

**VALUE CREATION IN RAW GOODS SECTOR: A STUDY ON THE IMPACT OF GCG, FINANCIAL PERFORMANCE, CAPITAL STRUCTURE, AND FIRM SIZE****Yusrizal<sup>1</sup>, Yenny Wati<sup>2</sup>, Annisa Nur Amalia<sup>3</sup>, Amries Rusli Tanjung<sup>4</sup>, and Teddy Haryadi<sup>5</sup>**<sup>1,2,3,4</sup>Institut Bisnis dan Teknologi Pelita Indonesia,<sup>5</sup>Universitas Maritim Raja Ali HajiEmail: [yusrizal@lecturer.pelitaindonesia.ac.id](mailto:yusrizal@lecturer.pelitaindonesia.ac.id)<sup>1</sup>DOI: <https://doi.org/10.35145/bilancia.v9i1.4821>

Received: 20/01/2025, Revised: 29/03/2025, Accepted: 30/03/2025

**ABSTRACT**

This study aims to determine the analysis of the effect of good corporate governance (GCG), profitability (ROA), leverage (DAR), capital structure (DER), and firm size (total assets) on the value of raw goods sector companies listed on the IDX 2018-2022. This study uses secondary data where the data obtained comes from the company's financial statements. The data collection technique in this study was the purposive sampling technique. The number of samples in this study was 68 companies. The method of completing this research uses quantitative analysis techniques using SmartPLS software. From this study, it is concluded that the Debt-to-Equity Ratio (DER) variable has a positive effect on company value (PBV). Meanwhile, the Audit Committee, Independent Board of Commissioners, Return on Asset (ROA), Debt to Asset Ratio (DAR), and Total Asset do not affect company value (PBV).

**Keywords:** Company Value (PBV), Audit Committee, Independent Board of Commissioners, Return on Assets (ROA), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Total Assets

***PENCIPTAAN NILAI DI SEKTOR BARANG BAKU: STUDI DAMPAK GCG, KINERJA KEUANGAN, STRUKTUR MODAL, DAN UKURAN PERUSAHAAN*****ABSTRAK**

*Penelitian ini bertujuan untuk mengetahui analisis pengaruh good corporate governance (GCG), profitabilitas (ROA), leverage (DAR), struktur modal (DER), dan ukuran perusahaan (total asset) terhadap nilai perusahaan sektor barang baku yang terdaftar di BEI 2018-2022. Penelitian ini menggunakan data sekunder di mana data diperoleh berasal dari laporan keuangan perusahaan. Teknik pengumpulan data dalam penelitian ini adalah teknik purposive sampling. Jumlah sampel dalam penelitian ini adalah 68 perusahaan. Metode penyelesaian penelitian ini menggunakan teknik analisis kuantitatif dengan menggunakan software SmartPLS. Dari penelitian ini disimpulkan bahwa variabel Debt to Equity Rasio (DER) berpengaruh positif terhadap nilai perusahaan (PBV). Sedangkan untuk Komite Audit, Dewan Komisaris Independen, Return on Asset (ROA), Debt to Asset Ratio (DAR), dan Total Assets tidak berpengaruh terhadap nilai perusahaan (PBV).*

**Kata Kunci:** Nilai Perusahaan (PBV), Komite Audit, Dewan Komisaris Independen, Return on Asset (ROA), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Total Assets

## INTRODUCTION

In this age of globalization, numerous businesses and industries are rapidly expanding. The proliferation of new initiatives and businesses has increased rivalry among business owners. They compete to be the most important in the eyes of society and the entire world. As time passes, the company strives to grow its value and excellence as one of the steps toward achieving the organization's long-term objectives (Khan et al., 2020). Company value is one metric that might help businesses acquire investor trust.

Company value is extremely significant for a firm since an increase in company value leads to increased share prices. Increasing company value corresponds to improving company performance (Wati et al., 2023). Indirectly, this is interpreted as the ability to grow shareholder wealth, which is the company's purpose. An increase in company value will pique investors' interest in investing in the company, causing the share price to rise. For creditors, the worth of the firm is determined by its liquidity, i.e. whether or not the company is deemed capable of repaying the creditors' loans. If the inferred company value is not good, creditors will assess the company lowly (Indrarini, 2019).

The Indonesian Stock Exchange lists companies in the raw products category. The basic materials industry is a company that sells items and services that are used as raw materials in other sectors to create finished goods. The basic materials sector is the greatest area for stock investing. The basic materials industry is one of a country's most essential industries since it offers raw materials to enterprises in other sectors. If the price of products manufactured by enterprises in the basic materials sector rises, so will the value of the cost of production in other industrial sectors. This is why the basic materials sector is thought to be a good investment.

In 2018, enterprises in the raw products industry had an average annual value of 1.0028. It was 0.8408 in 2019; 0.9479 in 2020; 0.6993 in 2021; and 1.2161 in 2022. Based on historical data from the Indonesia Stock Exchange, shares of raw products industry issuers fluctuate. The share prices of industrial issuers in the raw goods sector have varied during the coronavirus outbreak. Shares of companies in the raw goods industry are intriguing to collect, given the country's significant need for items. In the raw goods industry, each firm listed on the Indonesian stock exchange fights to invent and develop innovations and new products to thrive. As more new items enter the market, changes in sales of each firm's products will occur, resulting in greater company profits and influencing each company's share price. However, according to Business Economics in 2019, the manufacturing sector would experience pressure from imported and illegitimate goods.

