

## The Influence of Financial Performance and Company Size on Company Value with Good Corporate Governance as a Moderating Variable

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### ABSTRACT

This research aims to determine the effect of financial performance and company size on company value with Good Corporate Governance as a moderating variable in the consumer goods industry sector in 2019-2021. The population in this study was 72 companies in the consumer goods industry sector, with a research sample of 24 companies. This type of research is a quantitative method. With the purposive sampling method, the data used is secondary data. The data analysis technique uses SPSS 26. The results of the analysis obtained are that Financial Performance has a negative and significant effect on Company Value, Company Size does not affect company value, Good Corporate Governance can moderate the relationship between the influence of Financial Performance on Company Value, Good corporate governance can moderate relationship between company size and company value.

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## **INTRODUCTION**

In the era of globalization, companies in the consumer industry sector face increasingly rapid development and intense competition considering the diverse human needs. Despite the uncertain conditions throughout the world, Indonesian people's purchasing power has been recorded to increase, as shown by the economic release for the fourth quarter of 2022. In 2022, Indonesia experienced a 5.31% economic growth, surpassing the 3.70% recorded in the preceding year. Bank Indonesia has just released the results of the actual sales index (IPR) for May 2023 of 234.2, or a slight increase of 0.02% year on year. Retail sales in the food, beverage, and tobacco groups are projected to increase by 3.2%. In the consumer goods industry, this particular group is anticipated to witness a contraction in monthly retail sales at -3.6% on a month-to-month basis. This represents a substantial decrease from the 12.8% recorded in April 2023. As of April 2023, the actual sales index (IPR) was recorded at 242.9 or an annual growth of 1.5% yearly (Setiawati, 2023). The first trade's Composite Stock Price Index (IHSG) fell by 0.26% to 6,668.46. One of the reasons for the decline was the consumer goods sector (Setiawati, 2023).

When the composite stock price index (IHSG) finally broke through the psychological level of 6,500, consumer goods stocks managed to close quickly because foreign investors began to participate in trading. The composite stock price index (IHSG) surged by 0.78% to reach 6,536.904, accompanied by a transaction value totaling IDR 17.79 trillion and a trading volume of 28.83 billion shares, as reported by the Indonesian Stock Exchange (BEI). Notably, within the stock exchange sectoral indices, the industrial index recorded a significant decline, reaching 2.26%. The non-cyclical consumer goods index rose 1.75%, while the financial index rose 0.75%. Foreign investors regularly entered the Indonesian stock market, with total foreign purchases reaching IDR 1.24 trillion. On the other hand, foreign investors recorded net sales of IDR 34.66 billion in the negotiation and cash markets (Fernando, 2021).

Investors are increasingly setting their sights on the capital market, seeking opportunities to allocate their funds in Indonesian companies that have undergone the process of going public. (Firlana & Irhan, 2020). Capital markets' presence increases companies' options for obtaining funding sources (especially long-term). Various stakeholders hold interests in an entity, including the company owner with a stake in the invested capital, management with a focus on potential rewards, the government concerned with levying taxes on the company, and workers vested in the welfare of the entity. Conflicts frequently arise among these parties, as each seeks to maximize its interests, with the most prominent clashes often occurring between the principal (company owner) and the management (Irwanti & Ratnadi, 2021).

Competition in today's complex business world means that many companies struggle to survive and continue to progress. Every company, of course, has clear goals for the development of its company. Establishing a company aims to obtain total or maximum profits so that the company owners and shareholders can prosper Wardani & Kaleka, (2022). Another opinion put forward by Aprilia & Wahjudi, (2021) states that increasing the value of share prices can improve the welfare of company owners and shareholders. The value

of a company can be indicated by its stock price. A thriving stock price serves as a representation of the company's overall value (Aprilia and Wahjudi, 2021).

Investors evaluate a company based on its intrinsic value, and a favorable value suggests effective management of the company (Yusuf et al., 2023). The market value is a metric used to gauge the worth of the company. According to research carried out by Setiawati et al., (2023) company value can increase by being influenced by high company performance. Company performance can be seen from financial performance by looking at financial reports, showing whether the company's performance is good (Latif et al., 2023). Company size is determined if the company is more significant, which means more assets that can be used as collateral to maintain debt so that debt will increase (Firlana and Irhan, 2020).

