



The Effect of Good Corporate Governance and Leverage on Company Value Moderated by Profitability in the Coal Sub-Sector

Delia Awaliah^{1*}, Ferikawita M. Sembiring²

^{1,2}Faculty of Economics and Business, Universitas Jenderal Achmad Yani, Indonesia

E-mail: ¹⁾ deliaawaliah_21p269@mn.unjani.ac.id, ²⁾ ferikawita.magdalena@lecture.unjani.ac.id

ARTICLE INFO

Article History

Received : 18.08.2025

Revised : 03.09.2025

Accepted : 06.09.2025

Article Type: Research Article

*Corresponding author:

Delia Awaliah

deliaawaliah_21p269@mn.unjani.ac.id



ABSTRACT

The aim of this study is to examine the ramifications of robust corporate governance and leverage on firm valuation, with profitability serving as a moderating variable. The inquiry is centred on coal sub-sector enterprises listed on the Indonesia Stock Exchange over the period 2019 to 2023. A quantitative methodology was adopted, employing secondary data, with the sample determined through purposive sampling that produced ten firms. The assessment of data was conducted through Moderated Regression Analysis (MRA) facilitated by the Eviews 10 software. The outcomes demonstrate that managerial shareholding, institutional shareholding, and the presence of independent commissioners exert a favourable effect on firm valuation, while leverage shows no statistically discernible influence. Taken together, managerial shareholding, institutional shareholding, independent commissioners, and leverage display a collective effect on firm valuation. Moreover, profitability is shown to weaken the association between independent commissioners and firm valuation, though it does not moderate the relationships of managerial shareholding, institutional shareholding, or leverage with firm valuation.

Keywords: Good Corporate Governance, Leverage, Profitability, Firm Value

1. Introduction

The Indonesian government continues to make efforts to achieve its net zero emission target by 2060 and its new and renewable energy (EBT) policy with a target of 23% of the national energy mix by 2025. This shows that Indonesia is committed to addressing the challenges of climate change.

The global energy transition is one of the challenges faced by the mining sector, particularly the coal sub-sector. In recent years, various countries have shifted from using fossil fuels as their energy source to more environmentally friendly renewable energy sources. Coal export projections for the next few decades are predicted to decline. In 2019, exports reached 472 million tonnes, while by 2060, they are projected to drop to 113 million tonnes. With a significant decline in export demand, coal companies will face difficulties in generating profits, which will impact the decline in company value.

In this study, the author selected the year 2019 as the starting point for the research. This is due to various factors, including the fact that in 2019, the mining sector index was one of the factors contributing to the decline in the Composite Stock Price Index (IHSG) throughout 2019, where the mining sector grew negatively by 12.83%.

Price Book Value (PBV) serves as an instrument for gauging a company’s worth. The valuation derived from PBV mirrors the principal determinants that shape the book value of a firm’s shares. A higher PBV ratio signifies stronger confidence in the enterprise’s growth prospects. In the endeavour to enhance firm value, organisations may encounter agency conflicts between managers and shareholders, which emerge from divergences in the interests of agents and principals (Hamdani, 2016). Such agency conflict reflects the presence of information asymmetry, wherein management possesses superior knowledge regarding the firm’s present condition and future outlook compared to its shareholders (Purwantini & Supriyono, 2018). According to Tanasya and Handayani (2020), the application of corporate governance (CG) within a company can mitigate the emergence of agency conflicts.

Leverage also constitutes a factor capable of affecting firm value. The magnitude of leverage is customarily evaluated by means of the debt-to-equity ratio (DER). Kahfi et al. (2018) contend that an excessive level of indebtedness may signify imprudent financial stewardship. Such circumstances can constrain a firm’s ability to maximise the deployment of its resources in operational activities and may evolve into a substantial encumbrance should debt obligations remain unmet. The fundamentals of a company can also be interpreted through the lens of profitability. One indicator of success in producing earnings is reflected in the profitability ratio, particularly Return on Assets (ROA). As noted by Permatasari (2016), from a theoretical standpoint, higher profitability strengthens the impact of good corporate governance (GCG) on firm value.

