prosperity of the stakeholders in the company are measured by the high value of the company (Ferial, et al., 2016).

The company's value is a reflection of the stock price. For companies going public, the stock price is influenced by the demand and supply mechanism reflected in the listing price on the stock exchange. The phenomenon that occurs in the stock exchange is that the company's value can change despite the absence of financial policies by the company. Company value might change due to social and political situations. In fact, the value of companies in Indonesia, particularly state-owned companies, fluctuates from year to year, thereby reducing the appeal of companies in the stock market. The stock market price is the impact of policies by the management, so the ups and downs of the company's value is a result of management actions (Alfinur, 2016).

In addition, in the company's efforts to increase the value of the company, conflicts can arise between management and shareholders. The frequent change of leadership in state-owned companies is one phenomenon that is believed to affect the ups and downs in the value of the company. Another factor that triggers conflict within the company is the existence of interests and other objectives of the management that are contrary to the main objectives of the company and ignore the interests of shareholders. This is so-called as agency conflict. An agency problem arises from the gap between the interests of shareholders as the owner of the company and management as an agent and triggers a conflict of interest (Arifin, et al., 2014).

Agency conflict can be minimized by a supervising mechanism that can align these interests so that agency costs arise (Haruman, 2018). The implementation of good corporate governance by using institutional ownership mechanisms and independent commissioners can reduce conflicts of interest that occur within the company. The shares owned by the institution will provide supervision to the management, as well as the existence of an independent commissioner. Agency conflict between management and shareholders can be minimized by the presence of an independent board of commissioners (Julianti, 2015).

Numerous researches have been conducted to examine the correlation between corporate governance mechanisms but the results obtained are deemed not consistent. Santoso Research (2017) suggested that the implementation of the GCG mechanism that is safeguarded by institutional ownership proxies has an influence on company value. A study conducted by Soeryapranata (2018), revealed that corporate governance mechanisms are measured using the proportion of independent commissioners, profitability has a positive effect on company value, while corporate governance mechanisms as measured by the proportion of audit committees do not affect the firm's value.

Meanwhile, according to (Novitasari et al., 2016), it was found that the corporate governance mechanism that is measured by using the proportion of independent commissioners, audit committees, and institutional ownership does not affect the value of the company. According to (Veronica, 2013), it is suggested that the corporate governance mechanism measured by using the proportion of the board of directors influences the value of the company, while the corporate governance mechanism measured using the proportion of the size of the board of commissioners, the independence of the board of commissioners and the number of members of the audit does not affect the value of the company.

From the various research results that have been discussed, there are research results about the value of the company affected by other variables. One study by Dianawati (2016) confirmed that financial performance as measured by profitability as an intervening variable can mediate corporate governance influence on company value. Profitability as an intervening variable shows that corporate governance has a positive effect on company value. The better corporate governance, the higher the company's value.

LITERATUR REVIEW

Good Corporate Governance

The Forum for Corporate Governance Committees in Indonesia (FCGI) defines the notion of good corporate governance as a set of rules governing relationships between shareholders, managers of companies, creditors, governments, employees and other internal and external stakeholders relating to rights and their obligations or in other words a system that regulates and controls the company, with the aim of creating added value for all interested parties (Widjayanti, 2016).

Corporate governance is a concept proposed in order to improve company performance through supervision or monitoring of management performance which at the same time ensures management accountability to stakeholders (Hapsoro and Hartomo, 2016). In the guidelines for good corporate governance issued by the National Committee on Governance (KNKG), corporate governance has five principles including transparency in making decisions and conveying information about the company, accountability, responsibility, independence, and fairness.

Institutional Ownership

Institutional ownership in shares of companies owned by an institution or organization. The intended institutions are insurance companies, investment companies, banks (Alfinur, 2016). Institutional ownership is one mechanism to minimize agency conflicts and supervise decisions to be taken by management.

The influence of institutional ownership as a supervisory agent is reflected in the sizable investment in the capital market (Fransiska, 2014). Thus, ownership of shares by larger institutions can obstruct the opportunistic management. The higher the level of institutional ownership the company has, the stronger the control over the company. The position of the institution oversees more effective and optimal management in the company (Noviani, et al., 2019).

