Does Good Corporate Governance Able To Be A Variable Moderation?

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ABSTRACT

Introduction – Companies or industries in Indonesia that have not implemented the concept of Good Corporate Governance, as confirmed by a statement on the Chairman of the OJK Committee Wimboh Santoso, with the participation of two Indonesian emitters. However, Indonesia's achievement as ASEAN's top 50 for emissions in terms of good governance is still far behind various countries in Thailand, Singapore, the Philippines and Malaysia.
Purpose – Based on the objectives in this study, among others, to determine the test results of how much the role of good corporate governance in moderating capital structure, company size, profitability on firm value.
Methodology/Approach – In this study the method used is quantitative method. Sampling in this study used purposive sampling technique in determining a sample of 30 companies. The population is taken from data on consumer goods companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2021. The data analysis method used in this research is using Eviews.
Findings – Capital structure and firm size has no effect on firm value, and profitability have effect on firm value. The moderating variable in this study is the first good corporate governance is not able to moderate the relationship between capital structure and firm size on firm value, while good corporate governance is able to moderate profitability on firm value.
Originality/ Value/ Implication – This research is useful for companies to understand the importance of GCG in every company so that company performance in GCG practices will enable companies to develop healthy company operations and activities to maintain stakeholder trust.

Keywords: Good Corporate Governance, Capital Structure, Company Size, Profitability, Firm Value

INTRODUCTION

Starting a business should have a clear goal. The goal of starting a business is to generate profits that will maintain the survival of all business operations well in the future, such goals include maximizing the well-being of shareholders, which includes increasing the value of the company. In maximizing the goals of a company, the value of the company can play an important role in its implementation (Rahayu, Maiz & Suriawinata, 2020). This is done by all companies that operate in the manufacturing industry (Hidayati & Retnani, 2020).

The investor's view should reflect the value of the company at the company's success rate that is often associated with the use of stock prices, so that if the company's value is high then the stock price is also high. (Massie et al., 2017). The company value is defined as the price that investors are willing to pay to sell the company, and the company value can reflect the value of the company's assets, such as securities. Short-term and long-term goals are very important for the company. It is the responsibility of management to be the manager of the company. These two goals are interrelated. Therefore, the management of the company should strive as hard as possible to the short-term goals and ultimately drive the realization of the long-term objectives of the firm. The higher the value of the company will indicate an increase in profits on shareholders. Meanwhile, the stock price is formed according to the relationship between supply and demand of investors in the capital market. The company's value in this study can be interpreted as market value, where market value derives from the investor's perception of the market. Starting from investors, creditors and stakeholders who are contaminated on the stock market value that is a measure of the company's value (Lestari, 2022)

The first factor that affects the value of a company can be influenced by several factors, one of which is the Capital Structure. Capital structure is the ratio or comparison of long-term debt and capital itself (Ardiana & Chabachib, 2018). The development of enterprises within the company requires huge funding resources, so the development of the enterprise requires financial support from external parties. Based on the capital structure theory revealed by Modigliani and Miller (1963) It stated that the use of 100% of debt on the capital structure would maximize the value of the company. The relationship between trade-off theory and capital structure is a company with a high rate of profitability. Thus, the trade-off theory seeks to maintain the capital structure aimed at maximizing the value of the company (Wardani & Kaleka, 2022).

The capital structure in this research can be measured using Debt to Equity (DER) to make funding that exists within the company or its own capital. So that the DER in the capital structure works to measure how much the debt and capital of the company (Anggraini & Fidiana, 2021). In this capital structure, potential investors can invest in

the company Because these variables describe equity, total liabilities, and total assets, the company can use those variables to understand the level of risk, the rate of return, and the income they will receive. Results of research (Mudjijah et al., 2019) It shows that capital structure has a significant positive impact on the value of the company. (Novitasari & Krisnando, 2021) This study showed no significant positive impact of capital structure (Novitasari & Krisnando, 2021).