Financial Performance is a measuring tool to see how far Financial Performance is used in the company or vice versa. In this research, Financial performance is assessed through financial metrics, specifically using ratios such as Return On Assets. Saputra et al., (2022) stated that Financial Performance positively and significantly influences Company Value. This opinion is supported by research results from (Aprilia & Wahjudi, 2021), (Hardianti et al., 2023), (Harningsih et al., 2019), (Prena & Muliyanawan, 2020), and several other researchers. Meanwhile, according to Wulandari, (2020), Company value remains unaffected by financial performance. This finding is substantiated by the research conducted, which is corroborated by (Damayanti & Assagaf, 2021) and (Anggraeni & Agustiningsih, 2023).

Company size refers to the dimensions or magnitude of a company, characterized by its large or small as measured by total assets. In this variable, the natural logarithm ratio is used. Research conducted by Anggraeni & Agustiningsih, (2023) states that company size influences company value. This study is additionally backed by (Nurul Hikmah et al., 2023) and (Saifaddin, 2020). Meanwhile, Damayanti & Assagaf, (2021) stated that size Company value remains unaffected. This research indicates supported by (Komalasari & Yulazri, 2023), (Listiorini & Andira, 2022), and (Yusuf et al., 2023).

Another thing that can influence a company's value, namely Good Corporate Governance, is often found by Latif et al. (2023) to control and monitor performance management. In this case, Nurul Hikmah et al. (2023) stated effective corporate governance serves as an internal control mechanism within a company, aiming to mitigate substantial risks, protect company assets, and enhance long-term shareholder investments by aligning with business objectives. Long. According to Tsaniatuzaima & Maryanti. (2022), A set of principles known as Effective Corporate Governance comprises structured processes for managing and directing a business and its ownership to increase company value and business sustainability.

Effective Corporate Governance serves as a moderating variable in promoting good corporate governance, which helps strengthen or weaken the factor influencing the dependent variable in the findings of the research is the independent variable (Aprilia & Wahjudi, 2021), it is stated The moderating role of Effective Corporate Governance in the correlation between Financial Performance and Company Value is proven. This research is supported by

(Hardianti et al., 2023), (Setiawan, 2020). Meanwhile, research from Tsaniatuzaima & Maryanti, (2022) states that Effective Corporate Governance does not have the ability to moderate the impact of Financial Performance on Company Value. This research is supported by (Wirianata, 2020) and (Damayanti & Assagaf, 2021).

Effective Corporate Governance acts as a moderating variable, playing a role in moderating the association between Company Size and Company Value. According to Yusuf et al., (2023), Good Corporate Governance can moderate The correlation between the size of a company and its value. This research is supported by several other researchers, namely (Nurul Hikmah et al., 2023), (Saifaddin, 2020), (Wardani & Kaleka, 2022), and (Wasista & Asmara Putra, 2019). Meanwhile, according to research conducted Wirianata, (2020), Good Corporate Governance cannot moderate Company Size on Company Value. This research is supported by several other researchers, namely (Qushoyyi\* & Khabib, 2022), (Damayanti & Assagaf, 2021), and (Listiorini & Andira, 2022).

Considering the phenomena and outcomes observed in previous research, there are disparities. Therefore, this study introduced Company Size as an additional independent variable. This research aimed to explore the influence of financial performance and company size on the value of a company, taking into account Effective Corporate Governance as a moderating factor.

## **LITERATURE REVIEW**

### ***Teori Agency***

Agency In theory, a nexus exists where the principal engages with another individual (agent) to render services. This relationship is based on a contract where the principal gives authority and responsibility to the agent, Jensen, C & Meckling, H, (1976). The principal can mitigate divergent interests by establishing suitable incentives for the agent and incurring monitoring expenses to restrict the agent's unscrupulous activities. Additionally, the agent will make payments to guarantee that they refrain from certain actions that could be detrimental to the principal, and, in return, the agent receives compensation for their actions. (Jensen, C & Meckling, H, 1976).