Independent Commissioner

Independent commissioners are members of the board of commissioners who are not affiliated with management, other members of the board of commissioners and controlling shareholders, free from business relationships or other relationships that can affect their ability to act independently. An independent commissioner is a division that is not affiliated with the company (Anggitasari, 2012).

The independent board of commissioners plays a very vital role in the implementation of good corporate governance. The board of commissioner's functions as an intermediary between shareholders and management as well as a supervisory and advisory board. Independent commissioners can act as an intermediary between internal managers and oversee management policies (Ujianto and Scouts, 2007).

Company Value

Company value is an investor's perception of the company's success rate which is often associated with stock prices. Optimizing the value of the company is very important for a company because optimizing the value of the company also maximizes the prosperity of shareholders which is the company's main goal. The combination of management decisions can optimize the value of the company that affects the welfare of shareholders (Dewi, 2008).

High company value will make the market believe not only in the company's current performance but also in the company's future prospects. Company value can reflect the current value of expected revenue in the future and be an indicator of the market is valuing the company as a whole (Emy et al., 2016). One of the prosperity of shareholders is seen from the high and low value of the company. The high value of the company can be seen from the company's stock price so that the high value of the company is one of the factors evaluating prospective investors before investing in the company. (Pratiwi, et al., 2016).

Financial Performance

Financial performance is the achievement made by a company which is described as a percentage in one budget period. Financial performance is an analysis conducted to determine the extent to which a company has carried out using the rules of financial implementation properly and correctly (Fahmi, 2012).

The company's financial performance is a description of the company's ability to generate profits. Profitability is one indicator of financial performance that shows the profitability of a company in a certain period. Profitability is measured using a return on assets which shows the company's ability to manage its assets to generate profits (Oktaryani, 2007).

HYPOTHESIS

Institutional Ownership on Company Value (PBV)

Agency theory explains that how management parties in a company will behave, because basically each party has different interests. To minimized agency cost is influenced by good corporate governance mechanisms, one of which is institutional ownership. The higher the shares owned by the institution, the more effective the mechanism in controlling management performance, so as to increase the value of the company. According to Susanti and Mildawati (2014) institutional ownership is ownership of shares of a company by institutions or institutions such as insurance companies, investment companies, banks and other investment companies. Institutional ownership acts as a party that monitors the company in general and managers as managers of the company in particular.

Several studies have been conducted that find that there is a relationship between corporate governance that is proxied with institutional ownership and corporate value. Purwaningtyas (2011), Wida and Suartana (2014), Hendrayana and Yasa (2015) prove that corporate governance mechanisms proxied by institutional ownership have a significant and positive effect on firm value. Higher institutional ownership will increase company value.

H_1 : Institutional ownership affects the company value in BUMN companies listed on the Indonesia Stock Exchange for the 2012-2018 period.

Independent Commissioner on Company Value (PBV)

One that can minimized agency conflict is an independent commissioner who is a mechanism in implementing corporate governance. In the implementation of good corporate governance an independent board of commissioners has a very important role. Independent commissioners are members of commissioners from outside the company that are not affiliated with the controlling shareholders, members of the board of directors, and other board members of Diantari and Ulupui (2016). The greater the number of independent boards of commissioners, the more effective it will be in supervision and control which can reduce regulatory problems so as to increase value for the company. Previous research conducted by Muktaharuddin (2014), Perdana (2014) proved that the more independent commissioners in a company, the higher the level of independence and the effectiveness of the corporate board would be better, so that it would increase the value of the company.

H_2 : Independent Commissioner affect the company value in BUMN companies listed on the Indonesia Stock Exchange for the period 2012-2018.

Institutional Ownership on Financial Performance (ROA)

The higher institutional ownership will increase supervision of the company's financial performance. With the existence of institutional ownership is able to monitor effectively in every decision to be taken by the management. Research conducted by Dewi (2017) states that institutional ownership has a positive and significant effect on a company's financial performance. This is supported by research conducted by Hermiyetti and Katlanis (2017) which states that managerial ownership and institutional ownership have a positive and significant effect on the company's financial performance.

H_3 : Institutional ownership affects the financial performance of BUMNs listed on the Indonesia Stock Exchange for the period 2012-2018.