The second factor that affects the Company's value in addition to the capital structure is the size of the Company. The size of the company is a measure that can indicate the size of a large or small company that can affect the company's value. The small size of the total assets owned by the company will directly affect the increase in the company's profits or the activity of increasing the profits will result in the increase of the Company's income The assessment is well received by investors. The size of the company can be seen from the total assets (Wardani & Kaleka, 2022). The larger the company, the higher the company's value and therefore the investor's interest in the company is also higher. The increase in the value of the company can be seen from the size of a company's smallness, and the size and smallness of an enterprise can be viewed from the financial statements of the enterprise. Research done by (Wardhani et al., 2021) It shows that large companies have a stable performance in paying off debts. Then the credibility of the financial statements is also reliable, and the integrity of the company's value need not be questioned, so potential investors who can provide added value to the company will be interested. Results of research conducted by (Lestari, 2022) The size of the company has a significant positive impact on the company's value while the research carried out by (Chandra & Hastuti, 2022) Prove that the size of the company does not have a significant impact on the company's value (Chandra & Hastuti, 2022).

The third factor that affects the company's value is profitability. Profitability is the ability of a company to generate profits over a certain period of time, and is also an indicator for measuring the overall efficiency of the company's operations. Profitability is also used to measure management effectiveness based on income generated from loans and investments (Kusniawati & Sugiharti, 2020). Profitability is important, because profit is usually the primary goal of business in the company. Increasing the price of shares means increasing the value of the company, thus guaranteeing prosperity to shareholders. Research done by (Wardhani et al., 2021) It shows that profitability affects the value of the company, the higher the rate of profit the company then the better to be able to reflect the conditions of the business. While profitability on this variable can lower the value of the company found by (Lumentur & Mangantar, 2019). Investors are uncertain about companies that have unstable profits from year to year or tend to fluctuate, because it makes investors unsure of what the company gets in the future.

The relationship between signaling theory and profitability is where managers and shareholders do not have equal rights to information about the company, or one of the parties has more information than the other. This information is often unknown to shareholders, but only known to managers. Management provides the information or good news that investors want. This good news can boost investor interest in investing (Zaelani et al., 2022). After a company provides information to all market participants such as investors, market participants evaluate and analyze the information whether the outcome is a good or bad signal (Widianingsih, 2018). The received signals can be directly used to make the right decisions, this can encourage companies to improve their earnings, and as the company's revenue increases, it affects the rise in the stock price that affects a company's value.

ROA (Return on Asset Ratio) is used as a profitability ratio that measures the return on the invested capital that the company has achieved using all the assets it holds. Of course, if a company wants to survive then the company must make a profit to finance its operations, because normally without the ability to generate a profit, the company can not sustain (Kusniawati & Sugiharti, 2020). According to research (Kusniawati & Sugiharti, 2020), Profitability affects the value of the company. Therefore, indicators are very important to pay attention to in order to determine to what extent an investor's investment in a company will deliver the return requested by that investor (Kusniawati & Sugiharti, 2020).

The phenomenon associated with corporate value is good corporate governance. According to CNN Indonesia (2017), many companies or industries in Indonesia have not implemented the concept of Good Corporate Governance, as confirmed by the statement of the Chairman of the OJK Committee Wimboh Santoso, with the participation of two Indonesian issuers. However, Indonesia's achievement as ASEAN's top 50 for emissions in terms of good governance is still far behind countries in Thailand, Singapore, the Philippines, and Malaysia. According to Sardjito, Deputy Commissioner of the OJK Capital Market, the application of GCG for current issuers makes ASEAN companies increasingly competitive (Damayanthi, 2019). Companies with good corporate governance improve shareholder value, ASEAN Corporate Governance Scorecard (ACGS) Indonesia ranking in 2017 rose to 70,59 from 62.88 in 2015. (WWW-Bisnis.com 2018).

From the results of previous researches that have been inconsistent with the research results carried out, then will be added a variable of moderation that is Good Corporate Governance. In general, good governance on a business can be defined as good corporate governance, which is governed by professional ethics in the endeavor or work. Good governance in a regulatory or administrative device is the essence of the acceptance of its importance in regulating relations, functions, and interests of various parties in business or public service affairs (Sunardi et al.,

2019). Good governance can be interpreted as a way to manage public affairs well, and can increase the positive impact on the Capital Structure on the value of the company. Good corporate governance has more supervision over greater management in its business operations on the company, in this way each decision will have a greater impact on the increase in the company's value (Ningrum & Asandimitra, 2017). The capital structure with the value of the company can be improved by applying good corporate governance (Wardani & Kaleka, 2022).

With the size of a large company, it needs a good corporate governance to manage its company. In regulating how the organization can be operated and in good control requires the existence of a good corporate governance system aimed at increasing the value of the company and attracting investors to invest in the company. Therefore, the company is assessed to have a very positive impact (Wasista & Asmara Putra, 2019). With this, the company has a lot of investors who will invest their modes to enlarge the size of the company. With the number of investors who will invest their modes in the company, this can increase the size of the company. (Wardani & Kaleka, 2022). As for corporate size variables, it can indicate that GCG has an influence in strengthening the positive relationship between the size of the company and the company's value.