The proliferation of imported and illegal products, which are becoming increasingly accessible to the general people, is posing a significant concern and problem. Imported and illegal items at low prices can shift and reduce sales from the raw goods sector, resulting in a drop in sales levels and a loss in earnings, preventing enterprises from continuing to grow. It is expected that this would be one of the reasons why investors are unwilling to put their cash in companies, resulting in a decrease in company value.

Company value can also be calculated using share prices, which reflect investors' overall judgment of the shares they possess and serve as a measure of a company's performance. The Composite Stock Price Index (IHSG) provides information about the share price. IHSG is a summary of the price movements of all IDX shares, and if the IHSG trend is strengthening/rising, it indicates that IDX share prices are also increasing. On the other hand, if the IHSG position is weakening, it may indicate that share values on the IDX at that time are typically dropping. It can be seen that share price movements in the 2018-2023 period tend to fluctuate; there was a decline in share prices from 2018 to stable 2019, then a significant decline in early 2020, followed by an increase in mid-2020 to mid-2022 and then stability until the end of 2022. This represents the overall share prices of firms listed on the Indonesia Stock Exchange (BEI) in the period 2018-2022 is in an unstable situation year after year.

The phenomenon investigated in this study is the drop in stock market prices of many raw commodities firms between 2018 and 2022. It can be observed how the movement of stock prices of raw products firms as a whole fluctuates from 2018 and 2022, with share prices declining by -2.7% at the start of 2018 and then increasing dramatically by 21.8% in 2019. There will be a fall from 2020 to 2022 because of Indonesia's COVID-19 outbreak, which has resulted in lockdown and PSBB (Large-Scale Social Restrictions) regulations across the country. This strategy makes it difficult to distribute raw commodities, which increases the price of raw goods and diminishes demand for goods. As a result, the question arises as to what causes fluctuations in raw material stock prices. Potential investors can use a variety of indicators to assess a company's ability to improve its performance. These determinants include good corporate governance (GCG), profitability (ROA), leverage (DAR), capital structure (DER), and firm size (total assets), all of which are associated with company value.

Good corporate governance is a framework that can professionally direct a company's management by implementing the concepts of transparency, accountability, responsibility, justice, and independence, hence increasing competitiveness in recruiting investors (Wati et al., 2023). According to the Organization for Economic Cooperation and Development (OECD), GCG must be capable of improving transparent and efficient markets, maintaining legal laws, and establishing a clear division of responsibilities among supervisory, regulatory, and implementation authorities. Corporate governance procedures are separated into two categories: internal mechanisms and external mechanisms. Internal mechanisms are used to govern a corporation through internal structures and processes, such as institutional ownership, management ownership, an independent board of

commissioners, and an audit committee. External mechanisms are methods of affecting businesses, such as company control and market processes (Franita, 2018). The audit committee and an independent board of commissioners were the Good Corporate Governance instruments used in this study.

According to Debby et al. (2014), the audit committee is a new component of the company's control system that is chosen, constituted, and terminated by the board of commissioners. When an audit committee operates well within a corporation, it can implement one of the fundamental concepts of GCG, namely transparency. If transparency is achieved, the company can provide appropriate confidence to investors, making it the primary focus of investors in the capital market. When a company is in the limelight in the capital market, it becomes one of the factors that investors evaluate when investing, hence increasing the company's worth. Anwar (2023) demonstrates that the audit committee has a negative and significant impact on company value. However, this contradicts Sari & Sanjaya (2018) research, which found that the audit committee does not affect company value.

The independent board of commissioners consists of all commissioners who have no significant business interests in the company. An independent commissioner is an appointed person who has the authority to oversee corporate governance. According to Debby et al. (2014), having a higher share of independent commissioners in a firm can improve management and create high company value. Independent commissioners are supposed to carry out their duties by monitoring the course of company activities and providing advice to the board of directors.

Amaliyah & Herwiyanti (2019) show that an independent board of commissioners has no substantial influence on company value. However, Dewi & Nugrahanti (2014) show that an independent board of commissioners increases company value. Anwar (2023) discovered that the Independent Board of Commissioners had a negative and insignificant effect on the value of coal mining businesses listed on the IDX. However, the conclusions of this study contradict those of academics Sondokan et al. (2019), who indicate that an independent board of commissioners does not affect company value.

Profitability refers to a company's ability to generate earnings relative to its revenue, assets, or equity. It's a critical factor in company valuation because profitability determines the company's ability to generate cash flows, which is the primary driver of value. Profitability is one strategy to increase the value of a company. Profitability is a performance metric used to evaluate a company's financial performance (Wati et al., 2023). If a corporation can carry out its operating tasks, it must be in favorable condition (Silvia, 2021). Rachmawati & Pinem (2015) and Maulida & Karak (2021) show that profitability increases the company's value, while Leman et al. (2020) show that profitability decreases company value. However, this research contradicts Kusumawati & Harijono (2021) claim that profitability does not affect company value.

