

THE INFLUENCE OF GOOD CORPORATE GOVERNANCE, PROFITABILITY, AND LEVERAGE ON COMPANY VALUE IN THE ENERGY SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE IN 2018 - 2023



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Abstract

This study investigates the effect of Good Corporate Governance (GCG), profitability, and leverage on firm value among energy sector companies listed on the Indonesia Stock Exchange (IDX) during 2018–2023. A descriptive quantitative approach with a case study design is employed, using secondary data from 45 companies, resulting in 270 firm-year observations. GCG is measured through the proportion of independent commissioners, the number of board members, and the audit committee's size, as these elements are widely recognized in agency theory as mechanisms for monitoring managerial performance and reducing information asymmetry. Profitability is proxied by Return on Assets (ROA), leverage by the Debt-to-Equity Ratio (DER), and firm value by the Price-to-Book Value (PBV). Panel data regression analysis is applied, with model selection based on the Chow, Hausman, and Lagrange Multiplier tests, processed using IBM SPSS 25 and EViews 13. The findings indicate that the independent variables collectively exert a significant influence on firm value. Partially, audit committee size and the number of directors exhibit a negative association with firm value, while leverage has a positive effect. In contrast, the proportion of independent commissioners and profitability show no significant relationship. These results emphasize that firm value in the energy sector is more strongly shaped by governance mechanisms and financial structure than by profitability performance.

Keywords: Audit Committee, Board of Directors, Corporate Governance, Leverage, Profitability

INTRODUCTION

Starting from January 25, 2021, the Indonesia Stock Exchange (IDX) began implementing the IDX Industrial Classification (IDX-IC), a system designed to classify listed companies into various sectors such as finance, energy, health, and technology. This categorization is intended to improve transparency in the market and support investors in making better-informed investment choices (IDX, 2021). The energy sector plays a crucial role in Indonesia's economic growth, contributing significantly through state revenues, employment, exports, and both foreign and domestic investment (Tempo, 2024; Maulana et al., 2024). Government support through pro-energy policies, such as expanding energy access, has further accelerated this growth. On January 15, 2024, the Ministry of Energy and Mineral Resources reported increased non-tax revenues (PNBP), higher domestic gas and coal consumption, progress in renewables, emission reductions, and disaster mitigation efforts. In 2023, energy sector investment rose 11% to USD 30.3 billion, driven mainly by oil, gas, minerals, and coal, with a 2024 target of USD 28.2 billion. This upward trend since 2021 highlights the effectiveness of supportive government policies and growing investor interest in the energy sector.

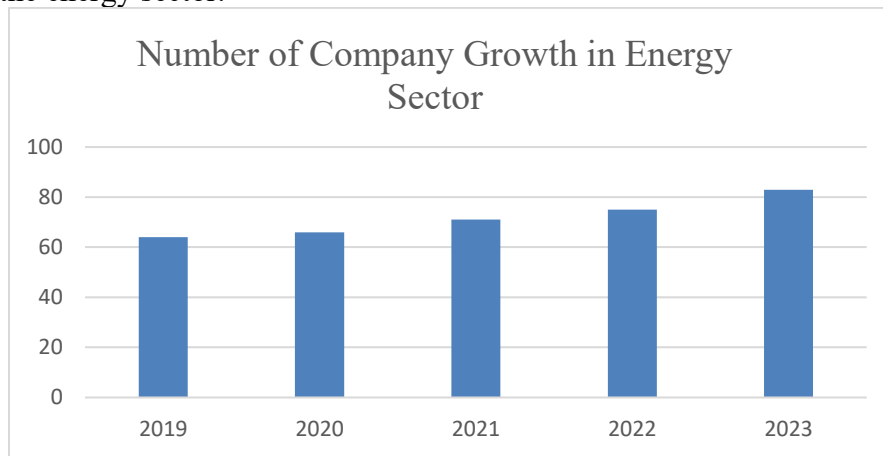


Figure 1

Number of Energy Sector Company Growth 2018-2023

Source: Indonesia Stock Exchange, data processed by researchers (2025)

The IDX Energy sector experienced steady expansion between 2019 and 2023, as illustrated in Figure 1, with the number of listed companies increasing from 64 to 83. This upward trend highlights accelerated sectoral development fueled by growing energy needs, favorable regulatory conditions, and heightened investor enthusiasm. This sector covers exploration, production, and distribution of oil, gas, coal, and renewables. Despite its growth, challenges such as sustainability, efficiency, and environmental concerns persist. Article 109 of Law No. 6/2023 defines an LLC as a capital-based legal entity with limited shareholder liability, aimed at maximizing profit and firm value (Nasution, 2015). In 2020, a renewable energy transition emerged, though coal demand remained steady, with companies like PT Titan Infra Energy planning expansion (CNBC, 2024). Additionally, the predicted La Niña phenomenon (Aug 2024–Jan 2025) could disrupt mining and logistics due to excessive rainfall (Bloomberg Technoz, 2024). The Price to Book Value (PBV) ratio is frequently utilized as an indicator of firm value, representing the effectiveness of a company's capital

utilization in generating market value and acting as a crucial reference for stakeholders (Ardianto, 2023).