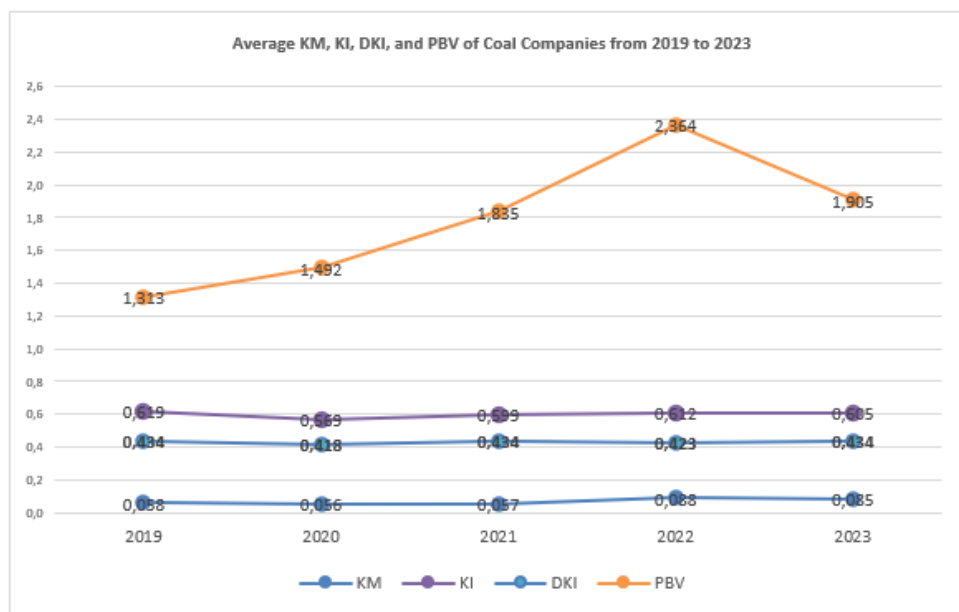


Figure 1. Average KM, KI, DKI and PBV Values of Coal Companies for the Period 2019-2023

Source: IDX data processed, 2025

In 2020, PBV increased from 1.31x to 1.49x, but managerial ownership decreased from 5.8% to 5.6%. Institutional ownership decreased from 61.9% to 56.9%, and independent board members decreased from 43.4% to 41.8%. This situation is incongruous with agency theory, which asserts that managerial ownership, institutional ownership, and independent commissioners function to enhance firm value.

Previous studies supporting the above statement include research conducted by Shofiya and Susyani (2025), which state that managerial ownership has a positive effect on company value. Meanwhile, Sulisty and Hermanto (2019) and Tanasya and Handayani (2020) showed in their research that the managerial ownership variable does not affect company value.

Aprilia and Purnomo (2024) and Shofiya and Susyani (2025) state that institutional ownership has a positive effect on company value. However, according to Tanasya and Handayani (2020), institutional ownership does not have an effect on company value.

Research conducted by Wiguna and Yusuf (2019) states that independent boards of commissioners impart a favourable impact on corporate valuation. Meanwhile, Aprilia and Purnomo (2024) and Gusriandari et al. (2022) state in their research that independent boards of commissioners do not influence company value.

Indriani et al. (2025) states in their research that the debt-to-equity ratio has a negative effect on company value, while Lawinata and Susanto (2023) and Amanda & Sembiring (2022) state in their research that the debt-to-equity ratio does not affect company value.

Anchored in the phenomena articulated in the background alongside the observed theoretical and empirical divergences, the scholars are driven to reassess this matter through the inclusion of profitability as a moderating construct. Hence, this study aimed to examine the ramifications of robust corporate governance and leverage on firm valuation, with profitability serving as a moderating variable.

2. Literature Review

2.1. Agency Theory

Agency theory elucidates the relationship between company proprietors (principals) and managers (agents), a relationship that is susceptible to conflicts of interest when agents fail to act wholly in alignment with the objectives of shareholders. Governance mechanisms such as managerial ownership, institutional ownership, and independent boards of directors are considered capable of reducing such conflicts by enhancing oversight functions and aligning the interests of both parties (Jensen & Meckling, 1976). Leverage can also be linked to this theory, as a financing structure involving debt will increase pressure from creditors, thereby strengthening external oversight of managers. The application of this theory in the context of ownership structure and leverage on company value is also supported by research (Lawinata & Susanto, 2023).

2.2. Signaling Theory

Signaling theory, first advanced by Spence (1978), posits that parties possessing information transmit signals in the form of data or disclosures that mirror a company's condition and can be utilised by investors as recipients of that information. As further elaborated by Brigham and Houston (2019), signalling theory emphasises the role of management in directing investors' perceptions of the firm's prospects by conveying information that is both reliable and of high quality.

2.3. Good Corporate Governance (GCG)

A strategy for augmenting firm value lies in the implementation of sound corporate governance. According to the Indonesian Corporate Governance Forum (FCGI) as cited in Hamdani (2018), good corporate governance comprises a structured framework of principles governing the interactions among shareholders, management, creditors, government authorities, employees, and other internal and external stakeholders, delineating their respective rights and obligations. In this study, three governance mechanisms are scrutinized: managerial ownership, institutional ownership, and independent commissioners.

2.4. Leverage

In this study, the debt-to-equity ratio (DER) is employed as a metric to quantify the extent of leverage. According to Kasmir (2016), the debt-to-equity ratio (DER) serves as a proxy for leverage, utilized to assess the relative proportion of debt to equity. This metric indicates the sufficiency of a company's equity in securing its overall debt commitments.