In addition to moderating the relationship to the size of the company, good corporate governance also moderates the profitability to the company's value. Profitability is used as a tool to measure financial performance that is considered important because a company can be used as the reference to evaluate the company (Noviani et al., 2019). According to the research of Yuniasih and Wirakusuma Profitability can have a positive impact on the value of the company, but the GCG variable cannot moderate the relationship with the company's value. Results of research conducted by (Sarah, 2017) shows that GCG can moderate the relationship between ROAs to the company's value (Sarah, 2017).

This study has developed research conducted by (Saifaddin, 2020). What distinguishes this research from previous research is by adding an independent variable namely Profitability, then in this study using Eviews 12 technique while in previous research its analysis technique uses SPSS software. This sample of research uses manufacturing companies in particular in the sector of consumer goods industry, the selection of such sectors in the industry of consumption goods companies is very interesting when studied, because it is highly sought by consumers and needs to be met for basic needs in order to ensure the survival of humans in daily life. The share price increases as many investors are interested in investing in the consumer goods sector, the higher the price of the company's shares, the greater the value of the companies. The value of a company is very important because it reflects the performance of the company so it can affect the perception of investors towards the company. From the background of previous research above, the researchers aimed to demonstrate the "Role of Good Corporate Governance in Moderating Capital Structure, Company Size, and Profitability to Corporate Value". This research is beneficial for companies to understand the importance of GCG in every company so that the company's performance in GCG practices will enable the company to develop sound operational and corporate activities to maintain stakeholder confidence

LITERATURE REVIEW

Agency Theory

Agency theory is a theory generally used by researchers in studying business entities related to the economy. In an agency relationship, there is a contract between company members, namely the principal (the party giving the instructions) and the agent (the main actor). This theory faces several main problems, such as shareholder control over managers, agency costs, and efforts to minimize these costs. This relationship encourages individuals to achieve mutually aligned goals. Agency theory explains the contractual concept between the principal and the agent, in which the agent acts on behalf of the principal in making decisions.

Signaling Theory

Signal theory is concerned with the way investors assess the prospects or performance of a company before they invest. According to Brigham and Hauston (2001:36), this theory involves company actions to provide clues to investors regarding their prospects. The signal is information about the actions taken by management to realize the wishes of the owner of the company. If managers use debt wisely, it will reflect positively in the eyes of investors and encourage them to invest in the company. This theory states that companies with good quality will give signals to the market, so that the market can distinguish between good and bad companies. A strong signal will be well received by the market and difficult to imitate by a company with poor quality, thus attracting many investors to invest in the company, while a company with a bad signal will not get as much investment interest as a company with a good signal.

The Value of the Company

Firm value, according to Brigham and Houston (2001), is the present value of the expected free cash flow in the future. The company value reflects the value offered when the company is sold to other parties. The company aims to increase the value of the company so that investors or buyers believe that the current performance will be maintained in the future. If the company's value is high, the capital market will assume that the company's performance is better. Several factors that influence firm value are insider ownership, capital structure, and dividend policy (Hermuningsih and Wardani, 2009).

Capital Structure
Signal theory is a theory related to the opinion of investors in looking at the prospects or performance of the company to be selected in investing their funds. Sartono (2001: 225) defines capital structure as a balance between short-term debt, long-term debt, preferred stock and common stock. Husnan (2000:275) defines capital structure as a comparison between long-term funding sources that come from loans and own capital. Brigham and Houston (2001:5) explain that capital structure policy involves a consideration between risk and return. Too much debt can increase the risk for shareholders, but also increase the expected rate of return by the company. Kashmir (2009: 112) states that the Debt to Equity Ratio (DER) is the ratio used to assess the comparison between the company's debt and equity. This ratio aims to find out how much a company can pay its debts or guarantee its debts.

Company Size
Company size is a scale that describes the size of the company in ways such as total assets, total sales, and market value of shares. Large companies have large total assets and demonstrate the ability to continue to grow. Investors respond positively to large companies, because they have good control over market conditions and tend to be stable against economic fluctuations. Large company size is also considered as an indicator showing a lower level of investment risk because the company can fulfill its obligations and provide adequate returns for investors.