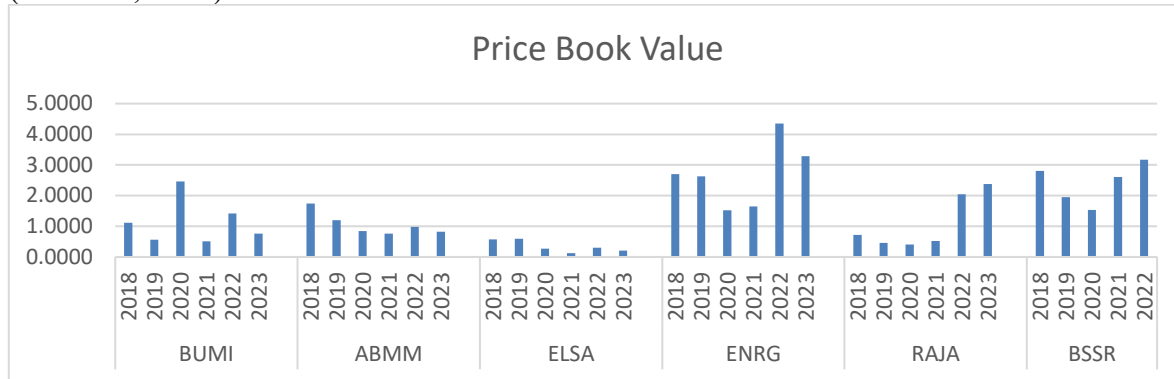


Figure 2
Price Book Value of Energy Sector 2018-2023

Source: annual report of energy sector companies, data processed by researchers (2025)

The Price to Book Value (PBV) trends of IDX Energy companies from 2018 to 2022 demonstrate significant variations in market valuation. BUMI peaked near 2.5 in 2019 before declining, reflecting fluctuating fundamentals and sentiment, while ABMM maintained a stable PBV (0.5–1.8), indicating consistent investor perception. ELSA showed a decline, dropping below 0.5 in 2022, suggesting weak market confidence, whereas ENRG experienced a sharp rise in 2021–2022 (up to 4.5), signaling strong investor optimism. RAJA had low but rising PBV in 2022, and BSSR consistently held PBV above 2, showing strong market trust. A general PBV increase in 2022 indicates post-pandemic recovery and growing optimism toward the energy sector. Despite this expansion, the sector faces persistent challenges, including sustainability, price volatility, and environmental risks such as the projected La Niña phenomenon that may disrupt mining and logistics (Bloomberg Technoz, 2024). Moreover, market valuation of energy firms measured by Price to Book Value (PBV)—shows wide fluctuations across companies, indicating heterogeneous investor perceptions of growth prospects, risk, and governance quality. For instance, some firms (e.g., ENRG, BSSR) displayed strong PBV performance, while others (e.g., ELSA) experienced significant declines, reflecting weak market confidence. Such divergence underscores the importance of understanding what drives firm value in this sector.

Prior research highlights several determinants of firm value, including corporate governance mechanisms (independent commissioners, audit committees, and board of directors), profitability, and leverage. While good governance is generally expected to enhance transparency and investor trust (Arofah & Khomsiyah, 2023), empirical findings remain inconsistent. Some studies report positive effects of governance and profitability on firm value (Saddam et al., 2021; Suhartono et al., 2024), whereas others find insignificant or even negative relationships (Nurhidayanti et al., 2023; Kusumaningrum & Iswara, 2022). Similarly, leverage may serve as a strategic tool for growth but can also increase financial vulnerability (Kartika Dewi & Abundanti, 2019). These mixed results suggest that the drivers of firm value in Indonesia’s energy sector remain underexplored and warrant closer investigation.

Therefore, this study aims to examine the effect of corporate governance, profitability, and leverage on the firm value of energy companies listed on the IDX during

the 2019–2023 period. By situating the analysis within a strategically significant yet volatile sector, the research contributes to clarifying the role of governance and financial performance in shaping investor perceptions and firm valuation in emerging markets.

REVIEW OF LITERATURE

Agency Theory

Within financial management, signaling theory explains how managerial decisions serve as signals that convey relevant information to investors under conditions of information asymmetry (Gumanti, 2009). Because managers generally possess more knowledge about the firm's prospects than outside investors, their actions—whether through financial reports, governance mechanisms, or capital structure choices—provide cues that influence investor perceptions and ultimately shape firm value. Positive signals such as consistent profitability, transparent governance, or prudent debt management strengthen investor confidence and elevate stock prices, while negative signals can trigger skepticism and declining valuations (Cahyaningtyas, 2022).

