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THE EFFECT OF GOOD CORPORATE GOVERNANCE (GCG) AND COMPANY SIZE ON FIRM VALUE: FINANCIAL PERFORMANCE AS AN INTERVENING VARIABLE

(Study on Companies Experiencing Civil and Criminal Law Cases in the Financial Sector Listed on the Indonesia Stock Exchange in 2018-2020)

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Keywords :

Good Corporate Governance, Financial Performance, Firm Size, Firm Value.

Abstract

The purpose of this study is to see whether there is an effect of the implementation of good corporate governance, firm size, and financial performance on firm value. And the results are known if the implementation of good corporate governance has a positive effect on firm value, in contrast to firm size and financial performance which have a negative effect on firm value. On the one hand, financial performance can be an intervention variable for good corporate governance and firm size on firm value in a positive direction. From these objectives and results, it is recommended for further researchers to explore the indicators that exist in each member to find out valid findings by reviewing various aspects.

I. INTRODUCTION

The rapid development of the times makes the company continue to innovate and always improve the company's performance every year. This increase can be seen from the implementation of good corporate governance (GCG), which is a separate assessment related to the good and bad corporate governance. Companies that have a better company value will be an attraction for potential investors to invest in the company. In addition, high company value will also encourage high prosperity for shareholders, for that company value is important for a company. Meanwhile, according to (Y Feng, 2018), the value of the company is an important point because by looking at the value of a company,

Company management is important for management in company operations, especially in the financial sector. The good and bad image of a company will be seen if

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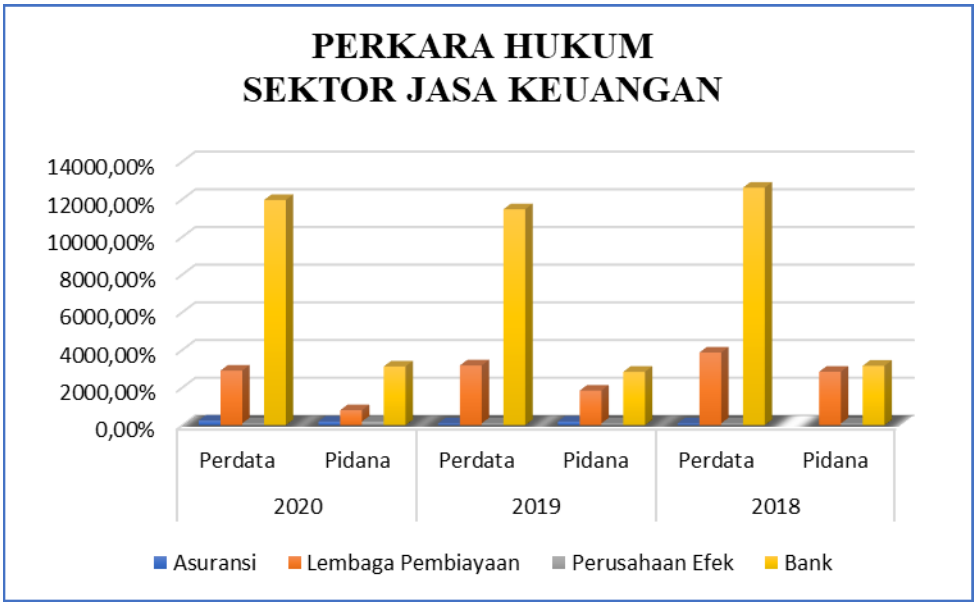
the company's governance and services are in accordance with applicable regulations and do not harm the community. The financial sector is one of the companies that often experience cases, both civil and criminal cases. The number of public complaints against the company's services in the financial sector itself becomes a benchmark for questioning corporate governance. From these complaints, it can be shown that good corporate governance is not carried out properly in accordance with the laws and regulations so that in its implementation there is a public complaint process that leads to a decrease in the value of the company. Apart from complaints,