Independent commissioner on Financial Performance (ROA)

The higher the number of independent commissioners in a company, it will reduce fraud that can be done by management in this case for financial performance. Research conducted by Arifani (2013) states that there is a significant influence between independent commissioners, the proportion of ownership on financial performance. The research results of Fidanoski et al (2013) also stated that the size of the board of commissioners has a significant relationship on financial performance.

H_4 : Independent Commissioner affects the financial performance of BUMN companies listed on the Indonesia Stock Exchange for the period 2012-2018.

Financial Performance (ROA) on Company Value (PBV)

Financial statements that are analyzed using financial ratio analysis can provide information on whether the company is running effectively and efficiently. One measure used is return on assets (ROA) to measure how effective and efficient the company's financial performance is in increasing the value of the company. High and low of the company value becomes a benchmark for investors in investing. Research conducted by Kartika and Ferry (2012) states that the better the level of profit in the financial performance produced by the company, then it will have a positive effect in increasing the value of the company. That is, the higher the financial performance as measured by return on assets (ROA), the better the productivity in obtaining profits

H_5 : Financial performance affects the value of the company in SOEs listed on the Indonesia Stock Exchange for the period 2012-2018.

Institutional Ownership on Company value *(PBV) through Financial Performance (ROA)*

Good corporate governance mechanism in this case institutional ownership plays an important role in running a company to achieve the company's goals. Institutional ownership is able to control the performance of the company in this case profitability to increase company value (Soseno 2012). Institutional ownership will encourage increased oversight of management performance in making decisions. This will increase the company's profitability which is reflected in the company's financial performance, so that the prosperity of shareholders will be guaranteed.

Research conducted by Mardiyati (2012) states that the higher the value of a company's profitability, the higher the value of the company. Thus, companies with high profits will indicate good companies so they will attract investors. This will increase the value of the company. According to Dianawati (2016), financial performance which is proxied by profitability is able to mediate the effect of corporate governance on firm value.

H_6 : Institutional ownership affects the value of the company through financial performance in SOEs in the 2012-2018 period.

Independent Commissioner on Company Value (PBV) through Financial Performance (ROA)

With the existence of an independent commissioner in the practice of implementing corporate governance, it is expected to be able to create independence and objectivity in a company. The independent board of directors has a role in overseeing management performance and deciding on the strategies used to run the company. Thus, the supervision of an independent board of commissioners will improve the company's performance so as to increase the company's profitability.

Profitability is one of the information that will be used by investors in making decisions. Basically, profitability shows the company's ability to generate net income from sales and measure the company's ability to run its operations by minimizing expenses and increasing company profits (Gulton, et al. 2013). In a study conducted by Septiputri and Mutmainah (2013) stated that the proportion of the independent board of commissioners had a positive effect on profitability.

H_7 : Independent Commissioner influences the value of the company through the financial performance of SOEs in the period 2012-2018.

RESEARCH METHODS

This research is a quantitative type of research. The variables used are institutional ownership and independent commissioners as independent variables and company value measured by Price Book to Value (PBV) as the dependent variable, and financial performance as measured by Return on Assets (ROA) as an intervening variable. The sample of this research is a BUMN company that is included in the LQ 45 company. The data used are secondary data obtained from annual reports with a time period from 2012 to 2018. This study uses four classic assumption tests, that is the normality test, multicollinearity test, heterokedasticity test and autocorrelation test. The analysis technique used is path analysis. Path analysis is an extension of multiple regression analysis, or path analysis can also be interpreted as the use of regression analysis to estimate the causality relationship between variables (causal models) that have previously been established based on theory (Ghozali, 2013). The path analysis equation models in this study are:

$Y_1 = \rho_{y1x1}X1 + \rho_{y1x2}X2 + \varepsilon_1$

$Y_2 = \rho_{y2x1}X1 + \rho_{y2x2}X2 + \rho_{Y2Y1}Y_1 + \varepsilon_2$

Where, Y1 is financial performance (ROA), Y2 is the company value (PBV), X1 is institutional ownership and X2 is an independent commissioner, while ε is the error terms.

ANALYSIS RESEARCH

Descriptive statistics

The results of the study answer the problems that have been formulated. This study uses 14 BUMN companies that are included in LQ 45.