### ***Signal Theory***

Signal theory, as outlined by Brigham and Houston (2013), clarifies to financial report users that there is no information imbalance between the company and investors. It dispels the notion that the company possesses more information about its condition than investors do. The theory elucidates how management conveys its outlook on the company's future growth, impacting the potential investors' reactions to the company. This signaling mechanism illustrates management's endeavors to fulfill the owner's aspirations, serving as a crucial indicator for investors and business practitioners in their decision-making regarding investments.

### *The value of the company*

The valuation of a company is intricately linked to its profits or financial gains derived from asset ownership, the appropriateness of prices, asset valuations, specific applications, and the potential for exchanging products (goods or services), as outlined by (Hardianti et al., 2023). The metric used to proxy company value is Tobin's Q. Tobin's Q serves as a proxy that elucidates the dynamics of a company's activities (Wasista & Asmara Putra, 2019).

### *Financial performance*

Assessing a company's well-being is predominantly done through the examination of its financial reports, serving as a key indicator of its performance (Damayanti & Assagaf, 2021). The proxy for this financial performance is represented by Return On Assets (ROA), a ratio that signifies the company's effectiveness in generating profits from its total assets.

### *Company Size*

The magnitude of a company is an indication of its size, encompassing factors such as total assets, revenue magnitude, average revenue, and overall assets. Company size is quantified through the Natural Logarithm of total assets. When evaluating companies with substantial growth, an increase in company value is observed, signifying an expansion in company size. (Nurul Hikmah et al., 2023).

### *Good Corporate Governance*

Good Corporate Governance is a set of systems that regulate and guide a company to create value for stakeholders. Proxy by Institutional Ownership. Institutional ownership is a proportion of institutional share ownership, in this case, the institution that founded the company, not a public shareholder institution, measured by the percentage of shares and voting rights owned by the institution (Wasista & Asmara Putra, 2019).

### *The influence of financial performance on the value of the company*

Based on signal theory, an increasing company's net profit after tax will provide a perfect sign to shareholders that the company has opportunities in the future. Financial performance is exciting for investors and shareholders because the more significant the profit a company generates, the greater investor interest. Financial Performance In studies undertaken by Setiawan, (2020) states that Financial Performance positively affects Company Value. Financial Performance exerts a positive and substantial influence on the value of the company. according to (Aprilia & Wahjudi, 2021). Research result this is corroborated by (Mudjijah et al., 2019), (Hardianti et al., 2023), and (Irwanti & Ratnadi, 2021).

**H1: Financial Performance has a positive effect on Company Value**

### ***The influence of Company Size on the value of the company***

Based on agency theory, when the company's assets increase, it will be a perfect sign to shareholders that it has excellent future opportunities. Company size is attractive for investors or shareholders because the more significant the company size, the greater the interest of investors. In research carried out by Latif et al. (2023), The size of the company positively and significantly influences its value. According to Nurul Hikmah et al. (2023), company size influences company value. This research is supported by (Anggraeni & Agustiningih, 2023), (Wiyono et al., 2022), (Saifaddin, 2020), (Wardani & Kaleka, 2022), and (Wasista & Asmara Putra, 2019).

#### **H2: Company size has a positive effect on company value**

### ***Good Corporate Governance has the ability to act as a moderator in the association between Financial Performance and Company Value***

Based on agency theory, Good Corporate Governance is good corporate governance as a moderating variable in the relationship between financial performance and company value. The greater the company's profits, the more investors will be attracted to invest. A good company must have good corporate governance to increase shares. Research was undertaken by Aprilia & Wahjudi, (2021) Indicated that Effective Corporate Governance has the potential to moderate the connection between Financial Performance and Company Value. According to Setiawan, (2020), Effective corporate governance has the capacity to enhance the moderating influence on the relationship between financial performance and company value. This study is supported by (Hardianti et al., 2023), (Nurul Hikmah et al., 2023), and (Irwanti & Ratnadi, 2021).