In Article 12 B Paragraph (1) of the Law. 20 of 2001 explains that what is meant by gratification is a gift in a broad sense, which includes the provision of money, goods, rebates (discounts), commissions, interest-free loans, travel tickets, lodging facilities, travel arrangements, free medical treatment. treatment. treatment, and other facilities. (Ministry of Industry of the Republic of Indonesia, 2021). Indeed, not all gratifications are against the law, but this paragraph also explains that any gratuity to an employee or state administrator is considered a bribe if it is related to his position and is contrary to his obligations and duties. The application of anti-gratification must also be carried out by all companies, especially in the financial sector to avoid bribes or activities that are contrary to the duties and obligations of each member of the company. From an explanation of complaints, fraud, and gratuities in the financial sector. So the following is a table of important cases faced by companies in the financial sector, both civil and criminal cases. The case was obtained from the annual report on the implementation of Good Corporate Governance in companies in the financial sector from 2018 to 2020.



Graph 1. Financial Sector Legal Cases 2018-2020
Source: Data processed by researchers, 2022

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Based on the graph, it can be seen that every year in the financial sector there are legal cases involving internal parties of the company, both in civil and criminal cases. The rate of increase in cases on the graph shows that banking companies experienced the highest cases. Banking companies are one of the sub-sectors in the financial sector that have the highest civil and criminal cases compared to companies in other sub-sectors. This can be seen in the graph above which shows the high number of cases in banking companies. Banking companies that get the most cases up to 100 more cases every year. This shows that banking operations in collecting public funds or other banking tasks still need attention.

Meanwhile (Sularto, 2007), defines company size as the size of a company seen from total assets, sales, and market capitalization. These three measures are often used to identify the size of a company because the greater the assets owned by the company, the greater the capital invested. In addition, financial performance is one of the factors that need to be considered in determining investment choices because in financial performance it can be seen that profit is seen from financial ratios which indicate that if the company's profit is high then the company's operations are going well. . The main goal of the company is to maximize the profitability of the company, especially for shareholders.

In previous research conducted by (Tri Wahyuni, 2013), which showed that there was an influence between firm size on firm value, it was different from (Wijaya, 2013), which showed that firm size had no effect on firm value. (Badjra, 2015), (Budiharjo, 2020), and (Juliana, 2019), examining the effect of firm size on financial performance shows that firm size has no effect on financial performance. Meanwhile, (Wiksuana, 2016), shows that company size has a positive effect on financial performance. (Wiagustini, 2013), related to financial performance has a positive effect on firm value. Different results from (Adrianingtyas, 2019), (Padmayanti, 2019),

In this study, we will analyze the same topic but with a different case study, namely in the financial sector from 2018-2020. In addition, the implementation of Good Corporate Governance in the financial sector can be said to need special attention because in the implementation of governance it is still vulnerable to complaints, acts of gratification, and legal cases both civil and criminal from companies in the financial sector which are feared to have an impact on company value. On the other hand, the size of the company must be considered because the size of the company will affect the value of the company, and the company's profits will indirectly have an impact on increasing the value of the company. measuring good corporate governance in the company and the Ln indicator of total assets for the firm size variable. For the financial performance variable, The researcher uses return on equity (ROE) to explain the company's profit which has an impact on the value of the company in the future, and uses the Price to book value (PBV) indicator to measure the value of the company.

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company. The selection of these indicators is motivated by legal cases experienced by companies in the financial sector

II. RESEARCH METHODS

In this study, the population from the financial sector listed on the Indonesia Stock Exchange for the period 2018-2020. There are 99 companies that become the population of this study. The sampling technique used was purposive sampling. According to (Sodik, 2015), the purposive sampling method is a technique for determining samples with certain criteria or special selections carried out. The sampling criteria in this study are:

Table 1. Sampling Criteria

No.	Criteria	Amount
1.	Companies in the financial sector listed on the Indonesia Stock Exchange and always reporting annual reports from 2018-2020.	99
2.	Financial sector companies on the IDX that did not make a profit from 2018 to 2020.	(35)
3.	Companies that do not experience legal problems, both civil and criminal, in a row from 2018 to 2020.	(29)
Number of samples in the study		35