2.5. Profitability

As noted by Kasmir (2016), profitability represents a crucial determinant in sustaining a company's continuity, since this ratio reveals the firm's capacity to generate earnings. In the present study, profitability is assessed using the return on assets (ROA) metric.

According to Kasmir (2016), return on assets (ROA) is a ratio that shows the return on the total assets used in a company. This is expected to produce balanced results in the future, which will ultimately contribute to an increase in the value of the company (Lumoly et al., 2018). One measure of success in generating profits can be seen from the profitability ratio, namely return on assets.

2.6. Hypothesis Development

2.6.1. The Influence of Managerial Ownership on Company Value

Managerial ownership signifies the extent of equity in a company held by its managers. A higher level of such ownership is expected to strengthen firm value, in line with the agency theory articulated by Jensen and Meckling (1976). As the proportion of managerial shareholding increases, managers are more inclined to align their actions with shareholder interests and to intensify their efforts toward improving company value (Aisyah & Wahyuni, 2020).

Consistent with agency theory, an elevated proportion of managerial shareholding amplifies management's propensity to optimise the deployment of resources, thereby augmenting firm value. Consequently, higher managerial ownership correlates with a greater likelihood of continued increases in company value. This perspective is corroborated by the research of Aprilia and Purnomo (2024), which indicates that managerial ownership has a positive and statistically significant effect on firm value.

H1: Managerial ownership has a positive effect on company value

2.6.2. The Influence of Institutional Ownership on Company Value

Institutional ownership refers to the percentage of a company's shares held by entities such as government agencies and private corporations, both domestic and international, which act to oversee managerial performance in the decision-making process. It is considered critically important for mitigating conflicts of interest between management and shareholders, functioning as an effective mechanism of control (Thauziad & Kholmi, 2021). Aligned with agency theory, institutional ownership is posited to bolster firm value by facilitating more effective utilisation of information and alleviating agency conflicts (Sulistyo & Hermanto, 2019), it may be inferred that institutional ownership exerts a positive influence on company value.

H2: Institutional ownership has a positive effect on company value

2.6.3. The Influence of Independent Board of Commissioners on Company Value

Independent board members are those commissioners who maintain no financial, operational, shareholding, or familial connections with other board members, directors, or principals (Gusriandari et al., 2022). According to Jensen and Meckling's (1976) agency theory, independent board members constitute a critical internal control mechanism, tasked with overseeing the policies enacted by top management. An increase in the number of independent board members can enhance the supervisory function, which is anticipated to elevate firm value (Rahmawati, 2021). From this theoretical perspective, it can be inferred that independent board membership positively influences company value.

H3: Independent Board Members have a positive effect on Company Value

2.6.4. The Effect of Leverage on Company Value

In this research, leverage is represented by the debt-to-equity ratio (DER). An excessively high DER heightens the risk of default, which in turn generates investor apprehension regarding the firm's long-term viability and diminishes its value. Consequently, investors are likely to reassess their investment decisions when confronted with a company bearing substantial debt levels (Anggita & Andayani, 2022). From this theoretical perspective, it can be inferred that the debt-to-equity ratio exerts a negative influence on firm value.

H4: Leverage has a negative effect on company value

2.6.5. The Effect of Managerial Ownership on Company Value Moderated by Profitability

Profitability plays a pivotal role in moderating the impact of managerial ownership on firm value. When a company maintains consistently high profitability, the relationship between managerial ownership and firm value is reinforced, as managers who possess shares are more likely to act responsibly and prioritise the maximisation of earnings. Consequently, potential conflicts between managers and shareholders can be mitigated. Companies that prioritise profits and capital in the process of increasing company value will attract investors to purchase shares, thereby increasing company value (Nurcahyono et al., 2021).

H5: Profitability moderates the influence of managerial ownership on company value

2.6.6. The influence of institutional ownership on value moderated by profitability

ROA as an indicator of a company's efficiency in generating profits from positive to investors regarding the company's performance and prospects (Spence, 1978). When Return on Assets (ROA) is elevated, the signal strengthens confidence that institutional ownership can carry out its supervisory role effectively, thereby exerting a stronger impact on enhancing firm value. Institutional investors possess the capacity to oversee management through systematic monitoring, and with high profitability, the effect of institutional ownership on firm value becomes more pronounced (Permatasari & Gayatri, 2016).

H6: Profitability moderates the influence of institutional ownership on company value

2.6.7. The Effect of Independent Board of Commissioners on Company Value Moderated by Profitability

When Return on Assets (ROA) is elevated, it conveys a signal that strengthens the belief in the ability of institutional ownership to carry out its supervisory responsibilities effectively, thereby exerting a stronger influence on enhancing firm value. Institutional ownership possesses the capacity to oversee management efficiently through a structured monitoring process. Based on agency theory, institutional ownership can increase company value through the use of information and can overcome agency conflicts (Sulistyo & Hermanto, 2019).