Profitability
Profitability is the result of various policies and management decisions in the company (Brigham and Houston, 2001). This ratio is important for investors because it measures the effectiveness and efficiency of a company's capital management. The higher the profit that the company gets, the more investors are interested in investing, and the value of the company will increase.

Good Corporate Governance
According to the Cadbury Committee, good corporate governance is the principle that directs and controls companies to achieve a balance between power and corporate authority in providing accountability to shareholders, in particular, and stakeholders in general.

The Development of Hypotheses

The Impact of Capital Structure on the Value of the Company
There are many advantages of using debt in the capital structure. The trade-off theory also explains that the use of debt provides a number of benefits to companies that are targeted by market investors. Therefore, the more companies take debt, the higher the price and value of their shares (Novitasari & Krisnando, 2021).Trade-off theory explains that when the capital structure is below the optimal point, any additional debt can increase the value of the company. On the contrary, if the capital structure position is higher than its optimal point, the likelihood of an increase in debt will lower the company's value. Research (Novitasari & Krisnando, 2021) It is stated that capital structure has a positive impact on the value of the company (Novitasari & Krisnando, 2021). Based on the theory and previous research, the hypotheses proposed are:
H1: The capital structure affects the value of the company

The impact of company size on the company's value
The size of a company reflects the total assets or size of the company's assets. The larger the company, the more investors are interested in the company. Larger companies tend to have more stable relationships. This stability can attract investors to hold shares in the company. This situation is one of the reasons why the company's stock price has risen in the capital market. Investors have high expectations for large companies, investors expect dividends from companies. Increasing demand for shareholders affects the rise in the stock price in the capital market. In his research, (Novitasari & Krisnando, 2021) It is stated that the size of the company has a positive impact on the company's value (Novitasari & Krisnando, 2021). Based on the theory and previous research, the hypotheses proposed are:
H2: The size of the company affects the company's value.

The impact of profitability on the company's value
High profitability can reflect the company's ability to high profits for shareholders. The larger the profits earned, the greater the company's ability to distribute dividends to shareholders, this also affects the increase in the value of the company. Because a company has a high profitability ratio, it can attract investors to buy the company (Fatoni & Yuliana, 2021). Research done by (Sarah, 2017) It shows that profitability by using return on asset (ROA) has a positive impact on the value of the company, meaning the higher the profitability generated, the higher is the company's value (Sarah, 2017). Based on the theory and previous research, the hypotheses proposed are:
H3: Profitability affects the value of the company

Good Corporate Governance Moderate the Impact of Capital Structures on Corporate Value
Good Corporate Governance can be seen in the management of the corporate capital structure, if the company has a small debt, then the value of the company will increase with each increase in the level of debt. Good Corporate Governance plays an important role in controlling investment decisions made by company managers, using profits to increase the company's value. Research done by (Noviani, Atahau & Robiyanto, 2019) Good Corporate Governance strengthens the relationship between the capital structure and the value of the company. Companies that implement Good Corporate Governance can minimize deviations in debt use, so the amount of debt in the capital structure can increase the value of the company and gain a good assessment from

investors. Based on the theory and previous research, the hypotheses proposed are:
H4: Good corporate governance can moderate the relationship of capital structure to the value of the company.

Good corporate governance can moderate the relationship of company size to company value
Good corporate in managing a company requires a large corporate size within the company. Good Corporate Governance is a system that can regulate the course of operation and control of an organization well. Therefore, it increases the company's value and image, and aims to attract investors to buy shares of the company. The positive impact of the size of the company on the company's value can be enhanced by leveraging good corporate governance in the company. Companies need good corporate governance, as it can be considered to strengthen the positive impact of the size of the company on the company's value. With this positive impact, the company's value increases (Wasista & Asmara Putra, 2019). Based on the theory and previous research, the hypotheses proposed are:
H5: Good corporate governance can moderate the relationship of company size to company value

Good corporate governance can moderate the relationship of profitability to company value.
The goal of good corporate governance is to minimize conflict of agencies. good business governance used to manage the company to increase the profitability of the company. The higher the value of good corporate governance, the higher the level of compliance to attract investors. Results of research conducted by (Latifah & Murniningsih, 2017) Good corporate governance can moderate the impact of profitability on the company's value. A company that implements good corporate governance maximizes profits and thus can increase the value of the company. This can be confirmed by the research carried out by (Tsaniatuzaima & Maryanti, 2022). Based on the theory and previous research, the hypotheses proposed are:
H6: Good corporate governance can moderate the relationship of profitability to company value

METHOD

Type of Research
This research is a quantitative type of research. The researchers aimed to find out the influence or relationship between two or more variables, this study is designed to know the impact of Capital Structure (X1), Company Size (X2), Profitability (X3) on the Company's Value. (Y).