Source: Data retrieved in 2022

Based on the sampling criteria, it can be seen that there are 35 companies in the financial sector. financial statements from the Indonesia Stock Exchange that meet the sampling criteria. The operational definition of the variable can be in the form of an explanation of the description of the variables used by researchers using the researcher's own language, with the aim of facilitating understanding of the variables used. The variables in this study are the independent variables (exogenous), namely the Good Corporate Governance (GCG) variable and the Firm Size variable. While the dependent variable (endogenous) is the firm value variable and the intervening variable is the company's financial performance. Analysis of research data using descriptive statistics and inferential statistics were tested through path analysis to determine the relationship of each research variable. According to Sarwono (2011: 17) path analysis is an analytical technique used to determine the inherent causal relationship between variables arranged in a temporary order by using the path coefficient as a value to see the magnitude of the influence of the independent (exogenous) variable. , and the dependent variable (endogenous). The choice of path analysis method is based on the consideration that this research is on latent variables formed by formative indicators and

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the influence of intervening variables. Outer Model through validity and reliability tests as well as the Inner Model. The choice of path analysis method is based on the consideration that this research is on latent variables formed by formative indicators and the influence of intervening variables. Outer Model through validity and reliability tests as well as the Inner Model. The choice of path analysis method is based on the consideration that this research is on latent variables formed by formative indicators and the influence of intervening variables. Outer Model through validity and reliability tests as well as the Inner Model.

III. RESULTS AND DISCUSSION

Results

1. **Descriptive Statistics Results**

The descriptive analysis obtained in the study includes the minimum, maximum, mean and standard deviation values.

Table 2. Descriptive Statistics Results

Variable	Minimum	Maximum	mean	Std. Deviation
Good Corporate Governance(CGI)	5699.000	9355,000	7338,429	977,944
Company Size (SIZE)	670,000	3028.000	1934,714	437,107
Company Financial Performance (ROE)	0.000	2610,000	268,981	588,529
Company Value (PBV)	2,000	510,000	135.190	104.413

Source: SmartPLS Output Results, 2022.

2. **Inferential Statistical Results**

   A. **Outer Model (Measurement Model)**

As for the results of calculations that have been done through path analysis, it can be seen that the relationship between path analysis includes direct and indirect path analysis. In the calculation of the outer model can be known through validity and reliability tests to determine the relationship between variables and indicators used. The results of these calculations include:

1) **Validity test**

a) **Convergent Validity**

Table 3. Convergent Validity Test Results

Variable	**Indicator**	**Loading Factor**	**Information**
Good Corporate Governance	CGI	1,000	Valid
Company Size	Total Asset	1,000	Valid
Company Financial Performance	ROE	1,000	Valid
The value of the company	PBV	1,000	Valid

Source: SmartPLS Output Results, 2022

Based on the table above, it is known that the value of the loading factor shows that each variable gets a value of 1,000, which means that the value is higher than the reference for the calculation of the loading factor, which is 0.7. Thus, it shows that each of the indicators used can be said to be valid and the variables used such as good corporate governance, company size, company financial performance and company value are related to each other.

b) **Discriminant Validity**

Table 4. Discriminant Validity Test Results

Variable	**AVE**	$\sqrt{AVE}$	**Information**
Good Corporate Governance	1,000	1,000	Valid
Company Size	1,000	1,000	Valid
Company Financial Performance	1,000	1,000	Valid
The value of the company	1,000	1,000	Valid

Source: SmartPLS Output Results, 2022.

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Based on the above calculation, it is known that the value of the Average Variant Extracted (AVE) is 1,000 which indicates that the data used in this study is valid, because the value of the Average Variant Extracted (AVE) is greater than 0.7.

2) Reliability Test

This reliability test can be known by looking at the value of Cronbach's Alpha and Composite Reliability. To see the variables used are reliable or unreliable, it can be seen that the value of Cronbach's Alpha can be said to be reliable if the value is above 0.6 while for the Composite Reliability measurement the value must be above 0.7 to be said to be reliable.

Table 5. Reliability Test Results

Variable	Cronbach Alpha	Composite Reliability	Information
Good Corporate Governance	1,000	1,000	Reliable
Company Size	1,000	1,000	Reliable
Company Financial Performance	1,000	1,000	Reliable
The value of the company	1,000	1,000	Reliable

Table 5. Reliability Test Results
Source: SmartPLS Output Results, 2022.

Based on the table above, it is known that the value of Cronbach's Alpha and Composite Reliability of each variable has a value of 1,000 which indicates that the value is higher than 0.6 and 0.7, which means that the research indicators used in these variables can be said to be reliable for research.