According to Maryam (2014), leverage is the utilization of several assets or cash by a corporation that results in fixed costs. Although there is still much dispute among experts about the usefulness of comparing the leverage ratio. Researchers picked the Debt to Equity Ratio (DER) above other existing ratios for this study. DER represents the company's ability to satisfy all its obligations, as demonstrated by the share of its capital utilized to pay debts (Nurminda et al., 2017). Maulida & Karak (2021) demonstrate that leverage (DAR) has a considerable negative impact on company value. This study contradicts the findings of Farizki et al. (2021), who found that leverage does not influence company value.

Capital structure is described as the company's composition and percentage of long-term debt and equity (preferred and ordinary shares). Capital structure refers to the mix of debt and equity that a company uses to finance its operations and growth. The way a company structures its capital has a direct impact on its risk, cost of capital, and overall value. Thus, the capital structure is the financial structure less the short term. Mahanani & Kartika (2022) demonstrate that capital structure does not affect company value. Information regarding a company's capital structure cannot be used to predict its value. The greater the capital structure, the less likely it is to increase the value of the company. However, Hirdinis (2019) demonstrates that capital structure has a positive and considerable impact on company value.

The size of a corporation is a significant factor in its management. For several years, the total assets have been used to determine firm size. Logically, the size of a huge and growing company can indicate the level of future profits, and the ease of financing can influence the company's worth, and this is regarded as useful information for investors (Prasetya & Asandimitra, 2014).

Tommy & Saerang (2014) demonstrate that firm size has a substantial effect on company value, however, Nugraha & Alfari (2020) demonstrate that firm size has a negative effect on company value but is not statistically significant. This study contradicts Rusnaeni et al. (2022) findings, which failed to demonstrate a favorable relationship between firm size and company value.

## LITERATURE REVIEW

### Agency and Signaling Theory

Jensen & Meckling (1976) argue that agency theory demonstrates how conflicts of interest impede the formation of owner-manager relationships. Conflict between the two may emerge as a result of information asymmetry

induced by a mismatch of interests. The auditor serves as a neutral third party in the dispute resolution process. As previously indicated, these conflicts can impair the compilation of financial reports and cause audit delays.

According to Connelly et al. (2012), signal theory demonstrates that one party (an agent) sends information about itself to another party (the principal). Investors and the general public will regard companies that produce financial reports on time as having great performance. In contrast, a delay in an audit gives investors the idea that the company is suffering performance issues, rendering the data presented useless. Investors see this as unfavorable news that may generate volatility in share price movements.

### **Company Value**

Company value refers to the method by which a firm determines the public's trust in it. A high company value shows that the company's performance and future prospects can be trusted by investors (Pambudi et al., 2022).

### **Good Corporate Governance (GCG)**

GCG is a system, process, structure, and mechanism that governs the pattern of harmonious interactions between a business and its stakeholders (Manossoh, 2016).

### **Audit Committee**

The audit committee is a committee that works professionally and independently formed by the board of commissioners. As such, its task is to assist and strengthen the board of commissioners (or supervisory board) in carrying out its oversight function over the financial reporting process, risk management, audit implementation, and the implementation of corporate governance in companies.

### **Independent Board of Commissioners**

The board of commissioners is a representative shareholder in a limited liability company whose function is to supervise the company's management (directors) and determine whether management fulfills its responsibilities in developing and implementing the company's internal controls.

### **Profitability**

Profitability refers to a company's ability to make profits from all of its capabilities and resources, specifically sales activities, asset utilization, and capital allocation.

### **Leverage**

Leverage is a corporation's capacity to use fixed-cost capital (shares) to create company goals and optimize company value.

### **Capital Structure**

Capital structure highlights the company's financial shape, specifically the difference between capital derived from debt and equity (Sari, 2021).

### **Firm Size**

Firm size is a scale used to classify a company's size, which can be shown in total assets, log size, stock market value, and others (Sari & Wahidahwati, 2021).

### **Hypothesis Development**

#### **The Influence of the Audit Committee on Company Value (PBV)**

According to Debby et al. (2014), the audit committee is a new component of the company's control system that is chosen, constituted, and terminated by the board of commissioners. The audit committee plays a critical and strategic role in preserving the integrity of the financial report production process, as well as in establishing an acceptable firm monitoring structure and implementing Good Corporate Governance. The audit committee's effectiveness will improve control over the organization. However, a smaller number of audit committees can diminish the effectiveness of supervision. Lack of maximum performance in carrying out their duties means that the quality of the financial reports produced is less than optimal and does not affect the value of the organization.

Anwar (2023) demonstrates that audit committees have a considerable negative impact on the value of coal mining businesses listed on the IDX. This study supports the findings of Sondokan et al. (2019), who found that the audit committee influences company value. Sari & Sanjaya (2018) demonstrate that the Audit Committee has no impact on company value. This demonstrates that the number of audit committees in a corporation has no impact.

H<sub>1</sub> : The audit committee has a positive effect on company value (PBV)

### **The Influence of the Independent Board of Commissioners on Company Value (PBV)**

The independent board of commissioners consists of all commissioners who do not have significant business interests in the company. An independent commissioner is an appointed person who has the authority to oversee corporate governance. According to Debby et al. (2014), having a higher share of independent commissioners in a firm can improve management and create high company value. Independent commissioners are supposed to carry out their responsibilities by monitoring the course of company activities and providing advice to the board of directors.