Table 1

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Kepemilikan Institusional	98	0,08	0,49	0,3351	0,10395
Komisaris Independen	98	0,28	0,67	0,3993	0,09990
ROA	98	-5,05	30,44	6,9184	6,51926
PBV	98	0,19	8,06	2,3640	1,32378
Valid N (listwise)	98				

Source: Data processed, 2019

Based on the above table, it shows that the total sample in this study was 98. For the institutional ownership variable the smallest value is 0.08 and the highest value is 0.49 with an average value, 0.3351. The independent commissioner variable has the smallest value of 0.28 and the highest value of 0.67 with an average value of 0.3993. Financial performance as measured by the lowest value of ROA is -5.05 and the highest value of 30.44 with an average value of 6.9184. For the company value measured by PBV the smallest value is 0.19 and the highest value is 8.06 with an average value of 2.3640.

Classic Assumption Test

Based on the results of normality tests using Kolmogorov-Smirnov and normal P-plots say that the research data is normally distributed. The multicollinearity test results with the SPSS 25 program show that the VIF value for the variable institutional ownership, independent commissioners, and Return on assets (ROA) is smaller than 10 and the tolerance value is greater than 0.1 so it can be concluded that there is no multicollinearity. For Heterokedastisitas test can be seen from scatterplot graphs that show that heterokedasticity does not occur because the points spread randomly and spread both above and below the number 0 on the Y axis. The results of the durbin-watson test show a coefficient value of 1.554, meaning that it is in the area no autocorrelation, so it can be concluded that autocorrelation did not occur. Therefore, there is no deviation between one observation and another.

Uji F (*F-test*)

Anova test results or the F test of equation 1 obtained an F value of 5.721 and a significant value of 0.005 <0.05. That is, the variable institutional ownership (X1) and independent commissioner (X2) jointly influence the financial performance — ROA (Y1). For the ANOVA test result of equation 2 shows that the significant value for the F test is 44,635 and the significant value is 0,000. That is, the variable institutional ownership (X1), independent commissioners (X2 and ROA (Y1) jointly influence the value of the company - PBV (Y2).

Coefficient of Determination

The coefficient of determination (R) test is a test conducted to find out how much the independent variable is able to influence the dependent variable.

Table 2

Model Summary I				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,328	0,108	0,089	6,22337

Sources: Data Processed, 2019

The summary I model table above shows an R^2 value of 0.108, meaning that corporate governance variables are proxied by institutional ownership and independent commissioners of financial performance (ROA) of 0.108, while the rest of 0.892 is influenced by other variables not included in the study this.

Table 3

Model Summary II				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,767	0,588	0,574	41,52155

Sources: Data Processed, 2019

Based on Table 3 shows the value of R^2 is used to measure the effect of institutional ownership, independent commissioners and ROA on the value of the company as measured by PBV (Price book to value). The table above shows a value of R ^ 2 of 0.588 which means that the contribution of institutional ownership, independent commissioners and ROA to the company value is 0.588, while 0.412 is influenced by other variables.

Path Analysis

Table 4

Summary of the calculation of the path coefficient

Variabel	Coefficient	St. Error	t	Sig
X1 → Y2	0,451	0,451	2,239	0,000
X2 → Y2	0,396	0,396	-3,146	0,006
Y1 → Y2	0,022	0,022	4,885	0,000
X1 → Y1	0,231	6,464	2,813	0,027
X2 → Y1	-0,324	6,726	3,823	0,002

Sources: Data Processed, 2019

The results of the calculation of the path coefficient above can answer the hypothesis in the study:

1. The effect of institutional ownership on firm value (PBV). The results of data processing show that the value of t_{hitung} = 4,885 >t_{tabel} = 1,661and a significant value of 0.000 <0.05 means that institutional ownership has a positive and significant effect. This shows that the H1 hypothesis is accepted.
2. The influence of independent commissioners on company value (PBV) Statistical test results show that the value of t_{hitung} = 2,813 >t_{tabel} = 1,661and a significant value of 0.006 <0.05 means that the independent commissioner has a positive and significant effect. This shows that the H2 hypothesis is accepted.
3. Effect of institutional ownership on financial performance (ROA) Statistical test results show that the value of t_{hitung} = 2,231 >t_{tabel} = 1,661and a significant value of 0.027 <0.05 means that institutional ownership has a positive and significant effect. This shows that the hypothesis H3 is accepted.
4. The effect of independent commissioners on financial performance (ROA) Statistical test results show that the value of t_{hitung} = -0,324 <t_{tabel} = 1,661 and a significant value of 0.002 <0.05 means that institutional ownership has a negative and significant effect. This shows that the hypothesis H4 is accepted.
5. Effect of financial performance (ROA) on firm value (PBV) Statistical test results show that the value of t_{hitung} = 3,823 >t_{tabel} = 1,661 and a significant value of 0.000 <0.05 means that institutional ownership has a positive and significant effect. This shows that the hypothesis H5 is accepted.

6. The effect of institutional ownership on firm value (PBV) through financial performance (ROA) as an intervening variable The results of statistical tests of equations 1 and 2 state that institutional ownership has a positive and significant effect on firm value through financial performance. However, the sobel test results state the value of t count < t table for institutional ownership. Therefore, financial performance as measured by return on assets is not able to be an intervening variable in this study. This shows that the hypothesis H6 is rejected.
7. The influence of independent commissioners on company value (PBV) through financial performance (ROA) as an intervening variable The statistical test results of equations 1 and 2 state that the independent commissioner has a positive and significant effect on the value of the company through financial performance. However, the sobel test results state the value of t count <t table for independent commissioners. Therefore, financial performance as measured by return on assets is not able to be an intervening variable in this study. This shows that the hypothesis H7 is rejected.

Sobel Test

In this study using the sobel test to determine the indirect effect. The requirement to be able to say the effect of mediation or indirect effect if the value of t is greater than the value of t table (Sobel, 1982). Based on the calculation above, the value of t_{count} for the first lane equation is 0.032 <1.66 and for the second lane equation the t_{count} value is 0.044 <1.66. That is, financial performance cannot mediate the effect between institutional ownership and independent commissioners on firm value.

DISCUSSION

Regression test results showed that corporate governance variables that were proxied by institutional ownership had a positive and significant effect. Meaning that the higher the value of institutional ownership, the value of the company will increase. Institutional ownership plays an important role in monitoring companies to be more selective in decision making and as a way to minimize agency conflict. A high level of institutional ownership will increase greater oversight of stakeholders by institutional investors. This will have an impact on the company's value that is getting better. The results of this study are in line with the previous studies conducted by (Heryono, et al., 2015), (Lestari, 2017) concluding that institutional ownership had an influence on company value. Similarly, a study conducted by (Oktavia, 2018) stated that institutional ownership affects company value.

Related to the independent commissioner variable, the results of the study indicate that there is a positive and significant influence on the company's value. Meaning that the more the number of independent directors the higher the value of the company. An independent commissioner functions as a supervisory board by ensuring that the oversight mechanism runs in accordance with predetermined operational standards so that the company's goals can be achieved properly so that the value of the company will increase. This research is supported by agency theory. The positive influence is caused by the strong Control mechanism of the independent commissioner on management, where the control mechanism is a vital role in the creation of good corporate governance. The result of the present study is in line with those of Alfinur's research (2016) revealing that independent commissioners affect the value of the company. The results of research from Purbopangestu (2014), Samuel (2009) also stated that the independent commissioner had a positive and significant effect on company value.

Next, the results showed a positive and significant effect of institutional ownership on financial performance in state-owned companies listed on the Indonesia Stock Exchange. It means that the greater share ownership by institutions influences the company's financial performance improvement. High share ownership by institutions will increase the supervision of company management. High supervision will minimize misuse by management which will directly reduce the company's financial performance. In this case, the institutional party will attempt to increase productivity in order to improve financial performance. The result of the present study is in line with those of Ruslim and Santoso (2018) which states that corporate governance as measured by institutional ownership has a significant effect on financial performance partially in a positive direction. A study by Daniel and Yeterina (2014) also states that institutional ownership has a significant effect on financial performance, but in a negative direction.