B. Inner Model (Structural Model)

The inner model test is used to evaluate the structural model of the variables used. The inner model by being evaluated using the value of R2 can be seen as follows:

Table 6. Results of the Structural Model (Inner Model)

Variable	R-Square	Adjusted R-Square
Company Financial Performance	0.034	0.015
The value of the company	0.080	0.052

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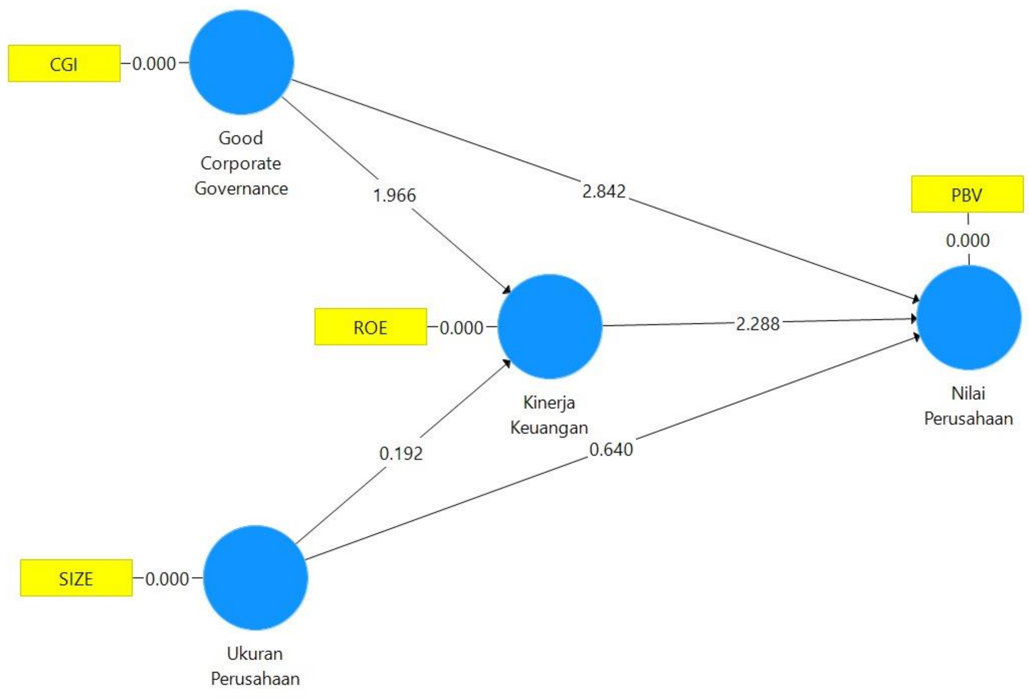
Based on the table above, it is known that the R-Square value of the company's financial performance variable described using return on equity (ROE) of 0.34% and 0.66% can be explained using other variables outside of this study. In addition, the variable value of the company that is explained using the price book value (PBV) indicator can be explained by 0.80% and 0.20% can be explained by other variables outside of this study.

3. **Hypothesis test**

As for the results of data processing carried out through Boostrapping path analysis in SmartPLS, it can be seen that it is related to direct or indirect effects between research variables. The influence relationship is as follows:

Figure 2.PLS Boostrapping Output



Source: SmartPLS Output Results, 2022.

From the picture of the relationship between these variables, it can be seen the path coefficients carried out using path analysis testing using SmartPLS boostrapping, it can be seen through the table that has been summarized below:

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Table 7. Hypothesis Testing Results

Influence	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
Good Corporate Governance-> Company Value	0.225	0.224	0.079	2,842	**0.004**
Good Corporate Governance-> Financial Performance	-0.185	-0.188	0.094	1,966	**0.046**
Company Size -> Firm Value	-0.064	-0.060	0.100	0.640	**0.508**
Company Size -> Financial Performance	-0.016	-0.009	0.082	0.192	**0.843**
Financial Performance -> Company Value	-0.111	-0.113	0.048	2,288	**0.014**
Good Corporate Governance-> Financial Performance -> Company Value	0.020	0.020	0.013	1,626	**0.105**
Company Size -> Financial Performance -> Firm Value	0.002	0.001	0.009	0.185	**0.853**

Source: SmartPLS Output Results, 2022.