Data Sources and Data Types
In this study, the type of data used to conduct this research is secondary data. The data used in this research is secondary data of the financial report of manufacturing companies registered in the BEI in 2018-2021 obtained from the company's website Bursa Efek Indonesia (www.idx.co.id) as a guideline in data collection. This data will be processed with Eviews.

Population and Sample
The population used in this study are manufacturing companies in the consumer goods industry sector which are listed on the Indonesia Stock Exchange for the 2018-2021 period. The sample is part of the population that can be used to estimate population characteristics. The sampling technique in this study was carried out using the purposive sampling method. The samples used by researchers were 30 companies in the goods and consumer goods industry sub-sector.

Table 1. Sample Criteria

Goods and consumer goods manufacturing companies	45 Companies
The criteria:	
1. Companies that publish consecutive financial reports on the IDX for 2018-2021 2. Companies that get profits in a row	45 Companies (15) Companies
Research Sample:	30 Companies
Total N is 30x4 = 120 data observations	

According to the criteria above, the number of company samples used was 4 companies for 4 periods, namely 2018-2021. So a total sample of 30 companies x 4 periods = 120 data was obtained which would be used in this study.

Definition, Variable Identification and Variable Indicators
The dependent variable in this study is firm value. In the independent variable research using capital structure, company size, profitability. The moderating variable in this study is good corporate governance.

Dependent Variables
The value of the company (Y)
Tobin's Q is one of the most informative ratios because this ratio can explain various phenomena in company activities (Wasista & Asmara Putra, 2019)

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

Source: (Wasista & Asmara Putra, 2019), (Ningrum & Asandimitra, 2017)

Independent Variables
Capital Structure (X1)
Debt to equity ratio (DER) is a comparison between a company's total debt and total equity. A high DER may indicate that the company has more debt than equity, and a low DER indicates that the company has less debt than equity (Noviani et al., 2019).

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Source: (Saifaddin, 2020), (Anggraini & Fidiana, 2021)

Company Size (X2)
Company size can be measured as the logarithm of total assets. The bigger the company, the more companies are in the spotlight of investors (N. M. I. Wulandari & Wiksuana, 2017).

$$\text{Company size} = Ln\ Total\ Asset$$

Source: (Zaelani et al., 2022), (Susanti et al., 2019)

Profitability (X3)
Profitability in this study can use the Return On Assets (ROA) indicator. The measurement of company performance is one of the measurements of profitability. Profitability in research (Susanti et al., 2019) can be measured using profitability ratios, in which a company is able to generate profits in terms of sales, total assets, and the level of company capital over a certain period of time.

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

Source: (Sarah, 2017), (Zaelani et al., 2022)

Moderation Variables
Good Corporate Governance (Z)
Good Corporate Governance (GCG) is a system that encourages the establishment of a clean, transparent and professional management work model to improve company performance and management efficiency, as well as manage the company well so that every asset used by the company can bring benefits to investors (A. Wulandari & Widyawati, 2019)

$$Managerial\ Ownership = \frac{Total\ Managerial\ Shares}{Total\ Outstanding\ Share}$$

Source: (Noviani et al., 2019), (Tsaniatuzaima & Maryanti, 2022)

Analysis Techniques
The method used is panel data regression analysis and Moderating Regression Analysis (MRA) with Eviews 12. The initial stage is to choose the right panel data regression estimation model, such as the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model. (BRAKE). To select the most suitable model, three types of tests were carried out, namely the Chow test, Hausman test, and Lagrange Multiplier (LM) test. Furthermore, classical assumption testing is carried out, including the normality test, multicollinearity test, and heteroscedasticity test, unless the Random Effect Model (REM) model is selected, then the classical assumption test is not needed.

Hypothesis Test
After that, hypothesis testing and moderation (MRA) were carried out. If the probability value is less than 0.05, the hypothesis is accepted; if it is more than 0.05, the hypothesis is rejected.