Firm value represents the market's overall assessment of a company, often proxied by the Price to Book Value (PBV) ratio (Umam, 2016). A PBV above 1 indicates favorable investor sentiment, whereas a PBV below 1 suggests undervaluation (Zidane & Suwarti, 2022). In this sense, variables such as Good Corporate Governance (GCG), profitability, and leverage can be viewed as signals that influence market judgments of firm value.

Good Corporate Governance

GCG functions as a governance mechanism that reduces agency problems by ensuring transparency, accountability, and fairness. Guided by the principles of transparency, accountability, responsibility, independence, and fairness (Kaihatu, 2006), GCG provides strong signals of managerial integrity. Attributes such as board size, the proportion of independent commissioners, and the composition of audit committees are frequently used to evaluate GCG effectiveness (Nurhidayanti et al., 2023). For example, the presence of independent commissioners signals unbiased oversight, while an active audit committee signals commitment to credible financial reporting. These mechanisms build investor trust, serving as positive signals that enhance firm value.

Profitability

Profitability, commonly measured by Return on Assets (ROA), reflects a firm's ability to utilize assets effectively to generate earnings. High profitability signals operational efficiency and managerial competence, thereby reinforcing market confidence (Wardoyo & Andani, 2024; Wijaya, 2019). In line with signaling theory, sustained profitability conveys the firm's competitive strength and prospects for future growth, which increases its attractiveness to investors and supports higher firm value.

Leverage

Leverage, represented by the Debt to Equity Ratio (DER), communicates information about a firm's financing strategy. Moderate leverage signals disciplined growth strategies and prudent financial planning, which can be positively interpreted by investors (Wijaya & Viriany, 2021). However, excessive reliance on debt sends negative signals of financial vulnerability, increasing risk perceptions and potentially reducing firm value (Cahyani & Priyanti, 2023). Thus, how leverage is managed becomes a crucial determinant of whether it strengthens or weakens firm value.

Hypothesis Development

The Effect of GCG, Profitability, and Leverage on Company Value

Vianti et al. (2023) highlight that firm value is significantly influenced by factors such as Good Corporate Governance (GCG), profitability, and leverage. Serving as a mechanism for supervision and control, GCG is designed to improve corporate performance and protect the interests of stakeholders. By fostering greater transparency and accountability, well-executed GCG contributes to heightened investor trust. As noted by Nugroho et al. (2022), profitability serves as an indicator of a firm's efficiency in generating earnings from its assets over a given timeframe. Strong profitability demonstrates sound financial health, which tends to attract potential investors. In addition, Wijayanti et al. (2023) point out that leverage reflects the level of debt utilized by a firm in conducting its business activities. When appropriately managed, leverage can improve both efficiency and profitability; however, excessive reliance on debt poses higher financial risks.

H1: Good Corporate Governance, profitability, and leverage have a simultaneous effect on the value of companies in the Energy sector for the period 2018-2023.

The Influence of the Board of Commissioners on Company Value

Independent commissioners, originating from outside the organization, serve a vital function in objectively supervising management and safeguarding stakeholder interests. Their presence reflects the core of the independence principle in the structure of good corporate governance (GCG), aiming to prevent conflicts of interest and promote accountability and transparency. According to Rahmawati et al. (2017), firms with a greater proportion of independent commissioners tend to exhibit higher firm value. This suggests that independent, non-affiliated, and professional commissioners contribute to more effective oversight, lower agency costs, and improved investor confidence.

H2: The Board of Directors has a partial negative effect on the Company's value in the Energy sector for the period 2018-2023.

The Influence of the Audit Committee on Company Value

The responsibility for monitoring financial reporting, internal auditing, and compliance with regulations lies with the audit committee, which operates under the board of commissioners and forms a crucial component of a company's internal control mechanism. Nevertheless, Rahmawati et al. (2017) discovered that the size of the audit committee does not have a notable influence on the firm's value. This implies that the number of committee members is not a key factor in enhancing firm performance. Rather, the audit committee's impact is shaped more by the competence, independence, and quality of its oversight activities than by its size.

H3: The Audit Committee has a partial negative effect on the Company's value in the Energy sector for the 2018-2023 period.

The Influence of the Board of Directors on the Company

The size of the board plays a pivotal role in ensuring the effectiveness of Good Corporate Governance (GCG), as it represents the organization's ability to supervise and guide its operations. The board holds the responsibility of implementing strategic decisions and steering the company toward its objectives. Rahmawati et al. (2017) highlighted that an increase in board size can negatively impact firm value due to potential challenges such as inefficient coordination, elevated agency costs, and diminished operational effectiveness, all

of which can reduce investor interest. Hence, maintaining an appropriately sized board is essential to enhance organizational performance and support optimal value generation.