H8: Profitability moderates the influence of independent boards of commissioners on company value.

2.6.8. The Effect of Leverage on Firm Value Moderated by Profitability

Sutrisno and Haryani (2017) establishes that companies should not have debts exceeding their equity so that fixed costs do not become too high. Debt to equity (DER) has a negative impact on company value, especially when the company has low profitability. This is due to the increased financial risk caused by high debt, which ultimately reduces investor confidence and lowers company value. However, when Return on Assets (ROA) is high, the adverse effect of the debt-to-equity ratio (DER) may be alleviated, since strong profitability reflects the firm's capacity to generate earnings from its assets. This, in turn, enhances investor confidence despite the company's elevated debt levels.

3. Methodology

3.1. Research Design

This investigation adopts a quantitative paradigm, utilising secondary data extracted from the financial disclosures of coal sub-sector enterprises registered on the Indonesia Stock Exchange for the interval 2019–2023. The cohort of firms was delineated through purposive sampling, yielding a total of ten entities. Analytical procedures were undertaken by means of Moderated Regression Analysis (MRA), facilitated through the application of Eviews 10 software.

3.2. Population and Sample

Table 1. Sample Selection with Purposive Sampling

No	Description	Number
1	Coal companies listed on the IDX consecutively from 2019 to 2023	26
2	Coal companies that conducted stock splits in 2019–2023	(5)
3	Coal companies that did not provide annual reports with complete information on KM, KI, DKI, leverage, and profitability	(11)
Total sample used		10

Source: IDX data processed, 2025

After determining the sampling criteria, 10 companies were selected for observation over a period of 5 years, resulting in a sample size of 50 data points for this study.

4. Results and Discussion

4.1. Research Results

4.1.1. Panel data regression model

Table 2. Chow Test Results

Effects Test		Statistic	d.f.	Prob.
Cross-section F		2.124266	(9,35)	0.0538
Cross-section	Chi-square	21.791301	9	0.0096

Source: Data processed with Eviews 10, 2025.

On the basis of the Chow test outcomes, the profitability value yielded was 0.0538, which exceeds the threshold of 0.05. Consequently, the study employed the Common Effect Model (CEM) as the chosen specification for panel data regression.

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	10.982478	5	0.0517

Source: Data processed using Eviews 10, 2025.

According to the Hausman test findings, the profitability value obtained was 0.0517, which is greater than 0.05. Hence, the Random Effect Model (REM) was designated as the appropriate model.

Table 4. Lagrange Multiplier Test Results

Null (no rand. effect)	Cross-section	Period	Both
Alternative	One-sided	One-sided	
Breusch-Pagan	0.320591 (0.5713)	9.52E-05 (0.9922)	0.320687 (0.5712)
Honda	0.566208 (0.2856)	-0.009755 (0.5039)	0.393471 (0.3470)
King-Wu	0.566208 (0.2856)	-0.009755 (0.5039)	0.305959 (0.3798)
GHM	--	--	0.320591 (0.4986)

Source: Data processed with Eviews 10, 2025.

From the Lagrange Multiplier test outcomes, the Breusch–Pagan value was 0.5713, exceeding the 0.05 threshold. Thus, the Common Effect Model (CEM) was determined to be the appropriate model for this study.

4.1.2. Classical Assumption Test

Having determined that the Random Effect Model (REM) is the suitable specification for panel data regression analysis, the subsequent step involves evaluating the classical assumptions, specifically testing for multicollinearity and heteroscedasticity.

A. Multicollinearity Test

Table 5. Multicollinearity Test Results

Variable	Coefficient	Uncentered	Centered
	Variance	VIF	VIF
C	1.090492	142.0039	NA
KM	1.859289	8.029628	4.426201
KI	0.875223	39.57873	8.685140
DKI	1.631966	47.57913	3.420698
DER	0.010869	3.453870	1.782928
ROA	0.494619	3.685503	1.850696

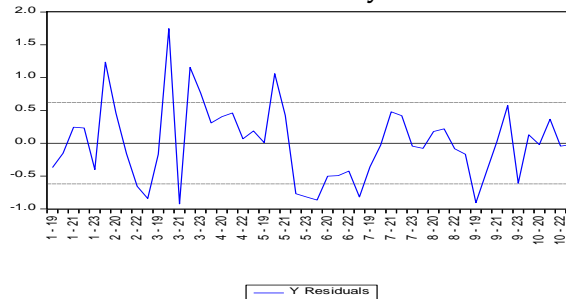
Dependent Variable : PBV

Source: Data processed with Eviews 10, 2025

VIF value for managerial ownership (X1) is $4.426201 < 10$, institutional ownership (X2) is $8.685140 < 10$, independent board of commissioners (X3) is $3.420698 < 10$, debt to equity ratio (X4) is $1.782928 < 10$, and return on assets (Z) is $1.850696 < 10$. Therefore, there is no multicollinearity between variables or it passes the multicollinearity test.

B. Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results



Source: Data processed with Eviews 10, 2025.

Based on the residual plot (depicted in blue), all values remain within the bounds of 500 and -500, indicating that the variance of the residuals is constant. Therefore, heteroscedasticity is absent, and the model satisfies the heteroscedasticity assumption.

4.1.3. Regression Test

Table 7. Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.004962	1.044266	-1.919972	0.0614
KM	5.488624	1.363557	4.025224	0.0002
KI	3.888042	0.935534	4.155961	0.0001
DKI	1.709474	1.277484	1.338157	0.1877
DER	-0.068520	0.104253	-0.657251	0.5144
ROA	-0.017098	0.703291	-0.024311	0.9807

Source: Data processed with Eviews 10, 2025

From the results of the regression test before moderation, the following can be formulated:

$$Y = -2.004962 + 5.488624 X1 + 3.888042 X2 + 1.709474 X3 - 0.068520 X4 - 0.017098 X5 + \epsilon$$

Table 8. Results of t-test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.004962	1.044266	-1.919972	0.0614
KM	5.488624	1.363557	4.025224	0.0002
KI	3.888042	0.935534	4.155961	0.0001
DKI	1.709474	1.277484	1.338157	0.1877
DER	-0.068520	0.104253	-0.657251	0.5144
ROA	-0.017098	0.703291	-0.024311	0.9807

Source: Data processed using Eviews 10, 2025

Based on Table 8, the following partial test results were obtained:

1. The Effect of Managerial Ownership on Company Value

The probability value is $0.0002 < 0.05$, so H1 is accepted. This means that managerial ownership has a significant effect on company value.

2. The Effect of Institutional Ownership on Company Value

The probability value is $0.0001 < 0.05$, so H2 is accepted. This means that institutional ownership has a significant effect on company value.

3. The Effect of Independent Board of Commissioners on Company Value

The significance value is 0.1877, which when divided by 2 results in 0.09385 (one-tailed test). Since the divided value $0.09385 < 0.10$, H3 is accepted at a significance level of 10%.

4. The Effect of Leverage on Company Value

The probability value is $0.5144 > 0.05$, so H4 is rejected. This means that leverage does not affect company value.

Table 9. Results of the f-test

R-squared	0.432610	Mean dependent var	1.390800
Adjusted R-squared	0.368133	S.D. dependent var	0.779531
S.E. of regression	0.619650	Akaike info criterion	1.992841
Sum squared resid	16.89448	Schwarz criterion	2.222284
Log likelihood	-43.82103	Hannan-Quinn criter.	2.080214
F-statistic	6.709603	Durbin-Watson stat	1.717903
Prob (F-statistic)	0.000100		

Sumber: Data diolah dengan Eviews 10, 2025

The F-test presented in Table 9 yields a value of 0.000100, which is less than 0.05. Consequently, H5 is accepted, signifying that managerial ownership, institutional ownership, independent commissioners, leverage, and profitability collectively exert a simultaneous influence on firm value.

4.1.4. Moderated Regression Analysis (MRA)

Table 10. Moderated Regression Analysis (MRA) Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.060697	1.417745	-2.864194	0.0066
KM	7.870628	1.769349	4.448319	0.0001
KI	4.704844	1.174805	4.004789	0.0003
DKI	4.513303	1.617201	2.790812	0.0080
DER	-0.015045	0.118160	-0.127327	0.8993
ROA	10.10566	4.949707	2.041669	0.0478
KM*ROA	-11.18056	10.95286	-1.020789	0.3135
KI*ROA	-2.890062	4.530599	-0.637898	0.5272
DKI*ROA	-15.91166	5.726878	-2.778418	0.0083
DER*ROA	-1.231940	0.863122	-1.427307	0.1613

Dependent variable : PBV

Source: Data processed using Eviews 10, 2025.

Based on the Moderated Regression Analysis test it can be concluded that:

1. The Effect of Managerial Ownership on Firm Value Moderated by Profitability

The probability value of 0.3135 exceeds 0.05, leading to the rejection of H6. This indicates that profitability does not moderate the relationship between managerial ownership and firm value.

2. The Effect of Institutional Ownership on Company Value Moderated by Profitability

The probability value of 0.5272 is greater than 0.05, resulting in the rejection of H7. This implies that profitability does not moderate the effect of institutional ownership on firm value.