According to Dewi & Nugrahanti (2014), having an independent board of commissioners increases the value of the company. Anwar (2023) discovered that the Independent Board of Commissioners had a negative and insignificant effect on the value of coal mining businesses listed on the IDX. However, the findings of this study contradict those of academics Sondokan et al. (2019), who demonstrate that having an independent board of commissioners does not affect company value.

H<sub>2</sub> : An independent board of commissioners has a positive effect on company value (PBV)

### **The Influence of Profitability (ROA) on Company Value (PBV)**

Profitability is one strategy to increase a company's worth. If a corporation can carry out its operating tasks, it must be in favorable condition. Companies will struggle to attract outside financing if they do not make a profit. The higher the profitability mentioned in the company's profit and loss statement, the greater the company's value, because shareholder prosperity is reflected in the company's price. High profitability will indicate the company's positive prospects, prompting investors to increase demand for shares. Increased demand for shares will cause the company value to rise, indicating the company's potential to pay dividends to investors is also high (Silvia, 2021).

Rachmawati & Pinem (2015) and Maulida & Karak (2021) show that profitability increases company value, while Leman et al. (2020) show that profitability decreases company value. However, this research contradicts Kusumawati & Harijono (2021) claim that profitability does not affect company value.

H<sub>3</sub> : Profitability (ROA) has a positive effect on company value (PBV)

### **The Influence of Leverage (DAR) on Company Value (PBV)**

According to Maryam (2014), leverage is the utilization of several assets or cash by a corporation that results in fixed costs. Although there is still much dispute among experts about the usefulness of comparing the leverage ratio. Researchers picked the Debt to Asset Ratio (DAR) above other existing ratios for this study. DAR represents the company's ability to meet all of its obligations, as evidenced by the use of some of its capital to settle debts (Nurminda et al., 2017). The higher the usage of debt, the company will generate favorable signal prospects that can boost the value of the company and look better in the eyes of investors.

Maulida & Karak (2021) demonstrate that leverage (DAR) has an impact on company value. This study is consistent with Nugraha & Alfarisi (2020), Sari & Sanjaya (2018), and Rachmawati & Pinem (2015). This study contradicts the findings of Farizki et al. (2021) and Muharramah & Hakim (2021), who found that leverage does not influence company value.

H<sub>4</sub> : Leverage (DAR) has a positive effect on company value (PBV)

### **The Influence of Capital Structure (DER) on Company Value (PBV)**

Capital structure is defined as the composition and proportion of long-term debt and equity (preferred shares and ordinary shares) determined by the company. Thus, the capital structure is the financial structure minus the short term. Short-term debt is not taken into account in the capital structure because this type of debt is generally spontaneous (changes according to changes in sales levels). Meanwhile, long-term debt is fixed for a reasonably long period (more than a year), therefore financial managers should be more concerned about its existence. If the capital structure is below the optimal point, every additional debt will raise the value of the firm, however, if the position of the capital structure is beyond the optimal point, every additional debt will diminish the value of the company.

Mahanani & Kartika (2022) demonstrate that capital structure has no impact on company value. Meanwhile, Hirdinis (2019) demonstrates that capital structure has a positive and significant impact on company value. This research is supported by Leman et al. (2020) and Tommy & Saerang (2014).

H<sub>5</sub> : Capital structure (DER) has a positive effect on company value (PBV)

### **The Influence of Firm Size (Total Assets) on Company Value (PBV)**

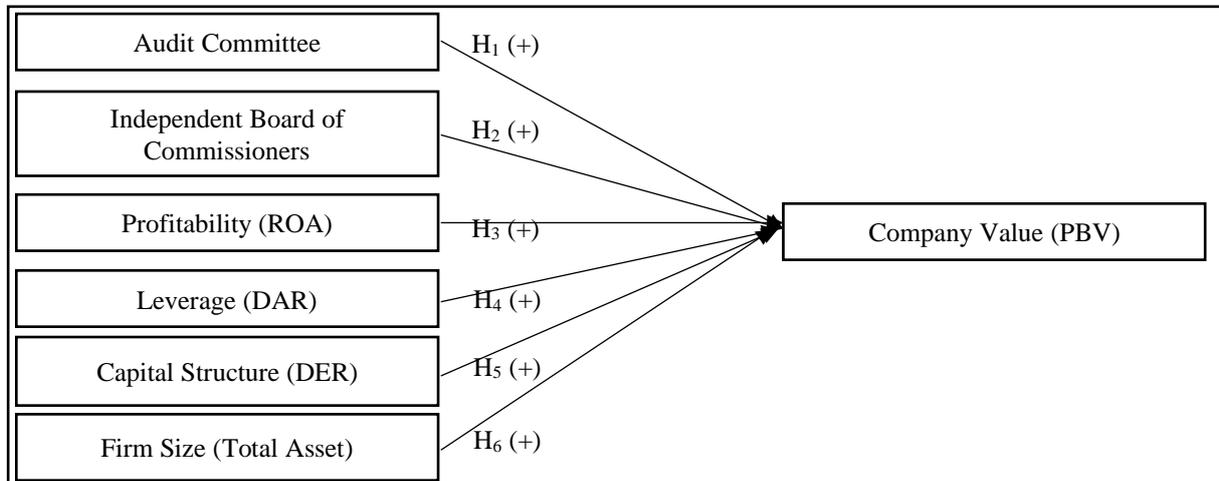
Firm size is a significant factor in business management. The total assets is used to calculate firm size. In this situation, sales exceed variable and fixed costs, yielding the amount of income before taxes. However, if sales are less than variable and fixed costs, the company will incur a loss. Logically, the size of a massive and growing company can indicate the level of future profits, and the ease of financing can influence the company's worth, and this is regarded useful information for investors (Prasetya & Asandimitra, 2014).