H4: The board of directors has a partial negative effect on the value of the company in the energy sector for the period 2018-2023

The Effect of Profitability on Company Value

The ability of a company to achieve substantial profitability significantly influences its overall value. High profit levels serve as a favorable indicator for the market, suggesting effective management, operational efficiency, and consistent income generation. These positive signals enhance investor trust, which is ultimately mirrored in the upward movement of the company's stock price (Yudhantara & Hapsari, 2023).

H5: Profitability has a partial positive effect on the value of the Company in the Energy sector for the period 2018-2023.

The Effect of Leverage on Company Value

Companies must carefully weigh the advantages and potential drawbacks associated with leverage levels in their capital structure (Kristanti & Rahayu, 2018). A substantial reliance on debt may heighten financial risk, as firms are required to fulfill loan repayments along with interest obligations. Elevated leverage indicators such as the Debt to Equity Ratio (DER) can negatively affect profitability due to the heavy debt load. Nevertheless, when managed effectively, debt utilization may contribute positively to enhancing firm value (Sinuraya & Dillak, 2021).

H6: Leverage has a partial positive effect on company value in the Energy sector for the 2018-2023 period.

RESEARCH METHOD

This research employs a descriptive quantitative approach using panel data analysis, focusing on secondary data from energy companies listed on the Indonesia Stock Exchange (IDX) between 2018 and 2023. A purposive sampling technique was applied, resulting in 45 companies selected based on the completeness of their annual reports, yielding 270 firm-year observations. The data were obtained from the IDX and official company websites. The study investigates the influence of Good Corporate Governance (GCG), profitability, and leverage on firm value. GCG is measured through three indicators: the proportion of independent commissioners, the size of the board of directors, and the number of audit committee members. Profitability is proxied by Return on Assets (ROA), while leverage is represented by the Debt to Equity Ratio (DER). Firm value, as the dependent variable, is measured using the Price to Book Value (PBV) ratio.

The analytical method applied is panel data regression, processed using IBM SPSS version 25 and EViews version 13. Model selection was conducted through the Chow test, Hausman test, and Lagrange Multiplier test. Additionally, descriptive statistical analysis, classical assumption testing, and hypothesis testing were carried out to evaluate the statistical significance of the relationships between the independent variables and firm value.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistics serve as a tool for summarizing and interpreting data without aiming to form broadly generalizable inferences (Sugiyono, 2023). In this study, descriptive techniques were applied to ratio-scale variables, including the dependent variable firm value and independent variables such as the Board of Commissioners, Audit Committee, Board of Directors, Profitability, and Leverage. The analysis was conducted on energy sector firms listed on the Indonesia Stock Exchange during the 2018–2023 period. Based on the selection criteria, 45 companies qualified as the research sample, resulting in 270 observational data points. The outcomes of this descriptive analysis are presented in Table 1:

Table 1.
Results of Descriptive Statistical Tests

| Information | Company Values | Board of Commissioners | Audit Committee | Board of Directors | Profitability | Leverage |
|----------------|----------------|------------------------|-----------------|--------------------|---------------|----------|
| Mean | 1.503 | 0.428 | 3.159 | 3.796 | 0.065 | 1.326 |
| Maximum | 9.100 | 0.800 | 6.000 | 10.00 | 0.943 | 24.84 |
| Minimum | 0.024 | 0.250 | 2.000 | 1.000 | -0.579 | 0.002 |
| Std. Deviation | 1.530 | 0.108 | 0.480 | 1.837 | 0.168 | 2.057 |

Compiled and analyzed by the researcher

The mean value of Price to Book Value (PBV) is 1.503, with a relatively high standard deviation of 1.530, reflecting notable dispersion. The lowest PBV (0.024) was recorded by Darma Henwa in 2023, suggesting an undervalued position possibly due to weak financial performance, while Trans Power Marine achieved the highest PBV (9.100) in 2021, indicative of investor optimism. Such extreme variations mirror the sensitivity of firm valuation in the energy sector to external drivers like global commodity price cycles and government policies.

The proportion of the Board of Commissioners averaged 0.428 with low dispersion (0.108), showing relative uniformity across firms. This stability suggests adherence to regulatory requirements on governance structures, although firms like Dian Swastatika Sentosa (0.800 in 2022–2023) adopted above-average board representation, likely to strengthen oversight amidst market uncertainty.

The Audit Committee averaged 3.159 members with little variability (SD = 0.480), consistent with OJK recommendations. However, deviations occurred at the extremes, with Perusahaan Gas Negara reporting six members, possibly to enhance financial monitoring in complex operations. The Board of Directors displayed wider variation (mean = 3.796; SD = 1.837), ranging from one director in smaller firms to ten in Baramulti Suksessarana (2022). This heterogeneity reflects different strategic needs: lean structures in smaller companies versus larger boards in diversified or capital-intensive firms.