From the results of tests that have been carried out using SmartPLS boostrapping, it can be seen that the test results are as follows:

1. First Hypothesis Testing (H1)

   The first hypothesis states that Good Corporate Governance has a positive effect on firm value. The results of the boostrapping calculation show that the Good Corporate Governance variable has a T-Statistic value of2.842 and a p-value of 0.004 with the original sample of 0.225, while the t-table has a value of1.70. The results show that from the first hypothesis the t-table and p-value are less than 0.05, which means that the Good Corporate

Governance variable directly has a positive and significant effect on firm value, so the first hypothesis is accepted.

2. Second Hypothesis Testing (H2)

   The second hypothesis states that Good Corporate Governance has a positive effect on the company's financial performance. The results of the boostrapping calculation show that the Good Corporate Governance variable has a T-Statistic value of1.966 and a p-value of 0.046 with the original sample of -0.185, while the t-table has a value of1.70. The results show that from the second hypothesis the t-table and p-value are less than 0.05, which means that the Good Corporate Governance variable directly has a significant and negative effect on the company's financial performance, then the second hypothesis is accepted.

3. Third Hypothesis Testing (H3)

   The third hypothesis states that firm size has a positive effect on firm value. The results of the boostrapping calculation show that the firm size variable has a T-Statistic value of0.640 and a p-value of 0.508 with the original sample of -0.064, while the t-table has a value of1.70. The results show that from the third hypothesis the t-table and p-value are greater than 0.05, which means that the firm size variable has no direct effect on firm value, so the third hypothesis is rejected.

4. Fourth Hypothesis Testing (H4)

   The fourth hypothesis which states that the size of the company has a positive effect on the company's financial performance. The results of the boostrapping calculation show that the firm size variable has a T-Statistic value of0.192 and a p-value of 0.843 with the original sample of -0.016, while the t-table has a value of1.70. The results show that from the fourth hypothesis the t-table and p-value are greater than 0.05, which means that the firm size variable has no direct effect on the company's financial performance, so the fourth hypothesis is rejected.

5. Fifth Hypothesis Testing (H5)

   The fifth hypothesis which states that financial performance has a positive effect on firm value. The results of the boostrapping calculation show that the financial performance variable has a T-Statistic value of2.288 and a p-value of 0.014 with the original sample of -0.111, while the t-table has a value of1.70. The results show that from the second hypothesis the t-table and p-value are smaller than 0.05, which means that the financial performance variable directly has a significant effect on the company's financial performance with a negative direction, then the fifth hypothesis is accepted.

6. Testing the sixth hypothesis (H6)

   The sixth hypothesis which states that Good Corporate Governance has an indirect effect on firm value with financial performance as an intervening variable. The results show that the Good Corporate Governance variable through the financial performance variable has a T-Statistic value of 1.505and p-value of0.105with the original sample of0.020, while the t-table has a value of1.70. The results show that from the sixth hypothesis the value of t-table and p-value is greater than Good Corporatear than 0.05 which means that financial performance has no indirect effect with an insignificant relationship to the relationship of good corporate governance to firm value, then the sixth hypothesis rejected.

7. Seventh Hypothesis Testing (H7)

   The seventh hypothesis which states that firm size has an indirect effect on firm value with financial performance as an intervening variable. The results show that the firm size variable through the financial performance variable has a T-Statistic value of 0.166and p-value of0.868with the original sample of0.002, while the t-table has a value of1.70. The results show that from the seventh hypothesis the t-table and p-value are greater than 0.05, which means that financial performance does not have an indirect effect on the relationship between firm size and firm value, so the seventh hypothesis is rejected.