3. The Effect of Independent Board of Commissioners on Company Value Moderated by Profitability

The probability value is $0.0083 < 0.05$, so H8 is accepted, meaning that profitability weakens the influence of the independent board of commissioners on company value.

4. The Effect of Leverage on Company Value Moderated by Profitability

The probability value is $0.1613 > 0.05$, so H9 is rejected, meaning that profitability weakens the influence of the independent board of commissioners on company value.

4.1.5. Coefficient of Determination

Table 11. Coefficient of Determination

R-squared	0.368133
-----------	----------

Source: Data processed using Eviews 10, 2025

In the test results, R-squared shows that 36.81% of the company value variable (PBV) is explained by KI, KM, DKI, leverage, and profitability, while the remaining 63.19% is explained by other variables.

4.2. Discussions

4.2.1. The Effect of Managerial Ownership on Company Value

Based on the test outcomes, it can be concluded that the first hypothesis that managerial ownership positively influences company value is supported. A higher proportion of managerial ownership encourages managers to exert greater effort in alignment with shareholder interests, thereby enhancing firm value (Aisyah & Wahyuni, 2020). This result corroborates agency theory (Jensen & Meckling, 1976), which posits that increased managerial shareholding strengthens management's inclination to optimise resource utilisation, consequently raising company value. These findings are further substantiated by Aprilia and Purnomo (2024) and Shofiya and Susyani (2025), who similarly report that managerial ownership positively affects firm value.

4.2.2. The Effect of Institutional Ownership on Company Value

Based on the test results, it can be concluded that the second hypothesis that institutional ownership positively affects company value is accepted. Institutional ownership is pivotal in mitigating conflicts between management and shareholders, functioning as an effective oversight mechanism (Thauziad & Kholmi, 2021). This aligns with agency theory, which suggests that institutions holding a substantial number of shares possess both the incentive and capacity to monitor management to act in shareholders' interests. Furthermore, their access to internal information enables them to influence strategic corporate decisions, thereby enhancing firm value. These conclusions are reinforced by the studies of Aprilia and Purnomo (2024) and Shofiya and Susyani (2025), which also demonstrate a positive effect of institutional ownership on company value.

4.2.3. The Influence of Independent Board of Commissioners on Company Value

Judging from the test outcomes, it can be wrapped up that the third hunch saying the independent board of commissioners packs a real punch on company value is spot on. This bunch works as a watchdog crew with no personal ties to the bosses or the big-shot shareholders, so they're seen as legit in keeping things in check and calling the shots fair and square (Gusriandari et al., 2022). Consistent with the agency theory advanced by Jensen and Meckling (1976), the independent board of commissioners serves as a vital internal control mechanism in mitigating agency conflicts. A greater proportion of independent commissioners strengthens managerial oversight, which in turn can foster an increase in firm value. This conclusion is reinforced by the findings of Wiguna and Yusuf (2019), who affirm that the independent board of commissioners exerts a positive effect on company value.

4.2.4. The Effect of Leverage on Company Value

Based on the test results, it can be concluded that the fourth hypothesis is rejected, indicating that leverage does not have a significant effect on firm value. In this study, leverage is measured using the debt-to-equity ratio (DER). As noted by Kasmir (2017), a high DER does not necessarily lead to a decrease in company value, nor does a low DER automatically result in an increase. Mursalini et al. (2024) further suggest that a high debt-to-equity ratio does not diminish investor interest, as investors believe the company can manage its debt without disrupting returns, thereby maintaining stable firm value. This conclusion is corroborated by Lawinata and Susanto (2023), who report that leverage, proxied by DER, does not significantly affect company value.

4.2.5. The Effect of Managerial Ownership on Firm Value Moderated by Profitability

Based on the test results, it can be concluded that the sixth hypothesis is rejected, indicating that profitability does not moderate the relationship between managerial ownership and firm value. A substantial level of managerial shareholding in a company does not inherently ensure an increase in profitability (Wulandari & Rahmawati, 2022). The results of this study show that return on assets (ROA) is unable to moderate the relationship between managerial ownership and firm value. Even when a company demonstrates strong profitability, if the proportion of managerial ownership remains relatively small and non-dominant, managers lack sufficient incentives to fully align their interests with shareholders and to maximise firm value. Therefore, the presence of ROA as a moderating variable becomes irrelevant in strengthening this relationship. This finding is supported by Wulandari and Rahmawati (2022) and Firdaus et al. (2022), whose research results state that return on assets cannot moderate the relationship between managerial ownership and firm value.