RESULT AND DISCUSSION

Chow Test

Table 2. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	9.668655	(29,86)	0.0000
Cross-section Chi-square	173.922451	29	0.0000

(The source of the output is Eviews 12)

The Chow test compares CEM and FEM to select the most appropriate model. The analysis results in Table 2 show a probability value of 0.0000, indicating that the chi-square is less than 0.05 (0.000 < 0.05). Therefore, based on the Chow test, the chosen model is the Fixed Effect Model (FEM).

Hausman Test

Table 3. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.763887	4	0.3124

(The source of the output is Eviews 12)

The Hausman test is conducted to select the best model between FEM and REM. Based on the results in Table 3, the probability value is 0.3124, indicating that it is greater than 0.05 (0.3124 > 0.05). Thus, according to the Hausman test, the chosen model is the Random Effect Model (REM).

Lagrange Multiplier Test

Table 4. Lagrange Mutlipliet Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	76.10091 (0.0000)	1.640813 (0.2002)	77.74172 (0.0000)
Honda	8.723584 (0.0000)	-1.280942 (0.8999)	5.262742 (0.0000)
King-Wu	8.723584 (0.0000)	-1.280942 (0.8999)	1.451621 (0.0733)
Standardized Honda	9.524143 (0.0000)	-1.074227 (0.8586)	1.842872 (0.0327)
Standardized King-Wu	9.524143 (0.0000)	-1.074227 (0.8586)	-0.962703 (0.8322)
Gourieroux, et al.	--	--	76.10091 (0.0000)

(The source of the output is Eviews 12)

The Lagrange Multiplier (LM) test determines the best model between REM and CEM. Table 4 shows the

Breusch-Pagan value to be 0.0000, which is smaller than 0.05 (0.000 < 0.05). Therefore, it is concluded that in the LM test, the chosen model is REM. Based on the three model tests conducted (CEM, FEM, and REM), it can be concluded that the best model for panel data analysis in this study is REM.

Hipotesis Test

Table 5. Hipotesis Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.115599	4.680791	-0.665614	0.5070
X1	-0.255615	0.179237	-1.426129	0.1565
X2	0.126571	0.152078	0.832280	0.4070
X3	1.998939	0.914073	2.186847	0.0308
Z	1.106732	1.234799	0.896285	0.3720

(The source of the output is Eviews 12)

The Impact of Capital Structure on the Value of the Company

Based on table 5, it is evident that the Capital Structure does not have a significant effect on firm value, as proxied by Tobins' Q, due to the probability value being 0.1565 (>0.05). Therefore, it can be concluded that hypothesis 1 is rejected. The capital structure does not have a significant impact on firm value due to several underlying assumptions in the analysis, such as the absence of broker costs, taxes, bankruptcy, and the same interest rates for investors. This study concludes that the capital structure is not relevant because the use of debt to enhance value is not yet optimal. A higher equity value compared to debt indicates that the company has not fully optimized the use of debt to increase value, as stock price movements and value creation are influenced by the market conditions in Indonesia (Olii et al., 2021). A high capital structure indicates that the company relies heavily on external funding. According to Hani (Olii et al., 2021), the higher this ratio, the more external funding needs to be secured by the company's equity. This could lead to a decrease in firm value when additional debt is incurred. However, investors are more interested in the effectiveness and efficiency of fund utilization by management to achieve value addition to the company. Therefore, the amount of debt a company holds is not a major concern for investors.

The impact of company size on the company's value

Based on table 5, it is evident that the Company Size does not have a significant effect on firm value, as proxied by Tobins' Q, due to the probability value being 0.4070 (>0.05). Therefore, it can be concluded that hypothesis 2 is rejected. This result is due to the fact that firm value cannot solely be measured by the size of the company. The researchers explain that a large company's size does not always correspond to an increase in firm value because as the company grows larger, it requires more debt to finance its operations. This can reduce investor interest in investing (Santoso & Ardiansyah, 2022). The size of the company is not the primary factor considered by investors when conducting investment analysis. Therefore, the size of the company does not guarantee having a large amount of assets, as internal parties within the company cannot guarantee that a large number of assets will generate the maximum expected profit for investors (Dewi & Badjra, 2017). This study aligns with (Nurminda et al., 2017), which states that the size of the company does not affect firm value.

The impact of profitability on the company's value

Based on table 5, it is evident that profitability significantly influences firm value, as measured by Tobin's Q, since it has a probability value of 0.0308 (<0.05). Therefore, it can be concluded that hypothesis 3 is accepted. High profitability reflects the company's ability to generate substantial earnings for shareholders. High earnings allow the company to provide dividends to shareholders and contribute to the increase in firm value. Additionally, a high level of profitability also attracts investor interest in buying shares of the company. Overall, these findings align with other research that states profitability influences firm value.