4. Intervening/Mediation Test

Intervening test or mediation is used to determine the path relationship of each variable, this intervening test uses the Sobel test which is carried out using the free statistical calculation software for sobel test version 4.0 to test the relationship between good corporate governance and company value with financial performance as an intervening variable and measure. company value on the value of the company with financial performance as an intervening variable can be seen from the results of the following data processing:

1. The relationship of good corporate governance to firm value with financial performance as an intervening variable.

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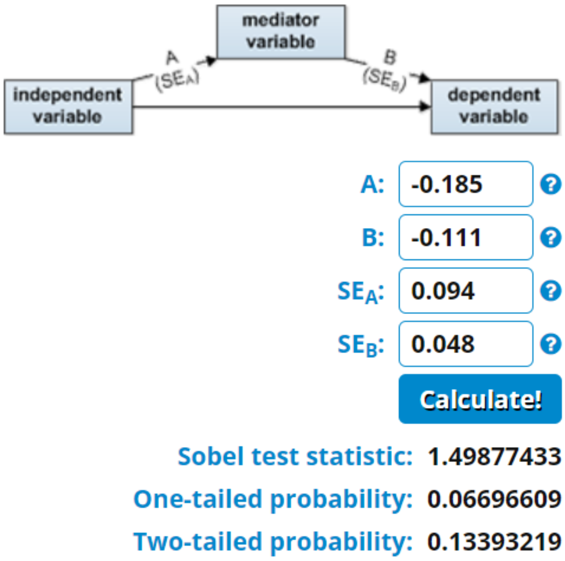
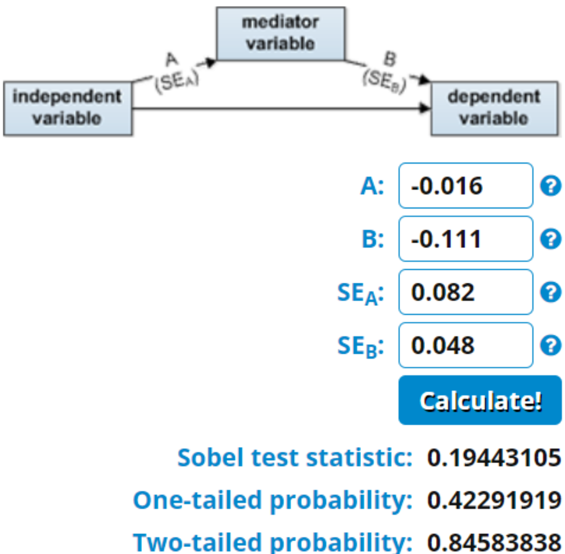


Source: Sobel Test Output Results Version 4.0, 2022.

Based on the results of the intervening calculation above, it is known that the Sobel statistic shows the number 1.49877433 for the relationship between good corporate governance and firm value, the results show a t-table value of 1.70 so that the Sobel value is smaller than the t-table value and the one-tailed probability value shows 0.06696609 > 0, 05 so that it can be concluded that financial performance cannot mediate the effect of the good corporate governance variable on firm value

2. The relationship between firm size and firm value with financial performance as an intervening variable

Figure 4. Sobel Test 2 Test Results



Source: Sobel Test Output Results Version 4.0, 2022.

Based on the results of the intervening calculation above, it is known that the Sobel statistic shows the number 0.19443105 for the relationship between firm size and firm value, the results show the t-table value of 1.70 so that the Sobel value is smaller than the t-table value and the one-tailed probability value shows 0.42291919 > 0.05 so it can be concluded that financial performance can not be an intervening variable the effect of firm size on firm value.

Discussion

The Effect of Good Corporate Governance on Company Value

Based on the results obtained in hypothesis testing, it is explained that good corporate governance has a positive and significant effect on firm value so that the first hypothesis can be accepted. (Newell, 2002), revealed that good corporate governance practices can increase firm value, financial performance, reduce the risk that the board may take by making decisions that tend to benefit themselves and in general can increase the level of investors. confidence. However, in practice sometimes there are still many employees and management who deny the mandate so that the level of cases in the company is increasing. It was stated that the company still had to manage its operations as well as possible in accordance with the mandate given previously. The results of this study are in line with research (Ardesta, 2019), (Damaianti, 2019), Pratiwi (2015), Hasan (2020), Situmorang (2019), and Kusuma (2021), which show that good corporate governance has a significant positive effect on the value of the company. Thus, it can be seen that the implementation of good financial performance will be in line with the increase in company value because according to investors, companies that are able to maximize the implementation of good corporate governance will be able to provide prosperity for shareholders.