Farizki et al. (2021), Muharramah & Hakim (2021), Maulida & Karak (2021), and Rachmawati & Pinem (2015) demonstrate that firm size has a significant impact on company value, whereas Nugraha & Alfarisi (2020) and Leman et al. (2020) demonstrate that firm size has a negative impact on company value but is not significant. Mahanani & Kartika (2022), Hirdinis (2019), and Tommy & Saerang, (2014) discovered that firm size has a significant positive effect on company value. This study contradicts Rusnaeni et al. (2022) and Sari & Sanjaya (2018), which claim that there is no influence of firm size on company value.

H<sub>6</sub> : Firm size (total assets) has a negative effect on company value (PBV)

**Framework**

Based on the description of the relationship between variables and their influence on company value, the following framework is formulated:



Source: *Developed Research Journal (2023)*

**Figure 1. Conceptual Framework**

**RESEARCH METHODS**

**Research Object**

This research was conducted on raw products sector businesses listed on the Indonesia Stock Exchange (IDX) using data obtained from [www.idx.co.id](http://www.idx.co.id), [www.yahoofinance.com](http://www.yahoofinance.com), and other relevant sources. The research period lasted from August 2023 to January 2024.

**Population and Sample**

This research focuses on the raw products sector from 2018 to 2022. According to statistics collected on September 13, 2023, there were 103 issuers in the population. The sampling approach utilized in this study was purposive sampling. The sampling criteria are as follows:

**Table 1. Sample Criteria**

No.	Sampling Criteria	Number of Companies
1	Raw goods companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022	103
2	Raw goods companies that IPO after the research period	(33)
3	Raw goods companies that were suspended throughout the 2018-2022 research period	(2)
<b>Number of Samples</b>		68

Source: *Indonesian Stock Exchange (2023)*

**Operational Research Variables**

In this study, the dependent and independent variables that will be employed include:

**Audit Committee (X<sub>1</sub>)**

According to Debby et al. (2014), the audit committee is measured using the following formula:

$$KA = \Sigma \text{ Number of Committee Members} \tag{1}$$

**Independent Board of Commissioners (X<sub>2</sub>)**

According to Debby et al. (2014), the independent board of commissioners is measured using the following formula:

$$KI = \text{Number of Independent Commissioners} \quad (2)$$

**Profitability (X<sub>3</sub>)**

According to Kasmir (2017), profitability is measured using the following formula:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \quad (3)$$

**Leverage (X<sub>4</sub>)**

Winarto (2015) states that DAR, which compares total debt to total assets, assesses leverage.

$$DAR = \frac{\text{Total Debt}}{\text{Total Assets}} \quad (4)$$

**Capital Structure (X<sub>5</sub>)**

According to Sugitasari & Yuniati (2022), capital structure is measured using the following formula:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \quad (5)$$

**Firm Size (X<sub>6</sub>)**

According to Nurmindia et al. (2017), firm size is measured using the following formula:

$$\text{Firm Size} = \text{Ln Total Assets} \quad (6)$$

**Company Value (Y)**

According to Sari & Mildawati (2017), company value is measured using the following formula:

$$PBV = \frac{\text{Price per share}}{\text{Book value per share}} \quad (7)$$

**Data Analysis Techniques**

In this study, data analysis was performed using SEM-PLS to process and analyze the data.

**Descriptive Analysis**

This analysis is designed to provide a broad overview of the data collected. This descriptive research technique affects the lowest, maximum, average, and standard deviation values (Ghozali, 2018).

**Multicollinearity Test**

The multicollinearity test determines whether there is a link between the independent variables in the regression model. To determine the existence of multicollinearity, it can be observed by the Variance Inflation Factor (VIF) and tolerance values. A tip for regression models that do not have multicollinearity is to keep the tolerance number close to 1 and the VIF limit at 10. If the VIF score is less than 10, there is no indication of multicollinearity (Ghozali, 2018).

**Model Feasibility Test**

The coefficient of determination test is designed to determine and assess how accurate the independent variable is and how much influence it has on the dependent variable. The coefficient of determination ( $R^2$ ) ranges from 0 to 1. If the coefficient of determination is closer to one, it means that the variable x will have a stronger influence on the variable y, and if it is closer to zero, it means that the independent variable's influence on the dependent variable is weaker (Ghozali, 2018).

**Path Analysis**

Path analysis is the application of regression analysis to estimate causal linkages between variables (casual mode) that have previously been specified using theory (Ghozali, 2018).