#### **H3: Good Corporate Governance can moderate Financial Performance on Company Value**

### ***Good Corporate Governance has the ability to act as a moderator in the association between company size and Company Value***

Based on agency theory, Good Corporate Governance is good corporate governance as a moderating variable in the relationship between company size and company value. The larger the company size, the better the management required. Large companies must have good corporate governance to increase shareholders. According to Nurul Hikmah et al. (2023), Good Corporate Governance can act as a moderating factor in the association between Company Size and Company Value. Furthermore, Effective Corporate Governance has the potential to enhance the moderating effect on the relationship between Company Size and Company Value. This study supported by (Wardani & Kaleka, 2022), (Wasista & Asmara Putra, 2019), (Qushoyyi\* & Khabib, 2022), and (Yusuf et al., 2023).

#### **H4: Good Corporate Governance can moderate Company Size on Company Value**

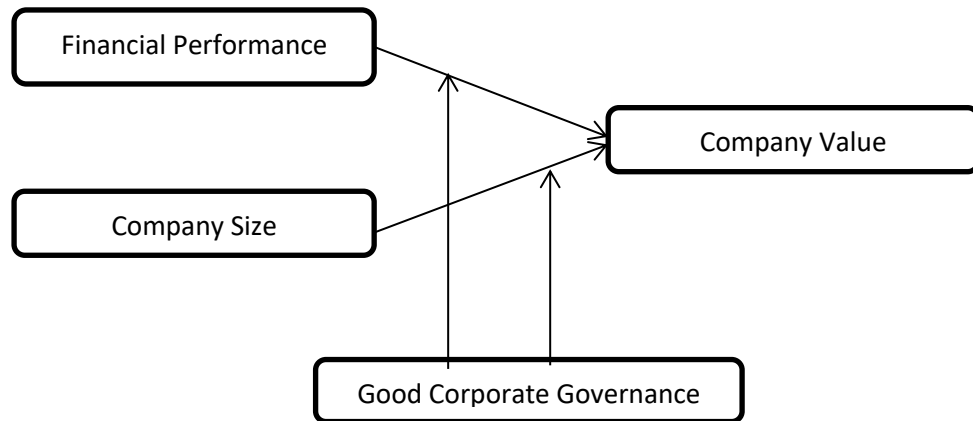


Figure 1. Conceptual Framework

## METHODOLOGY

The study's population encompasses 47 companies operating within the consumer goods industrial sector. The research sample criteria are companies with profits and companies with complete data on the variables studied. A sample of 24 companies was obtained. This research was conducted for three years, and purposive sampling was used. This research adopts quantitative methodologies and relies on secondary data obtained from annual reports. This data comes from each company's website. Information was gathered from companies listed on the Indonesia Stock Exchange (BEI) during the period of 2019 to 2021. This timeframe coincided with the global COVID-19 pandemic, during which many companies faced losses.

The research employed the SPSS 26 application for testing, encompassing various assessments such as the Descriptive Statistical Test, Classic Assumption Test, Normality Test, Heteroscedasticity Test, Autocorrelation Test, Moderated Regression Analysis Test utilizing the Interaction method, Coefficient of Determination Test, F Statistical Test, and Partial T-Test.

### Operational Definition of Variables

#### Company Value

Company Value is formulated using Tobins'Q which is measured for a company, as follows:

$$\text{Tobins'Q} = \frac{\text{MVE} + \text{DEBT}}{\text{TA}}$$

Information:

MVE : Market Value of Equity (calculated by multiplying the number of outstanding shares by the closing price)

DEBT : Book Value of Debt

TA : Total Assets

#### Financial performance

Financial performance formulated with ROA for calculating a company is as follows:

$$\text{ROA} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

### Company Size

Company size is proxied by the Natural Logarithm (Total Assets). Ln shows how effectively the company's total assets increase investor confidence. The formulation for calculating Company Size for a company is as follows:

$$\text{Size} = \text{LN} (\text{Total Assets})$$

### Good Corporate Governance

Good corporate governance is proxied by institutional ownership. Institutional ownership has an essential meaning in monitoring management in managing management. The formula for calculating Institutional ownership for a company is as follows:

$$\text{KI} = \frac{\text{Number of Shares owned by the Institution}}{\text{Number of shares outstanding}}$$