The Effect of Good Corporate Governance on the Company's Financial Performance

Based on the results obtained in testing the second hypothesis, it explains that good corporate governance has a significant effect on the company's financial performance with a negative effect so that the third hypothesis is accepted. (Amanti, 2012), states that good corporate governance can create added value because by implementing good corporate governance it is expected that the company will have good performance so that it can create added value and improve the company's financial performance. Good corporate governance cannot always be in line with the company's financial performance because even though good corporate governance has been implemented as much as possible, it is still not able to provide an increase in corporate profits. This research is in line with research conducted by (Tisna, 2016), (Susetyo, 2020), and (Yunina, 2019), which has the same results related to the effect of good corporate governance on the company's financial performance with ROE indicators showing that good corporate governance has a significant effect on performance. company finances.

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The Effect of Firm Size on Firm Value

Based on the results obtained in testing the third hypothesis, it is explained that firm size has a negative and significant effect on firm value so that the third hypothesis is rejected. A large company size has advantages when compared to a small company size. The advantages are when the size of the company is large, the company has easy access to funds from the capital market, there is bargaining power in contracts over the company's finances and there is a scale of costs and returns that have a large impact on the company. benefits (Sawir, 2008). Currently, there are many civil and criminal cases faced by the company, these cases identified fraud committed both internally and externally by the company in carrying out its responsibilities. The size of the company makes it easy to obtain company capital which will later be used for company operations, but it turns out that companies sometimes use capital to increase company assets so that it is not in line with company value. The results of this study are in line with research (Pratiwi RA, 2017), and (Fajartania, 2018), which show that firm size has a negative effect on firm value. It is known that the size of the company does not have enough effect on increasing the value of the company because investors assume that if the company has a large size, the company tends to set retained earnings to be greater than the distribution of dividends. but it turns out that companies sometimes use capital to increase company assets so that it is not in line with company value. The results of this study are in line with research (Pratiwi RA, 2017), and (Fajartania, 2018), which show that firm size has a negative effect on firm value. It is known that the size of the company does not have enough effect on increasing the value of the company because investors assume that if the company has a large size, the company tends to set retained earnings to be greater than the distribution of dividends. but it turns out that companies sometimes use capital to increase company assets so that it is not in line with company value. The results of this study are in line with research (Pratiwi RA, 2017), and (Fajartania, 2018), which show that firm size has a negative effect on firm value. It is known that the size of the company does not have enough effect on increasing the value of the company because investors assume that if the company has a large size, the company tends to set retained earnings to be greater than the distribution of dividends.

The Influence of Company Size on Company Financial Performance

Based on the results obtained in testing the fourth hypothesis, it is explained that the size of the company has a negative and insignificant effect on the company's financial performance so that the fourth hypothesis is rejected. (Asnawi, 2005), suggests that the total value of assets is usually very large compared to other financial variables, for that the asset variable can be in the form of asset logs or assets in a company. Total assets are able to provide an overview of the size of the company, the larger the size of a company, the bigger the company (Prasetyantoko, 2008). The number of cases faced by the company made trading not run as it should. Assets are the main problem in the occurrence of fraud. This study is in accordance with (Badjra, 2015), (Budiharjo, 2020),

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and (Juliana, 2019), which shows that the size of the company has a negative and significant effect on the company's financial performance. Because the higher the size of the company, it has the ability to obtain capital, but the capital can be used by the company in increasing retained earnings for asset development, not to optimize the company's operations.

The Influence of Company Financial Performance on Company Value

Based on the results obtained in testing the fifth hypothesis, it explains that the company's financial performance has a significant effect on firm value with a negative influence direction and the fifth hypothesis is accepted. From this it is known that the company's profit in financial performance will not always be in line with the increase in company value. According to (Sucipto, 2003), the notion of financial performance is the determination of certain measures that can measure the success of an organization or company in generating profits. Financial performance is one of the indicators used by investors in assessing a company which is reflected in the stock price on the stock exchange (Alfredo, 2012). Dividend distribution becomes a reference for investors in providing investment and will increase the supply and demand for shares which will increase the value of the company. However, good financial performance sometimes makes companies allocate profits, not for dividend distribution but to pay obligations or determine retained earnings that are higher than dividends. This study is in accordance with research (Wiagustini, 2013), (Dewi, 2019), and (Octaviany, 2019), which show that profitability has a positive and significant effect on firm value.