The results of the analysis in this study indicated that independent commissioner had a negative effect and significant to the company's financial performance. The proportion of the independent board of commissioners in this study had a negative effect on financial performance as measured by Return on Assets (ROA). This means that the greater proportion of independent commissioners in a state-owned company can reduce the company's financial performance. An independent commissioner whose function is to supervise and monitor activities within the company in order to align the interests of the shareholders was deemed not well implemented. More and more members of the board of independent commissioners in the company would make it difficult to carry out communication and coordination between members of the board of commissioners. Another factor was the conflict between management and shareholders in decision making, so the company must incur significant additional costs to monitor it so that this might cause financial performance in the company to decline. This study is in line with the previous studies conducted by (Magdalena et al., 2018) proving that independent commissioners have a negative but significant effect on financial performance. The same thing was proven by Ruslim and Santoso (2018), Arini (2018), Rimardhani et al (2016) which stated that corporate governance proxied by independent commissioners had a negative effect on financial performance.

The results of this study found out that financial performance has a positive and significant effect on company value. The higher the company's financial performance, the greater the benefits given to shareholders. Thus, the company's value will increase. Companies with a high return on investment will tend to have high stock prices. Rising stock prices reflect good company value for investors. The better the company's performance will affect the company's profile in the future so the investor attractiveness will increase. From the results of this study, it can be seen that investors conducted supervision of a company by looking at financial performance as a tool for evaluation before making a decision because financial performance affects the ups and downs of the company's value. If investors want to find out how much the return or investment of a company, the ratio seen is the profitability ratio measured by return on assets (ROA). This research is in line with the research of Pertiwi &Pratama (2011), Umi et al (2012), Munawaroh (2014), Martini and Riharjo (2014) which confirms that financial performance has a positive and significant effect on company value. This research is also supported by Putri Yuliana et al (2017) which states that financial performance as measured by ROA has a positive and significant effect on company value as measured by PBV.

In this study, it was found that financial performance cannot mediate the relationship between institutional ownership and firm value. This is evidenced from the results of the sobel test which shows that the calculated t value <t table is 0.034 <1.661. This means that financial performance is not able to mediate the correlation between institutional ownership and corporate value. High or low profitability cannot affect the strength of the influence of institutional ownership on the value of the company. This was because the number of shares owned by institutions had not been able to create a correlation between the interests of management and investors. This had an impact on company goals that could not be realized in order to create optimal value for the company. This study is in line with research by Wardani and Hermuningsih (2011), Zahro (2016) stating that financial performance was not able to be a mediator between institutional ownership and corporate value. the same thing was also proven by Ismawati et al (2019) stating that return on assets was not able to mediate the effect of institutional ownership on company value.

Financial performance as an intervening variable also cannot mediate the relationship between independent commissioners and firm values. Because, the sobel test results show the value of t count <t table that is 0.144 <1.661. Meaning that financial performance could not mediate the influence of independent commissioners on company value. This could occur because an independent commissioner is a board of commissioners who were not affiliated with the company or management. Thus, the possibility that could occur was a lack of knowledge about company activities. Thus, the size of the independent commissioner had not been effective in increasing the profitability of the company. This means that the independent commissioner had not been able to improve the company's financial performance so that the company's value had not been able to be improved. The results of this study are supported by a study conducted by Maryanto (2017) revealing that financial performance cannot mediate good corporate governance as measured by an independent commissioner in increasing company value. The same result was also found by Julianti (2015) suggesting that profitability is not an intervening variable on the relationship between independent commissioners and financial performance.

CONCLUSION

Based on the results of the analysis that has been done shows that good corporate governance is proxied by institutional ownership and independent commissioners affect the value of the company. Good corporate governance which is proxied by institutional ownership and independent commissioners affects the value of the company. This proves that the better management of state-owned companies will affect the increase in company value. In the end it will attract investors to invest their capital. However, the financial performance variable as an intervening variable is not able to mediate between good corporate governance and company value.

SUGGESTION

It is expected that companies pay attention to the management of their companies in order to increase the value of the company. Specifically, in terms of implementing good corporate governance because this is one of the factors that can affect the value of the company and the company's financial performance.

This study uses the period 2012-2018, so for research in the following years this research needs to be tested again. Future studies are expected to use other variables that are predicted to be able to influence the value of the company.

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