## RESEARCH RESULT

The investigation involved 24 companies operating in the consumer goods industry. with three years of observation, namely from 2019 to 2021. So, the number of observation samples was 72 samples. The findings from the sample study are displayed in the following Table 1:

**Table 1 Sampling Criteria**

Criteria	amount
Businesses within the consumer goods industry sector that were publicly listed on the Indonesian Stock Exchange between 2019 and 2021.	47
Companies that opted not to disclose their financial reports on the Indonesian Stock Exchange throughout the 2019-2021 period.	(1)
Businesses operating in the consumer goods industry sector that incurred losses between 2019 and 2021.	(14)
Companies lacking comprehensive data related to the variables under investigation as presented in their annual reports for the period spanning 2019 to 2021.	(8)
Number of company samples	24
Year of observation	3
Number of samples in research (24 companies x 3 years)	72
Casewase	(4)
Number of Samples After Casewase	68

Sumber : *www.idx.co.id*

### Descriptive statistics

This descriptive statistical analysis determines the values of the data created are the minimum, maximum, average (mean), and standard deviation. (Ghozali, 2021).

**Tabel 2 Statistik Deskriptif**  
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std.Deviation
Financial Performance	72	,00013	,60716	,1168044	,12083292

Company Size	72	26,24649	,32,82039	29,2652530	1,74480554
Company Value	72	,71439	14,41466	2,8260416	2,40201335
institutional ownership	72	,06428	,99000	,6140628	,24972377
Valid N ( <i>listwise</i> )	72				

Source: Data processed with IBM SPSS 26

For each variable, there is a dataset comprising 72 company records from the consumer goods sector enlisted on the Indonesian Stock Exchange during the years 2019-2021. The particulars are outlined as follows:

The financial performance variable, represented by return on assets (ROA), exhibits an average value of 0.116844. This implies that, on average, companies within the consumer goods industry generate profits equivalent to 11.68% of their total assets.

The company size variable, represented by the natural logarithm, has an average value of 29.2652530. This signifies that, on average, companies in the consumer goods industry, when evaluated based on total assets, have a size of 29.27%.

The company value variable, proxied by Tobin's Q, shows an average value of 2.8260416. This indicates that, on average, companies in the consumer goods industry have a market value equivalent to 2.8%.

The Good Corporate Governance variable, represented by institutional ownership, has an average value of 0.6140628. This means that, on average, institutions own approximately 61.407% of the companies in the dataset.

### ***Classic assumption test***

#### ***Normality test***

Examining the normal distribution of the data, the normality test is a fundamental element within a linear regression model. (Ghozali, 2021). By examining the results of the one-sample Kolmogorov-Smirnov test, specifically the asymp sig. (2-tailed) value, one can determine whether the data conforms to a normal distribution. If this value exceeds 0.05, it suggests that the data is typically distributed. In this context, the obtained Sig (2-tailed) value of 0.055 from the output results indicates that the data adheres to a normal distribution.

#### ***Multicollinearity Test***

The evaluation for multicollinearity involves examining the Tolerance values, which should be above 0.1, and the Variance Inflation Factor (VIF), which should be below 10, in the results of a linear regression model (Ghozali, 2021). It is noteworthy that moderation does not encounter multicollinearity issues when independent variables exhibit high correlation with their products. This is crucial as multicollinearity primarily pertains to interval scaling, and it is significant to recognize this distinction, given that numerous studies mistakenly treat moderation as if it were a multicollinearity problem (Disatnik & Sivan, 2016).

### ***Heteroscedasticity Test***

The Heteroscedasticity Test is employed to determine whether the output results derived from the utilized data exhibit indications of heteroscedasticity (Ghozali, 2021). According to the stipulated conditions, if the significance value surpasses 0.05, it implies the presence of heteroscedasticity symptoms in the data. In the financial performance variable, The significance level for this is 0.091, which surpasses the 0.05 threshold. Similarly, the significance values for the company size variable are 0.448, 0.957 for interaction 1, and 0.604 for interaction 2 – all exceeding 0.05. Consequently, the data output indicates the absence of heteroscedasticity.