Profitability exhibited pronounced volatility (mean = 0.065; SD = 0.168), with negative values such as Perdana Karya Perkasa (-0.579 in 2019) signaling operational inefficiency or exposure to downturns, while Petrosea's peak (0.943) reflects robust project performance. Such fluctuations align with the cyclical nature of the energy industry, where

profits often swing sharply due to oil and coal price shocks, demand fluctuations, and changes in exploration or production costs.

Leverage displayed the highest variability (mean = 1.326; SD = 2.057), ranging from near-zero debt dependence (Perdana Karya Perkasa, 2018) to highly leveraged positions (Bumi Resources, 24.84). This extreme gap underscores divergent financing strategies: some firms adopt conservative structures to mitigate risk, while others rely heavily on debt to sustain capital-intensive projects, increasing exposure to financial distress during sector downturns.

Over the 2018–2023 period, sector-wide patterns emerged. Company value peaked in 2018 (average PBV = 1.874) before declining sharply in 2020 (1.345), consistent with the global energy market disruption during the COVID-19 pandemic. Governance indicators (board and committee sizes) remained stable, but profitability and leverage fluctuated strongly, confirming the sector’s vulnerability to external shocks. Notably, high leverage in firms like Bumi Resources, coupled with volatile profitability, illustrates the precarious balance between aggressive financing and sustainability.

In summary, while governance structures in IDX energy firms appear relatively uniform, financial performance indicators particularly profitability and leverage exhibit high variability. These findings highlight the energy sector’s cyclical dynamics and the critical role of external forces, suggesting that investors and regulators must carefully monitor financial resilience and governance effectiveness in navigating market volatility.

Classical Assumption Test

The multicollinearity assessment in this research employed EViews 12 to identify any potential intercorrelations among the independent variables. The resulting Centered VIF values 1.016 for the Board of Commissioners (X1), 1.049 for the Audit Committee (X2), 1.069 for the Board of Directors (X3), 1.049 for Profitability (X4), and 1.078 for Leverage (X5) are all well below the threshold of 10, suggesting that multicollinearity is not a concern and that this classical regression assumption is met. Additionally, the heteroskedasticity evaluation, carried out using the White test, produced a Chi-Square probability of 0.14. Since this value surpasses the 0.05 level of significance, it indicates the absence of heteroskedasticity, further affirming that the regression model adheres to the necessary classical assumptions.

Panel Data Regression Model Testing

Chow Test

Table 2.
Chow Test Results

| Effect Test | Statistic | d.f. | Prob. |
|----------------------|------------|----------|--------|
| Cross-section F | 9.135378 | (44,220) | 0.0000 |
| Cross-section Chi-Sq | 280.595568 | 44 | 0.0000 |

Compiled and analyzed by the researcher

According to the results of the Chow Test presented in Table 2, the cross-section F probability value is 0.000, which is lower than the significance level of 0.05. This outcome supports the acceptance of hypothesis H1, suggesting that the Fixed Effect Model is the most suitable model to be utilized in this study.

Hausman Test

Table 3.
Hausman Test Results

| Test Summary | Chi-Sq Statistic | Chi-Sq d.f. | Prob. |
|-----------------|---------------------|-------------|--------|
| Cross-section F | 1.104067 | 5 | 0.9537 |

Compiled and analyzed by the researcher

Referring to the Hausman test results in Table 3, the cross-section F probability value is 0.9357, which exceeds the 0.05 significance threshold. This indicates that the null hypothesis is not rejected, and therefore, the appropriate analytical approach for this study is the Random Effect Model.

Lagrange Multiplier Test

Table 4.
LM Test Results

| | Cross-section | Test Hypothesis Time | Both. |
|-----------------|----------------------|----------------------|----------------------|
| Cross-section F | 219.0535 (0.0000) | 0.308818 (0.5784) | 219.3623 (0.0000) |

Compiled and analyzed by the researcher

Referring to the Lagrange Multiplier Test results in Table 4, the probability value of the cross-section F is 0.000, which is less than the 0.05 significance threshold. Therefore, the alternative hypothesis (H1) is supported, indicating that the Random Effect Model is the appropriate approach for this research.