4.2.6. The Effect of Institutional Ownership on Value Moderated by Profitability

Based on the test results, it can be concluded that the seventh hypothesis is rejected, signifying that profitability does not moderate the relationship between institutional ownership and firm value. The results reveal that profitability, proxied by return on assets (ROA), fails to amplify the effect of institutional ownership on firm value. While ROA indicates a company's efficiency in generating earnings from its assets, a high level of profitability does not automatically reinforce the governance function performed by institutional investors in enhancing firm value. This suggests that investors place greater emphasis on the robustness of corporate governance mechanisms rather than relying solely on financial performance. In other words, investment decisions are shaped not only by profitability indicators but also by the effectiveness of institutional oversight in safeguarding shareholder interests. This finding is supported by Muttaqin et al. (2019), who stated in their research findings that return on assets cannot serve as a moderator between institutional ownership and firm value.

4.2.7. The Influence of Independent Board of Commissioners on Value Moderated by Profitability

Based on the test results, it can be concluded that the eighth hypothesis is accepted, indicating that profitability attenuates the effect of managerial ownership on firm value. When a company attains high profitability, the oversight role of the independent board of commissioners appears less pronounced, as investors tend to prioritize financial performance over governance mechanisms. This finding contrasts with the view of Sulistyono and Hermanto (2019), who contend that independent board members play a crucial role in ensuring the reliability of financial reporting. Theoretically, a high return on assets (ROA) should signal effective supervisory performance (Spence, 1973). Moreover, these results are inconsistent with the empirical findings of Wulandari and Rahmawati (2022), who reported that profitability strengthens the influence of independent boards of commissioners on firm value.

4.2.8. The Influence of Leverage on Company Value Moderated by Profitability

Based on the test results, it can be concluded that the ninth hypothesis is rejected, suggesting that profitability does not moderate the impact of leverage on firm value. Although a company may demonstrate high profitability, this condition alone is insufficient to mitigate the perceived risks associated with excessive debt utilization. Investors remain more attentive to the debt-to-equity ratio, as higher leverage generally escalates financial risk and, in turn, may erode firm value. This finding aligns with the view of Sutrisno and Haryani (2017), who emphasize that companies should maintain debt levels within reasonable limits to avoid surpassing equity. Similarly, Lawinata and Susanto (2023) highlight that investors are more concerned with the effectiveness of debt utilization by management rather than the nominal amount of debt incurred. Aligned with this view, Muttaqin et al. (2019) similarly found that return on assets is incapable of moderating the relationship between the debt-to-equity ratio and firm value.

5. Conclusion

This study reveals that corporate governance mechanisms, specifically managerial ownership, institutional ownership, and the independent board of commissioners, positively influence firm value. Conversely, leverage does not exhibit a significant effect. When considered collectively, all independent variables exert a simultaneous impact on firm value. Profitability, as a moderating variable, fails to strengthen the relationship between managerial ownership, institutional ownership, or leverage and firm value, and instead diminishes the influence of the independent board of commissioners.

These findings suggest that firms should not solely focus on enhancing profitability but also fortify ownership structures and internal governance mechanisms to optimise firm value. For future research, it is recommended to extend the temporal scope of the study or incorporate additional variables pertinent to corporate governance and financial performance, in order to derive more comprehensive and robust insights.

6. References

- Aisyah, K. E. S., & Wahyuni, D. U. (2020). Pengaruh Profitabilitas, Leverage, dan Good Corporate Governance Terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Manajemen (JIRM)*, 9(4).
- Anggita, K. T., & Andayani, A. (2022). Pengaruh Ukuran Perusahaan, Profitabilitas, Likuiditas, Dan Leverage Terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 11(3).
- Aprilia, M., & Purnomo, H. (2024). Analisis Pengaruh Good Corporate Governance (GCG) Terhadap Nilai Perusahaan dengan Kinerja Keuangan sebagai Variabel Intervening pada Perusahaan Sub Sektor Pertambangan Batubara yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2021. *EQUILIBRIUM-Jurnal Bisnis Dan Akuntansi*, 18(1), 34–49.
- Brigham, & Houston. (2019). *Dasar-Dasar Manajemen Keuangan Buku 1 (14th ed.)*. Salemba Empat.
- Firdaus, K., Widiastara, A., & Novitasari, M. (2022). Pengaruh Penerapan Good Corporate Governance Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi (Studi Empiris Pada Perusahaan Sub Sektor Property Dan Real Estate Yang Terdaftar Di Bei 2016-2020). *SIMBA: Seminar Inovasi Manajemen, Bisnis, Dan Akuntansi*, 4.
- Gusriandari, W., Rahmi, M., & Putra, Y. E. (2022). Pengaruh good corporate governance terhadap nilai perusahaan pada perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia tahun 2017-2020. *Jurnal Pundi*, 6(1).
- Hamdani. (2016). Good corporate governance: Tinjauan etika dalam praktik bisnis. *Jakarta: Mitra Wacana Media*.
- Indriani, M. N., Sembiring, F. M., & Wigantini, G. R. (2025). Pengaruh Debt To Equity Ratio dan Firm Size terhadap Nilai Perusahaan yang Dimediasi oleh Return On Equity pada Perusahaan Papan Utama Sektor Property and Real Estate yang Terdaftar di BEI Periode 2020–2023. *JiIP-Jurnal Ilmiah Ilmu Pendidikan*, 8(3), 3327–3339.
- Jensen, M. C., & Meckling, W. H. (1976). Theory Of The Firm: Managerial Behavior, Agency Costs And Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kahfi, M. F., Pratomo, D., & Aminah, W. (2018). Pengaruh Current Ratio, Debt To Equity Ratio, Total Assets Turnover Dan Return On Equity Terhadap Nilai Perusahaan (Studi Kasus Pada Perusahaan Manufaktur Sektor Food And Beverage Yang Terdaftar Di Bursa Efek Indonesia Pada Tahun 2011 –2016). *EProceedings of Management*, 5(1).
- Kasmir, K. (2016). Pengantar Manajemen Keuangan: Edisi Kedua. *Jakarta: Prenada Media Group*.
- Lawinata, K., & Susanto, L. (2023). Factors Affecting Firm Value In Indonesia's Property And Real Estate Firms. *International Journal of Application on Economics and Business*, 1(4), 2265–2276.
- Lumoly, S., Murni, S., & Untu, V. N. (2018). Pengaruh likuiditas, ukuran perusahaan dan profitabilitas