### Hypothesis Test (T-test)

According to Ghozali (2018), the partial test or t-test is used to determine how each independent variable affects the dependent variable. The following P-values (Sig t) inform the decision:

Accepting  $H_1$  and rejecting  $H_0$  yields  $\text{Sig } t < 0.05$ , indicating a significant influence of the independent variable on the dependent. If the Sig t value exceeds 0.05,  $H_0$  is approved whereas  $H_1$  is denied since the independent variable does not affect the dependent variable.

## RESULTS AND DISCUSSION

### Descriptive Analysis

Table 2 shows the descriptive analysis and frequency distribution for the research model.

**Table 2. Descriptive Analysis**

	Mean	Minimum	Maximum	Standard Deviation
Audit Committee	3,0706	3,0000	5,0000	0,2678
Independent Board of Commissioners	1,6618	1,0000	5,0000	0,8692
Return on Asset (ROA)	0,0129	-1,0500	0,2700	0,1045
Debt to Asset (DAR)	0,5758	0,0100	4,1000	0,5192
Debt to Equity (DER)	3,0361	-231,2600	786,9300	44,6482
Firm Size (Total Assets)	28,6942	24,4600	32,6500	1,6924
Company Value (PBV)	3,1150	-26,3900	623,7700	33,9206

Source: Processed Data (2023)

### Audit Committee (KA)

The audit committee variable yields a minimum value of 3, which most issuers own. Kedawung Setia Industrial Tbk (KDSI) received the highest possible score of 5. The average obtained was 3.0706 with a standard deviation of 0.2678.

### Independent Board of Commissioners (DKI)

The Independent Commissioner Variable has a minimum value of 1, which most issuers own. The maximum value is 5, which is what most issuers have. The average obtained was 1.6618 with a standard deviation of 0.8692.

### Return on Asset (ROA)

Tirta Mahakam Resources Tbk. (TIRT) obtained the minimum value for the ROA variable of -1.0498. ESSA Industries Indonesia Tbk. (ESSA) received a maximum score of 5. The average obtained was 0.0129, with a standard deviation of 0.1045.

### Debt to Asset Ratio (DAR)

Vale Indonesia Tbk. (INCO) obtained the minimal result from the DAR variable of 0.0127. The highest value was 4.0988, acquired by Jakarta Kyoei Steel Works Tbk. The average obtained was 0.5758 with a standard deviation of 0.5192.

### Debt to Equity Ratio (DER)

Ancora Indonesia Resources Tbk. (OKAS) received the minimum value of -231.2628 for the DER variable. Alumindo Light Metal Industry Tbk. (ALMI) got the highest value of 786.9311. The average obtained was 3.0361 with a standard deviation of 44.6482.

### Total Assets (TA)

Inter Delta Tbk. (INTD) attained the minimum value for the total asset variable of 24.4629. The highest value was 32.6527 attained by Indah Kiat Pulp & Paper Tbk. (INKP). The average recorded was 28.6942 with a standard deviation of 1.6924.

### Company Value (PBV)

Wilton Makmur Indonesia Tbk. (SQMI) received the minimal value from the PBV variable of -26.3938. The highest value was 623.7736 earned by Alumindo Light Metal Industry Tbk. (ALMI). The average obtained was 3.1150 with a standard deviation of 33.9206.

### Multicollinearity Test

The results of the multicollinearity test are shown in Table 3.

**Table 3. Multicollinearity Test Results**

No.	Variable	VIF	Description
1	Audit Committee	1.052	Multicollinearity does not exist
2	Independent Board of Commissioners	1.634	Multicollinearity does not exist
3	Return on Asset (ROA)	1.206	Multicollinearity does not exist
4	Debt to Asset Ratio (DAR)	1.210	Multicollinearity does not exist
5	Debt to Equity Ratio (DER)	1.009	Multicollinearity does not exist
6	Total Assets (TA)	1.700	Multicollinearity does not exist

Source: SmartPLS Processed Data (2023)

The research variables do not show evidence of multicollinearity, as the dependent and independent variables have a VIF value of less than 10 (<10).

### Model Feasibility Test

The feasibility test is seen from the R2 value shown in Table 4.

**Table 4. Model Feasibility Test Results (R Square)**

No.	Variable	R Square Adjusted
1	PBV	0.919

Source: SmartPLS Processed Data (2023)

Based on the data in Table 4, the Adjusted R-Square value for the audit committee, independent board of commissioners, ROA, DAR, DER, and total assets variables on PBV is 0.919 or equal to 91.9%, with the remainder of 0.081 or equal to 8.1% explained by other variables not examined in the study.

### Path Analysis

The results of the hypothesis test are shown in table 5.

**Table 5. Path Coefficients Results**

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T statistics ((O/STDEV))	P values	Conclusion
KA → PBV	-0.005	0.005	0.022	0.223	0.815	Not Significant
DKI → PBV	0.016	0.033	0.037	0.447	0.655	Not Significant
ROA → PBV	0.004	0.080	0.115	0.035	0.972	Not Significant
DAR → PBV	-0.001	-0.032	0.048	0.023	0.981	Not Significant
DER → PBV	0.961	0.712	0.336	2.857	0.004	Significant
TA → PBV	-0.001	0.019	0.036	0.034	0.973	Not Significant

Source: SmartPLS Processed Data (2023)

Significant if P Value <0.05

Based on the data in the table above, the following interpretation findings were obtained:

$$PBV = -0.005KA + 0.016DKI + 0.004ROA - 0.001DAR + 0.961DER - 0.001TA \quad (8)$$

### Hypothesis Test (T-test)

#### Influence of the Audit Committee on PBV

The audit committee variable has a p-value of 0.815, with an alpha of 0.05 (p-values > 0.05) and a path value coefficient of -0.005. So we can conclude that H<sub>1</sub> is rejected and H<sub>0</sub> is approved. This demonstrates that the audit committee does not influence PBV.