Research result

Table 5.
Cross-section Random Effects Results

| Variable | coefficient | Std. Error | t-Statistic | Probability |
|----------|-------------|------------|-------------|-------------|
| C | 3.207774 | 0.831842 | 3.856222 | 0.0001 |
| X1 | -0.060593 | 0.812976 | -3.765322 | 0.0002 |
| X2 | -0.450609 | 0.220264 | -2.045770 | 0.0418 |
| X3 | -0.160076 | 0.201862 | -0.793088 | 0.4284 |
| X4 | 0.813373 | 0.473412 | 1.718867 | 0.0868 |
| X5 | 1.040373 | 0.414417 | 2.511060 | 0.0128 |
| Fcount | | | | 3.405798 |
| R2 | | | | 0.060595 |
| Adj R2 | | | | 0.042803 |
| Fsig | | | | 0.005335 |

Compiled and analyzed by the researcher

The Random Effect Model estimation reveals that firm value is positively influenced by the board of commissioners and profitability, both of which demonstrate statistically significant impacts. In contrast, leverage exhibits a significant negative influence, indicating its detrimental effect on firm value. Meanwhile, the roles of the audit committee and board of directors do not show statistical significance. These outcomes imply that effective corporate governance and strong financial outcomes contribute to higher firm value, whereas excessive reliance on debt financing can undermine it:

$$Y = 3.20777352913 - 0.0605931532284*X1 - 0.450608843555*X2 - 0.117367360435*X3 + 0.813733194113*X4 + 0.104072624731*X5 + \varepsilon$$

Information :

| | |
|---------------|--------------------------|
| Y | = Company Values |
| X1 | = Board of Commissioners |
| X2 | = Audit Committee |
| X3 | = Board of Directors |
| X4 | = Profitability |
| X5 | = <i>Leverage</i> |
| ε | = <i>Error</i> |

The regression output shows a constant value of 3.207774, which implies that when all independent variables namely the Board of Commissioners, Audit Committee, Board of Directors, Profitability, and Leverage are equal to zero, the firm value remains at 3.207774. The coefficients for the Board of Commissioners (-0.060593), Audit Committee (-0.450609), and Board of Directors (-0.117367) are negative, indicating that an increase in each of these governance variables tends to reduce firm value, assuming other factors are held constant. On the other hand, the coefficients for Profitability (0.813733) and Leverage (0.104073) are positive, suggesting that higher levels of profitability and leverage are associated with an increase in firm value.

From the panel data regression, the Adjusted R-Square of 0.0428 indicates that the five variables together account for 4.28% of the variance in firm value, while the remaining 95.72% is explained by variables not included in the model. Furthermore, the F-statistic probability of 0.0053, being below the 0.05 threshold, signifies that these independent variables jointly exert a statistically significant impact on firm value. Therefore, it is concluded that the Board of Commissioners, Audit Committee, Board of Directors, Profitability, and Leverage collectively affect the firm value of energy sector companies listed on the Indonesia Stock Exchange between 2018 and 2023.

The findings from the partial test indicate that the presence of the Board of Commissioners (X1) does not significantly influence firm value, as reflected by a p-value of 0.9406, which exceeds the 0.05 threshold. Conversely, the Audit Committee (X2) demonstrates a statistically significant negative relationship with firm value ($p = 0.0418 < 0.05$; coefficient = -0.4506). Similarly, the Board of Directors (X3) also exhibits a significant negative impact ($p = 0.0444 < 0.05$; coefficient = -0.117). Meanwhile, Profitability (X4) appears to have no meaningful effect, given its p-value of 0.0868, which is above the 0.05 significance level. On the other hand, Leverage (X5) positively and significantly affects firm value, as indicated by a p-value of 0.0126 and a coefficient of 0.104. In summary, among companies in the energy sector listed on the Indonesia Stock Exchange during 2018–2023,

only the Audit Committee, the Board of Directors, and Leverage show a notable influence on firm value.

The Influence of the Board of Commissioners, Audit Committee, Board of Directors, Profitability, and Leverage on Company Values

The analysis reveals that company value in energy sector firms listed on the Indonesia Stock Exchange for the 2018–2023 period is significantly affected by the combined roles of the board of commissioners, audit committee, board of directors, profitability, and leverage. The simultaneous testing produced a probability value of 0.000000, which falls well below the 0.05 threshold, indicating a statistically significant collective influence of these variables. This result reinforces the hypothesis that governance structures and financial indicators together play a crucial role in determining firm value.

The Influence of the Board of Commissioners on Company Values

The results of the t-test reveal that the probability value for the Board of Commissioners is 0.9406, which is greater than the 0.05 threshold. This suggests that, when examined individually, the Board of Commissioners does not exert a statistically significant influence on the firm value of energy sector companies listed on the Indonesia Stock Exchange for the 2018–2023 period. This insignificance may stem from suboptimal oversight or strategic decision-making functions, or the board’s role being largely formal, with limited contribution to value creation. These findings contradict the proposed hypothesis and suggest that investors in the energy sector may prioritize factors such as profitability or operational efficiency over corporate governance structures when making investment decisions.