terhadap nilai perusahaan (studi pada perusahaan logam dan sejenisnya yang terdaftar di Bursa Efek Indonesia). *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 6(3).

Mursalini, W. I., Susanti, S. D., & Nurhayati, N. (2024). Faktor-faktor yang Mempengaruhi Pertumbuhan Laba (Studi pada Perusahaan Sub Sektor Rokok yang Terdaftar di Bursa Efek Indonesia Periode 2013-2020). *Jurnal Pendidikan Tambusai*, 8(2), 19361–19370. <https://doi.org/10.32487/jshp.v6i2.1482>

Muttaqin, Z., Fitriyani, A., Ridho, T. K., & Nugraha, D. P. (2019). Analisis good corporate governance, leverage terhadap nilai perusahaan dengan profitabilitas sebagai variabel pemoderasi. *Tirtayasa Ekonomika*, 14(2), 293–309.

Nurchayono, N., Hanum, A. N., Kristiana, I., & Pamungkas, I. D. (2021). Predicting fraudulent financial statement risk: The testing dechow f-score financial sector company in indonesia. *Universal Journal of Accounting and Finance*, 9(6). <https://doi.org/10.13189/ujaf.2021.090625>

Permatasari, L. W., & Gayatri, G. (2016). Profitabilitas sebagai pemoderasi pengaruh good corporate governance pada nilai perusahaan. *E-Jurnal Akuntansi*, 14(3), 2307–2335.

Rahmawati, I. (2021). Pengaruh dewan komisaris independen terhadap nilai perusahaan sub sektor perkebunan yang terdaftar di BEI. *Progress: Jurnal Pendidikan, Akuntansi Dan Keuangan*, 4(2), 96–106.

Shofiya, N., & Susyani, N. (2025). Pengaruh Good Corporate Governance, Profitabilitas, dan Likuiditas Terhadap Nilai Perusahaan Pada Perusahaan yang Termasuk Indeks LQ45 Tahun 2019-2023. *Jurnal Administrasi Bisnis (JAB)*, 15(2), 103–115.

Spence, M. (1978). Job market signaling. In *Uncertainty in economics* (pp. 281–306). Elsevier.

Sulistyo, R., & Hermanto, S. B. (2019). Pengaruh Kinerja Keuangan dan Good Corporate Governance Terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 8(9).

Sutrisno, N., & Haryani, A. D. (2017). Influence of Brand and Product Quality on Customer'S Buying Decision in South Cikarang Bekasi Regency. *Jurnal Lentera Bisnis*, 6(1), 85–90.

Tanasya, A., & Handayani, S. (2020). Green investment dan corporate governance terhadap nilai perusahaan: Profitabilitas sebagai pemediasi. *Jurnal Bisnis Dan Akuntansi*, 22(2), 225–238.

Thauziad, S., & Kholmi, M. (2021). Pengaruh good corporate governance, profitabilitas dan kebijakan dividen terhadap nilai perusahaan. *Jurnal Mutiara Akuntansi*, 6(2), 186–200.

Wiguna, R. A., & Yusuf, M. (2019). Pengaruh profitabilitas dan good corporate governance terhadap nilai perusahaan. *ECONBANK: Journal of Economics and Banking*, 1(2), 158–173.

Wulandari, G. A., & Rahmawati, M. I. (2022). Pengaruh Mekanisme Good Corporate Governance (GCG) Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 11(5).

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).