#### Influence of the Independent Board of Commissioners on PBV

Based on the results of the path coefficients table for the independent commissioners variable, it has a p-value of 0.655, while the alpha is 0.05 (p-values > 0.05) and the path value coefficient is 0.016. So it can be concluded that H<sub>1</sub> is rejected and H<sub>0</sub> is accepted. This shows that the independent board of commissioners does not influence PBV.

#### Influence of ROA on PBV

The ROA variable has a p-value of 0.972, an alpha of 0.05 (p-values > 0.05), and a path value coefficient of 0.004, according to the path coefficients table data. So we can conclude that H<sub>1</sub> is rejected and H<sub>0</sub> is approved. This demonstrates that ROA does not influence PBV.

**Influence of DAR on PBV**

The path coefficients table shows that the DAR variable has a p-value of 0.981, an alpha of 0.05 (p-values > 0.05), and a path value coefficient of -0.001. So we can conclude that  $H_1$  is rejected and  $H_0$  is approved. This demonstrates that DAR does not influence PBV.

**Influence of DER on PBV**

The Path Coefficients table shows that the DER variable has a p-value of 0.004, an alpha of 0.05 (p-values < 0.05), and a path value coefficient of 0.961. So we can conclude that  $H_1$  is approved and  $H_0$  is rejected. This demonstrates that DER has a positive effect on PBV.

**Influence of Total Assets on PBV**

The path coefficients table findings show that the total asset variable has a p-value of 0.973, an alpha of 0.05 (p-values > 0.05), and a path value coefficient of -0.001. So we can conclude that  $H_1$  is rejected and  $H_0$  is approved. This demonstrates that total assets do not affect PBV.

**Discussion****Influence of the Audit Committee on PBV**

The findings of the t-test show that the audit committee does not affect PBV, hence  $H_1$  is rejected. The audit committee's overall worth remains steady from 2018 to 2022, although its PBV fluctuates. This demonstrates that the number of audit committees does not affect the value of a company. Based on descriptive analysis tests, the average number of audit committees is 3.075, indicating that the number of audit committees in Indonesia fulfills the requirements of OJK laws, which require a firm to have an audit committee of at least three members. The formation of an audit committee in a corporation is only dependent on compliance with legislation, which mandates that the company form an audit committee.

The findings of this study are consistent with those of researchers Sari & Sanjaya (2018), who demonstrated that the audit committee did not affect company value. This demonstrates that the number of audit committees in a corporation has no impact. However, the findings of this study contradict Anwar (2023), who demonstrated that audit committees have a considerable negative impact on company value in coal mining companies listed on the IDX. Negative results imply that the bigger the number of audit committees, the lower the company's worth. The executive director will dominate the decision-making process of the company's senior management, resulting in less objective decisions and lowering the company's worth. Anwar (2023) supports the findings of Sondokan et al. (2019), who found that the audit committee influences company value.

**Influence of the Independent Board of Commissioners on PBV**

The findings of the t-test show that the board of independent commissioners does not affect PBV, hence  $H_1$  is rejected. The overall value of the board of independent commissioners from 2018 to 2022 remains steady, but the PBV value fluctuates. This demonstrates that the number of independent commissioners on the board has no impact on company value. This is because the number of independent commissioners in a corporation does not ensure that the company's worth will rise or that there will be no fraud in its financial reporting. This occurs because the commissioner's independence is unaffected by outside parties, and his capacity to make choices in the best interests of the firm has no bearing on the company's valuation. The existence of independent commissioners in sample companies is carried out only to comply with regulations issued by the IFC, with a requirement for the proportion of independent commissioners to be 30% of the number of commissioners, and the monitoring duties carried out by independent commissioners are less than optimal or not yet effective in monitoring management so that they do not take actions that could be detrimental to the company.

The findings of this study are consistent with those of researchers Sondokan et al. (2019), who demonstrate that having an independent board of commissioners does not affect company value. However, the findings of this study contradict Dewi & Nugrahanti (2014), who demonstrated that an independent board of commissioners had a positive effect on company value. Anwar (2023) discovered that the Independent board of commissioners had a negative and insignificant impact on the value of coal mining businesses listed on the IDX. Negative results show that the higher the number of independent commissioners, the lower the company's worth. In this study, independent commissioners have no effect on company value since their duties and authority have not been carried out efficiently, preventing them from increasing company value.

**Influence of Return on Asset (ROA) on PBV**

The findings of the t-test show that return on assets (ROA) does not affect PBV, hence  $H_1$  is rejected. The ROA value is very steady, but PBV swings between 2018 and 2022. This demonstrates that high or low profitability ratios do not alter the value of a company. Profitability fluctuations have no bearing on the value of the company. Investors or the market believe that the most important factor to consider is the company's growth potential, as

evidenced by its investment decisions. Another element to examine is the company's long-term viability. Profitability does not limit enterprises' potential to maximize their value.