Table 6.
Relationship of Board of Commissioners to Company Values

| Information | Company Values > 1,50 | | Company Values < 1,50 | | Total | |
|-------------|-----------------------|-----|-----------------------|-----|--------|------|
| | Amount | % | Amount | % | Amount | % |
| X1<0,42 | 40 | 15% | 114 | 42% | 154 | 57% |
| X1>0,42 | 48 | 18% | 68 | 25% | 116 | 43% |
| Amount | 88 | 33% | 182 | 67% | 270 | 100% |

Derived from the author’s data processing

According to Table 6, 154 samples (57%) have a board of commissioners score below the mean, while 116 samples (43%) are above it, indicating a distribution skewed toward lower values. Among the 154 lower board scores, 40 samples (15%) have above-average company values, and 114 samples (42%) fall below. Of the 116 higher board scores, 48 samples (18%) show above-average company values, while 68 (25%) are below. With an overall mean of company value at 1.50 across 270 samples, 88 samples (33%) are above the mean and 182 (67%) are below, suggesting that most samples especially those with lower board scores tend to have below-average company values.

The Influence of the Audit Committee on Company Values

Referring to the t-test findings, the Audit Committee variable (X2) yielded a p-value of 0.0418, which is lower than the 0.05 threshold, signifying a statistically significant individual influence on firm value among energy sector companies listed on the Indonesia Stock Exchange for the 2018–2023 period. This result implies that the presence of an Audit

Committee is instrumental in strengthening the reliability of financial disclosures and improving the overall standard of corporate governance. An active and competent committee helps manage financial risks, prevent fraud, and ensure regulatory compliance, thereby increasing investor confidence. These findings support the proposed hypothesis and align with agency theory, which posits that internal monitoring mechanisms like the Audit Committee reduce agency conflicts and positively impact firm value.

Table 7.
Relationship of Audit Committee to Company Values

| Information | Company Values > 1,50 | | Company Values < 1,50 | | Total | |
|-------------|-----------------------|-----|-----------------------|-----|--------|------|
| | Amount | % | Amount | % | Amount | % |
| X2<3,15 | 81 | 30% | 154 | 57% | 235 | 87% |
| X2>3,15 | 7 | 3% | 28 | 10% | 35 | 13% |
| Amount | 88 | 33% | 182 | 67% | 270 | 100% |

Derived from the author's data processing

According to Table 7, 87% of the samples (235 out of 270) have audit committee values below the mean, while only 13% (35 samples) are above. Among the 235 samples below the mean, 154 (57%) have company values below average and 81 (30%) above. Of the 35 samples with higher audit committee values, only 7 (3%) have above-average company values, and 28 (10%) fall below. With a mean company value of 1.50, 33% of the total samples (88) are above the mean and 67% (182) are below. These findings indicate that the relationship between the audit committee and company value is mostly dominated by samples with below-average company value.

The Influence of the Board of Directors on Company Values

A probability value of 0.0444 for the Board of Directors (X3) reveals a significant individual impact on firm value within the energy industry between 2018 and 2023. This finding implies that the board's involvement in strategic planning, operational oversight, and crucial decisions regarding investments and financing plays a vital role in shaping a company's financial outcomes and its sustainable growth trajectory. Effective execution of these responsibilities enhances operational efficiency and profitability, which in turn improves firm value. This finding supports the hypothesis that the Board of Directors significantly affects company value and highlights that investors consider managerial quality and decision-making effectiveness when evaluating a firm's prospects and risks.

Table 8.
Relationship of Board of Directors to Company Values

| Information | Company Values > 1,50 | | Company Values < 1,50 | | Total | |
|-------------|-----------------------|-----|-----------------------|-----|--------|-----|
| | Amount | % | Amount | % | Amount | % |
| X3<3,79 | 42 | 16% | 91 | 34% | 133 | 49% |
| X3>3,79 | 46 | 17% | 91 | 34% | 137 | 51% |

| | | | | | | |
|--------|----|-----|-----|-----|-----|------|
| Amount | 88 | 33% | 182 | 67% | 270 | 100% |
|--------|----|-----|-----|-----|-----|------|

Derived from the author's data processing

According to the analysis, 133 samples (49%) had a Board of Directors score below the mean, while 137 samples (51%) were above, indicating a slightly higher distribution above the average. Of the 133 samples below the mean, 42 (16%) had Company Values above the average and 91 (34%) below. Among the 137 samples above the mean, 46 (17%) were above the average Company Values, and 91 (34%) were below. Referring to Table 4.6, the average Company Value was 1.50, with 88 samples (33%) above the mean and 182 (67%) below. These results suggest that the relationship between the Board of Directors and Company Values is largely dominated by samples with below-average Company Values, particularly 91 data points (34%).