### ***Autocorrelation Test***

An autocorrelation test is conducted to examine whether a linear regression model's output data exhibits any signs of autocorrelation (Ghozali, 2021). The criterion for this test is that if the Durbin-Watson value is less than 2, it indicates the absence of autocorrelation issues in the data. With a Durbin-Watson value of 1.366, there were no observed symptoms of autocorrelation in the data.

### ***Moderated Regression Analysis (MRA) Test Coefficient of Determination Test***

The determination coefficient test was conducted to assess the regression model's capacity to elucidate the dependent variable. This evaluation involves measuring the coefficient of determination, a value that falls within the adjusted R-square range of 0 to 1 (Ghozali, 2021). The adjusted R-square value, recorded at 0.130 or 13%, signifies that the variation in the dependent variable, specifically company value represented by Tobins'Q ratio, can be accounted for by one of the independent variables - The financial performance and size of the company, along with the moderating factor of effective corporate governance represented by institutional ownership (KI). Notably, 87% of the dependent variable's variation remains susceptible to influence by other factors external to the regression model.

### ***F Statistical Test***

The f statistical test is an outcome assessment utilized to determine the significance level within the regression model (Ghozali, 2021). The calculated f value is 3.506, and its associated probability is 0.012, which is below the conventional significance threshold of 0.05. This observation pertains to the independent variables: financial performance (Return on Assets) denoted as X1, and company size (Natural Logarithm) denoted as Y.

### ***Partial T Test***

The partial test serves to assess the impact of individual independent variables on the dependent variable (Ghozali, 2021). The decision-making criteria in this examination involve comparing the computed values with the corresponding table values and testing for significance at the 10% (0.1) and 5% (0.05) significance levels. Referring to the computed t-test table, the outcomes are outlined below:

**Tabel 3 Uji Parsial  
 Coefficient**

Model	Unstandardized		Sig.	Conclusions
	B	T		
(Constant)	3,596	1,433	,157	
Financial Performance	-7,768	-1,880	,065	<b>Hypothesis 1 is rejected.</b>
Company Size	-,018	-,206	,838	<b>Hypothesis 2 is rejected.</b>
Interaction 1	19,189	2,823	,006	<b>Hypothesis 3 is accepted.</b>
Interaction 2	-,069	-2,290	,025	<b>Hypothesis 4 is accepted.</b>

Dependent Variable: Nilai Perusahaan

*Level of Significant*  
 \*\* 10% (0,1)  
 \* 5% (0,05)

Source: Data processed with IBM SPSS 26

The analysis indicates that financial performance does not exert a notable impact on the value of the company. as **Hypothesis 1 is rejected**. The t-value for financial performance is -1.880, which is greater than the t-table value of 1.669. The regression coefficient value for financial performance is -7.768, and the probability level is 0.065, which is greater than 0.10. However, the size of the company does not influence the company's value, as indicated by the **Hypothesis 2 is rejected**. The t-value for company size is -0.206, which is below the critical t-table value of 1.669. The regression coefficient value for company size is -0.018, and probability level is 0.838, which is less than 0.05.

In interaction 1, the moderating variable, Return on Assets, coupled with Good Corporate Governance, represented by institutional ownership, exhibits a t-value of 2.823, surpassing the critical t-table value of 1.998. The regression coefficient is 19.189, and the associated probability level is 0.006, which is less than the significance threshold of 0.05. This indicates that effective corporate governance, as measured by institutional ownership, significantly and positively influences the moderation of company value. Thus, we **Hypothesis 3 is accept**. On the other hand, in interaction 2, the natural logarithm in conjunction with Good Corporate Governance, represented by institutional ownership, yields a t-value of -2.290, exceeding the critical t-table value of 1.998. The regression coefficient is -0.069, and the probability level is 0.025, which is below the significance threshold of 0.05. This suggests that the moderating variable, Institutional ownership, when used as a proxy for Good Corporate Governance, exhibits a significantly negative correlation influences the moderation of company size on company value. As a result, **Hypothesis 4 is accepted**.