This study is consistent with Kusumawati & Harijono (2021) findings that profitability has no effect on company value. However, this study contradicts researchers Rachmawati & Pinem (2015) and Maulida & Karak (2021), who indicate that profitability has a positive effect on company value, and researchers Leman et al. (2020), who prove that profitability has a negative effect on company value.

#### **Influence of Debt to Asset Ratio (DAR) on PBV**

The findings of the t-test show that the Debt to Asset Ratio (DAR) does not affect PBV, hence  $H_1$  is rejected. Overall, from 2018 to 2022, enterprises with a high level of debt will rely heavily on external loans to finance their assets. Meanwhile, companies with modest levels of leverage finance their assets with their cash. However, this is not one of the factors that investors consider when putting capital in a company. Because investors seek to acquire a return, it is conceivable that the investor only looks at the return obtained without considering the amount of the loan.

The findings of this study are consistent with those of Farizki et al. (2021) and Muharramah & Hakim (2021), who demonstrate that leverage does not influence company value. This research contradicts Maulida & Karak (2021) findings, which show that leverage (DAR) affects company value. This research is consistent with Nugraha & Alfarisi (2020), Sari & Sanjaya (2018), and Rachmawati & Pinem (2015).

#### **Influence of Debt to Equity Ratio (DER) on PBV**

Based on the findings of the t-test, we may conclude that the Debt to Equity Ratio (DER) has a positive effect on PBV, implying that  $H_1$  is accepted. DER and PBV values change over 2018-2022. This demonstrates that DER has a positive effect on PBV. This indicates that as the capital structure increases, the company's value will likewise rise. According to this study, increased use of debt increases company value since investors perceive it as indicating that the company has good future business prospects. Using debt allows investors to obtain a larger share of the company's operating profits. As a result, the more a corporation employs debt, the greater the value and price of its shares.

The findings of this study are consistent with those of researcher Hirdinis (2019), who found that capital structure has a positive and significant impact on company value. This research is supported by Leman et al. (2020) and Tommy & Saerang (2014). Meanwhile, Mahanani & Kartika (2022) demonstrate that capital structure does not affect company value. Information regarding a company's capital structure cannot be used to predict its value. A higher capital structure has little impact on raising company value.

#### **Influence of Total Assets on PBV**

The findings of the t-test show that the Total Assets do not affect PBV, hence  $H_1$  is rejected. The total asset value is rather steady, however, the PBV value swings from 2018 to 2022. This demonstrates that a firm's size does not affect its worth. Investors should consider firm size while making investing decisions. However, in the context of enterprises in the raw goods industry, firm size is not seen as a factor that influences the market's judgment of the company. In other words, firm size is no longer regarded as important when determining company value. In today's digital economy, organizations with smaller asset values might receive greater valuations due to their strong brand value and intangible assets.

The findings of this study are consistent with Rusnaeni et al. (2022) and Sari & Sanjaya (2018), who say that firm size does not affect company value. This study contradicts the findings of researchers Farizki et al. (2021), Muharramah & Hakim (2021), Maulida & Karak (2021), and Rachmawati & Pinem (2015), who found that firm size has a significant effect on company value. Additionally, Nugraha & Alfarisi (2020) and Leman et al. (2020) found that firm size has a negative effect on company value but is not significant. Mahanani & Kartika (2022), Hirdinis (2019), and Tommy & Saerang (2014) also found that firm size has a significant positive effect on company value.

### **CONCLUSION**

Based on the results of research on the analysis of the influence of good corporate governance (GCG), profitability (ROA), leverage (DAR), capital structure (DER), and firm size (total assets) on the value of raw goods sector companies listed on the IDX 2018-2022, it was concluded that (1) the audit committee does not affect company value (PBV), so that the more audit committees there are, the more it will not affect the company value (PBV); (2) An independent board of commissioners does not affect company value (PBV), hence the more independent the board of commissioners, (3) Profitability (ROA) does not affect company value (PBV), hence the bigger the profitability (ROA), the more it will not affect the company value (PBV). (4) Leverage (DAR) has no influence on company value (PBV), hence the stronger the leverage (DAR), the more it will not affect the company value; (5) Capital structure (DER) has a positive effect on company value (PBV), so the higher the capital structure

(DER), the higher the company value (PBV); (6) Firm size (total assets) does not affect company value (PBV), so the larger the firm size (total assets), the more it will not affect the company value.

Based on the research conducted, the conclusions drawn, and the limitations of the research discussed above. So the researcher would like to make recommendations that are expected to be valuable to: (1) Academics are expected to supply more information and insight, especially relating company value in the raw commodities sector, and contribute to theory development, notably financial accounting research concerning company value. (2) Investors expect that this report will be considered when making investment decisions. (3) Companies are intended to be able to use the findings of this research as guidance on topics such as good corporate governance (GCG), profitability (ROA), leverage (DAR), capital structure (DER), firm size (total assets), and company value. (4) It is envisaged that subsequent studies would expand readers' understanding while also serving as reference material or material for consideration in future research and as an addition to scientific discourse.

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