The Influence of Profitability on Company Values

According to the results of the t-test, the probability value for the profitability variable (X4) is 0.0868, which is higher than the 0.05 significance threshold. This implies that profitability does not have a statistically significant individual influence on firm value within the energy sector throughout the 2018–2023 period. This suggests that although firms may report profits, such information may not be sufficient to influence investor perceptions, possibly due to the lack of sustainable growth, operational efficiency, or effective cash flow management. In the energy sector characterized by long cycles and sensitivity to global commodity price fluctuations current profitability may not reflect long-term potential. Moreover, investors may prioritize external factors such as energy policies, environmental concerns, and renewable transition prospects over short-term earnings. Therefore, high profitability does not necessarily lead to increased company value. This result contradicts the initial hypothesis, highlighting that financial indicators like profit are not always the primary determinants of firm value in complex industries such as energy.

Table 9.
Relationship between Profitability and Company Values

| Information | Company Values > 1,50 | | Company Values < 1,50 | | Total | |
|-------------|-----------------------|-----|-----------------------|-----|--------|------|
| | Amount | % | Amount | % | Amount | % |
| X4<0,06 | 49 | 18% | 122 | 45% | 171 | 63% |
| X4>0,06 | 39 | 14% | 60 | 22% | 99 | 37% |
| Amount | 88 | 33% | 182 | 67% | 270 | 100% |

Derived from the author's data processing

According to the analysis, 171 out of 270 samples (63%) have profitability below the mean, while 99 samples (37%) are above it, indicating that profitability data is mostly concentrated below average. Among the low-profitability group, 122 samples (45%) show company values below the mean, and only 49 samples (18%) are above. In the high-profitability group, 60 samples (22%) have below-average company values, and 39 samples (14%) are above. With a mean company value of 1.50, only 88 samples (33%) exceed the average, while 182 samples (67%) fall below. The results suggest that firms exhibiting lower-

than-average levels of both profitability and firm value tend to primarily shape the overall relationship between these two variables.

The Influence of Leverage on Company Values

The results of the t-test reveal that the Leverage variable (X5) significantly influences firm value on a partial basis, as evidenced by its probability value of 0.0126—below the 0.05 threshold. This finding applies to companies operating in the energy sector and listed on the Indonesia Stock Exchange during the 2018–2023 period. This significance highlights the importance of capital structure in investor considerations, where healthy leverage signals effective use of debt to finance profit-generating activities. In a capital-intensive industry like energy, optimal debt use may indicate expansion and efficiency gains. However, excessive leverage can increase bankruptcy risk if not supported by sound financial management. Thus, investors view leverage as a key indicator for assessing risk-return balance, aligning with the proposed hypothesis and supporting capital structure theory, which posits that an optimal mix of debt and equity maximizes firm value.

Table 10.
Relationship between Leverage and Company Values

| Information | Company Values > 1,50 | | Company Values < 1,50 | | Total | |
|-------------|-----------------------|-----|-----------------------|-----|--------|------|
| | Amount | % | Amount | % | Amount | % |
| X5<1,32 | 60 | 22% | 133 | 49% | 193 | 71% |
| X5>1,32 | 28 | 10% | 49 | 18% | 77 | 29% |
| Amount | 88 | 33% | 182 | 67% | 270 | 100% |

Derived from the author’s data processing

According to Table 10, 193 samples (71%) have leverage below the mean, while 77 samples (29%) are above it, indicating a distribution skewed toward lower leverage. Of the 193 low-leverage samples, 60 (22%) have company values above the mean, and 133 (49%) fall below. Among the 77 high-leverage samples, 28 (10%) are above the mean, and 49 (18%) are below. Referring to Table 10, the mean company value is 1.50, with 88 samples (33%) above and 182 (67%) below. These findings suggest that the relationship between leverage and company value is predominantly associated with lower-than-average company values, particularly among firms with low leverage.

CONCLUSION

This study finds that during 2018–2023, the board of commissioners, audit committee, board of directors, profitability, and leverage jointly influence firm value in energy companies listed on the Indonesia Stock Exchange, though with mixed effects. While profitability and the board of commissioners show no significant impact, the audit committee and board of directors surprisingly exhibit negative effects, which may indicate ineffective oversight or symbolic governance, whereas leverage has a positive association, suggesting its role as a disciplinary and signaling mechanism. The relatively low adjusted R², however, signals that these variables only partially explain firm value, with external factors such as market conditions and regulatory pressures likely playing stronger roles. Practically, the

findings emphasize that strengthening the substance of governance mechanisms and managing leverage prudently are more critical than relying solely on profitability, both for managers seeking to enhance firm value and for investors evaluating firm prospects. Nonetheless, the sectoral scope and limited timeframe represent constraints, highlighting the need for future research that expands to other industries, incorporates governance quality indicators, and examines moderating factors like ownership structure to provide a deeper understanding of what drives firm value.

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