Moderating Regression Analysis Test

Table 6. Moderating Regression Analysis Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.275252	0.977246	0.281661	0.7787
X1Z	-0.336049	0.211631	-1.587899	0.1150
X2Z	0.050966	0.042883	1.188477	0.2371
X3Z	2.544575	1.068426	2.381610	0.0189

(The source of the output is Eviews 12)

Good Corporate Governance Moders the Impact of Capital Structures on Corporate Value

Based on table 6, it is evident that Corporate Governance represented by managerial ownership is unable to moderate the relationship between capital structure and firm value, as the probability value is 0.1150 (>0.05). Therefore, it can be concluded that hypothesis 4 is rejected. Therefore, the presence of managerial ownership in a company cannot serve as information or a signal for the company to make financing decisions. The implementation of good corporate governance will not be effective if the company does not play an optimal role in overseeing debt management as part of the capital structure. However, companies in Indonesia have adopted GCG policies to control the company's activities, and managerial ownership does not guarantee that investors will respond positively to such investments. Since the ratio of managerial stock ownership is still very low, some companies even have no managerial ownership at all (Ningrum & Asandimitra, 2017). The results of this study align with (Nugroho et al., 2019), which states that managerial ownership as a moderating variable does not moderate the relationship between capital structure and firm value.

Good corporate governance can moderate the relationship of company size to company value

Based on table 6, it is evident that Corporate Governance represented by managerial ownership is unable to moderate the relationship between Company Size and firm value, as the probability value is 0.2371 (>0.05).

Therefore, it can be concluded that hypothesis 5 is rejected. The ownership of shares by management does not directly have the ability to increase the overall size and value of the company. Share ownership is one aspect of corporate ownership without a direct impact on the company's asset value. Thus, managerial share ownership does not directly influence the growth of the company's size and value. This finding aligns with previous research that states Good Corporate Governance (GCG) measured by managerial ownership is unable to moderate the relationship between company size and firm value.

Good corporate governance can moderate the relationship of profitability to company value.

Based on table 6, it is evident that Corporate Governance (GCG) represented by managerial ownership is able to moderate the relationship between Profitability and firm value, as the probability value is 0.0189 (<0.05). Therefore, it can be concluded that hypothesis 6 is accepted. The results indicate that Corporate Governance (GCG) can moderate the influence of profitability on firm value. Therefore, this research aligns with the study conducted by (Latifah & Murniningsih, 2017), which suggests that profitability has a significant effect on firm value, and GCG acts as a moderating variable. Agency conflicts that arise from profit generation can be minimized with the involvement of managers and owners, as measured by managerial ownership. Thus, GCG can strengthen the impact of profitability on firm value (Noviani et al., 2019).

CONCLUSION AND RECOMMENDATION

Based on the discussed research findings, the conclusion of this study is that the Capital Structure does not significantly influence firm value. It can be inferred that the higher equity value compared to debt indicates that the company has not fully optimized the use of debt to increase value, as stock price movements and value creation are influenced by market conditions in Indonesia. Company size does not significantly influence firm value. The size of a company does not guarantee having a large number of assets, and the parties within the company cannot guarantee that a large number of assets will generate the maximum return as expected by investors. Profitability has a significant effect on firm value. High profitability reflects the company's ability to generate substantial earnings for shareholders, which attracts investor interest in buying shares and ultimately increases the firm's value. Good Corporate Governance (GCG) is not able to moderate the relationship between Capital Structure and firm value. The ownership of shares by management cannot be used as information or a signal for the company to make financing decisions. Good Corporate Governance is also not able to moderate the relationship between Company Size and firm value. This indicates that managerial share ownership does not have a direct impact on the increase in the size and value of the company. However, Good Corporate Governance is able to moderate the relationship between Profitability and firm value. The involvement of managers and owners in overseeing debt management can minimize agency conflicts that arise from profit generation, thus strengthening the impact of profitability on firm value.

Therefore, it is hoped that further research can internalize other relevant variables to determine company value, and other indicators can be used as GCG measures for further research. So further research is expected to expand the research object to be used in goods and consumer goods industry companies listed on the IDX, and further research is suggested to add other independent variables that might affect company value.

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