The Influence of Good Corporate Governance on Company Value with Company Financial Performance as an Intervening Variable

Based on the results obtained in testing the sixth hypothesis, it explains that there is no indirect relationship between good corporate governance and firm value with the company's financial performance as an intervening variable with a positive and insignificant relationship direction so that the sixth hypothesis is rejected. Good Corporate Governance is an administrative mechanism to see the relationship between management, both commissioners, directors, shareholders or other stakeholders. This relationship is manifested by various rules or systems to become a framework for achieving organizational goals and the ways in which the company's performance is monitored (Prakarsa, 2007). (Hamdani, 2016), defines corporate governance as a system as the direction and control of a company.

In a company, shareholders give a mandate to company management to manage the company as well as possible on the basis of trust in management that management is able to manage the company properly in accordance with applicable laws and regulations. On the other hand, the company's management has a responsibility to shareholders with a mandate that has been carried out previously so that management can manage the company as well as possible, one of which is by avoiding various kinds of legal cases, both criminal and civil. the mandate is given to the management of the company as long as there are no cases committed by the company. The research that has been carried out in previous studies is in accordance with the results of the research in this study. Hasan (2020), and (Fatoni, 2020),

The Influence of Firm Size on Firm Value with Company Financial Performance as an Intervening Variable

Based on the results obtained in testing the seventh hypothesis, it explains that there is no indirect relationship between firm size and firm value with firm financial performance as an intervening variable with a positive and insignificant relationship direction, so the seventh hypothesis is rejected. From this it is known that having a large company size does not have an impact on increasing the value of the company, either directly on the size of the company or indirectly through the company's financial performance. Factors that affect firm value are funding decisions, dividend policy, investment decisions, capital structure, profitability, leverage, firm growth, and firm size (Setia, 2008). A large asset becomes an advantage for the company,

On the one hand, it is known that the ease of capital is not in line with the increase in company value caused by several things, both internal and external to the company. Companies that have a large size are not always free from legal cases in their operations, for that the company's operations are good for the convenience of the company in obtaining capital because in terms of the size of the company it must be carried out properly according to the mandate of the capital owner, even though sometimes companies actually use the capital by increasing company assets are not to optimize the company in order to increase the value of the company, as well as financial performance that has not been able to increase the value of the company. The previous research was conducted by (Pratama, 2016), (Titawano, 2021), and (Muliana, 2019), shows that profitability is not able to be an intervening variable from the effect of firm size on firm value. From these results it is known that profitability as proxied by ROE does not have an indirect effect on the effect of firm size (SIZE) on firm value (PBV).

VI. CONCLUSIONS AND RECOMMENDATIONS

The results of our study can be concluded if the implementation of good corporate governance provides a positive direction related to increasing firm value. Furthermore, good corporate governance has a negative effect on the company's financial performance which identifies that if the company does not implement good corporate governance properly according to the regulations or there is a legal case faced by the company, it will provide an increase in the company's financial performance so that the direction is inversely proportional. On the other hand, firm size on firm value by identifying asset size and return on investment has not been able to provide a significant increase in firm value. Furthermore, the size of the company provides a negative and insignificant direction towards increasing company profits or company financial performance. The company's financial performance has a significant influence on the

E-ISNN : 2621- 4210
P-ISNN : 1979- 746X

value of the company with a negative influence direction so that if the company's profit increases, the company's value will decrease, and vice versa. Financial performance as an intervening variable is not able to mediate the relationship between good corporate governance and firm size on firm value in the financial sector listed on the Indonesia Stock Exchange in 2018-2020.

The limitations of the research can be seen from the objects and indicators used. For objects that are only in the financial sector listed on the IDX from 2018 to 2020, the indicators include the corporate governance index (CGI), Ln total assets (SIZE), return on equity (ROE), price book value (PBV). For this reason, it is hoped that further researchers will expand the scope of the company in various fields to find out whether each line of the company has the same case as that of the financial sector, in addition, further researchers can add variable indicators in order to provide a wider range of analysis.

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