## DISCUSSION

### *The Influence of Financial Performance on Company Value*

The hypothesis proposed in this research states that financial performance positively and significantly affects company value. Needs to be not supported. The results in this study are not in line with the signal theory according to Brigham and Houston (2013), which states that if the information contains positive signals, the information is good for the company. It is hoped that the market will react when the announcement is received. Accounting information signals that the company has good prospects in the future so that investors will trade shares, which will result in good value for the company. This means that the financial performance reported by the company through financial reports means that investors will buy shares because they are interested in the profits the company generates for shareholders. On the other hand, if the company reports financial performance through financial reports, investors will not buy shares because they are less interested in the profits the company generates for shareholders.

This indicates that the level of asset acquisition (ROA) and company value are in opposite directions, which means that if ROA decreases, the company value will increase. Moreover, vice versa, if ROA increases, it will reduce the company value. If the ROA value is high, it will also indicate a high company value. This is because investors look at ROA as a reference in making investment decisions and other ratios, not in this research. This study confirms that the company value is consistently affected negatively and significantly by financial performance, in accordance with the findings of (L. P. E. Setiawati et al., 2023) and (Damayanti & Assagaf, 2021).

### *The Influence of Company Size on Company Value*

The hypothesis proposed in this research states that company size positively and significantly affects company value. Needs to be not supported. This research results differ from agency theory, Jensen, C & Meckling, H, (1976), which explains that basically, investors want to invest their share capital in companies with good prospects, no matter how big the company is. This, of course, impacts the decline in the value of the company's shares. This means that the company's size is seen from its total assets. If its assets are more significant, it will increase investors' interest in buying shares. On the other hand, if the company's assets decrease, it will reduce investors' interest in buying shares.

This indicates that the smaller the company's size, the less known it is by the public and the less investor confidence. Moreover, vice versa, the larger the company size, the better known it is by the public, and the greater investor confidence in the company. This research confirms previous findings from Qushoyyi\* & Khabib, (2022), Komalasari & Yulazri, (2023), and Damayanti & Assagaf, (2021), which suggest that company size does not influence the value of the company

***Good Corporate Governance can moderate the relationship between Financial Performance and Company Value.***

The research hypothesis posits a strong relationship between financial performance and company value, which is moderated by institutional ownership, in accordance with agency theory (Jensen, C & Meckling, H, 1976). Effective company management can enhance and regulate the conduct of managers for the betterment of the company and its stakeholders. Effective corporate governance enhances a company's financial performance while minimizing risks by ensuring the security of invested funds.

The research findings unequivocally support the studies conducted by Aprilia & Wahjudi, (2021), Hardianti et al., (2023), Setiawan, (2020), and Irwanti & Ratnadi, (2021). which conclusively suggest that Effective corporate governance serves as a moderating factor for financial performance and exerts a substantial influence on the company's value.

***Good Corporate Governance can moderate the relationship between Company Size and Company Value.***

The research hypothesis posits a strong relationship between company size and value, which is moderated by institutional ownership, in line with Jensen and Meckling's (1976) agency theory. Effective corporate governance is essential in mitigating information asymmetry.

The results of this research strongly support the findings of previous studies conducted by (Wasista & Asmara Putra, 2019), (Wirianata, 2020), (Yusuf et al., 2023), which unequivocally suggest that Good Corporate Governance effectively moderates the connection between the size of the company and company value.

## **CONCLUSIONS AND RECOMMENDATIONS**

The research definitively examined how Company Value is affected by Financial Performance and Company Size, taking into account the presence of Good Corporate Governance represented by Institutional Ownership as a moderating variable in consumer goods industry sector companies listed on the Indonesian Stock Exchange from 2019 to 2021. The conclusions are as follows: Financial Performance has a significant and negative impact on Company Value Company size does not influence company value.

Good corporate governance moderates the impact of financial performance on company value.

Good corporate governance moderates the impact of company size on company value.

## **ADVANCED RESEARCH**

The limitation of my research was that several companies' data needed to include annual reports in the years 2019 through 2021 on the Indonesian Stock Exchange, and I had to open each company's website. In addition, several companies still need complete data on variables.

Future research can take other variables such as capital structure, leverage, etc. Moreover, they are adding proxies to the moderating variables,

namely managerial ownership, audit committee, etc. Apart from that, researchers can also expand the sampling used in research.

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