
THE INFLUENCE OF CORPORATE GOVERNANCE, FINANCIAL PERFORMANCE, AND FINANCIAL STATEMENT QUALITY ON COMPANY VALUE IN THE MANUFACTURING SECTOR IN INDONESIA (EMPIRICAL STUDY ON FOOD AND BEVERAGE COMPANIES LISTED ON THE IDX FOR THE PERIOD 2022-2024)



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Abstract

A study on the influence of corporate governance, financial performance, and the quality of financial statements on the value of the company. This research is included in the category of quantitative research. The population that is the object of the study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period. The sampling method used is *purposive sampling*, which is sampling with specific considerations. The variables studied include governance, financial performance, and quality of financial statements as variable X and company value as variable Y. The analysis tool used in this study is SPSS. The findings of this study show that corporate governance, financial performance, and the quality of financial statements have a partial and simultaneous positive and significant influence on the value of the company, in food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the 2022-2024 period.

Keywords: Corporate Governance, Financial Performance, Quality of Financial Statements, Company Value, Manufacturing Companies

INTRODUCTION

The Food and Beverage Industry is included in the business field that continues to experience rapid development. In line with the increasing number of Indonesian people, the demand for food and beverages is getting higher. The preference of citizens who tend to choose consumables that can be directly recognized encourages the emergence of many new companies in this field, because they are considered to have useful opportunities for now and in the future.

The phenomenon behind this research is related to the real condition of food and beverage businesses in Indonesia, especially those listed on the IDX. Although the sector is showing rapid development, there are issues regarding delays in the submission of financial statements by companies. This delay signals weaknesses in corporate governance practices, which has an impact on information uncertainty for investors. In addition, management's failure in financial reporting also shows that *GCG principles* such as transparency, accountability, and fairness are still not being implemented effectively.

The issue that arises is the incompatibility of previous research results regarding the impact of the application of corporate governance principles and financial performance achievements on the increase in company value, where some studies show a significant influence, while others do not find similar results. The quality of financial statements that are not uniform is also in the spotlight, considering that financial statements that are less informative and cannot be used as a reference will have a negative impact on decisions made by stakeholders and market views on company value. Therefore, it is important to conduct re-research on the influence of corporate governance, financial performance, and the quality of financial statements that have an impact on the valuation of companies in the manufacturing sector, especially food and beverages.

This study aims to explore how corporate governance, financial performance, and the quality of financial statements affect the performance of the value of manufacturing companies listed on the Indonesia Stock Exchange during 2022-2024.

REVIEW OF LITERATURE

Agency Theory

According to Indra Bastian (2006: 2015) explained that *agency theory*, which is often referred to as contract theory, is one of the most important parts of accounting research today. Research on agency theory can be deductive or inductive, and is a special aspect of behavioral research. Although rooted in finance and economics, not psychology and sociology, agency *is* defined as a specific behavior or activity carried out by humans in the context and rules of interaction that apply. The theory of this agency is oriented towards the cost of monitoring as well as the relationship between various parties.

Corporate Governance

Corporate governance refers to the way of managing a business entity that involves various rules related to the interaction between interested parties. This results in a division of tasks that correspond to the functions and responsibilities that exist in the company. The core principles in governance are transparency, participation, and accountability as the main elements (Silkfan & Azwir, 2022)

According to the Cadbury Committee, as quoted in Yusuf Mangkusuryo (2017), it is revealed that corporate governance is a principle that governs the interests and obligations of companies to ensure that the company provides accountability to shareholders. Corporate governance that effects build a system to assure investors that they can make a decent profit from the capital they invest.

Financial Performance

Based on research (Risakotta dkk., 2023) The financial performance of corporate governance procedures has an impact on market performance, while reports on sustainability do not show significant effects. Awat and Napaj further stated that financial performance is the main indicator in determining the good or bad performance of a company. The measure of a company's performance is measured through its financial statements, such as income statements and balance sheets. Financial performance shows the extent to which a company achieves financial success in a certain period of time.

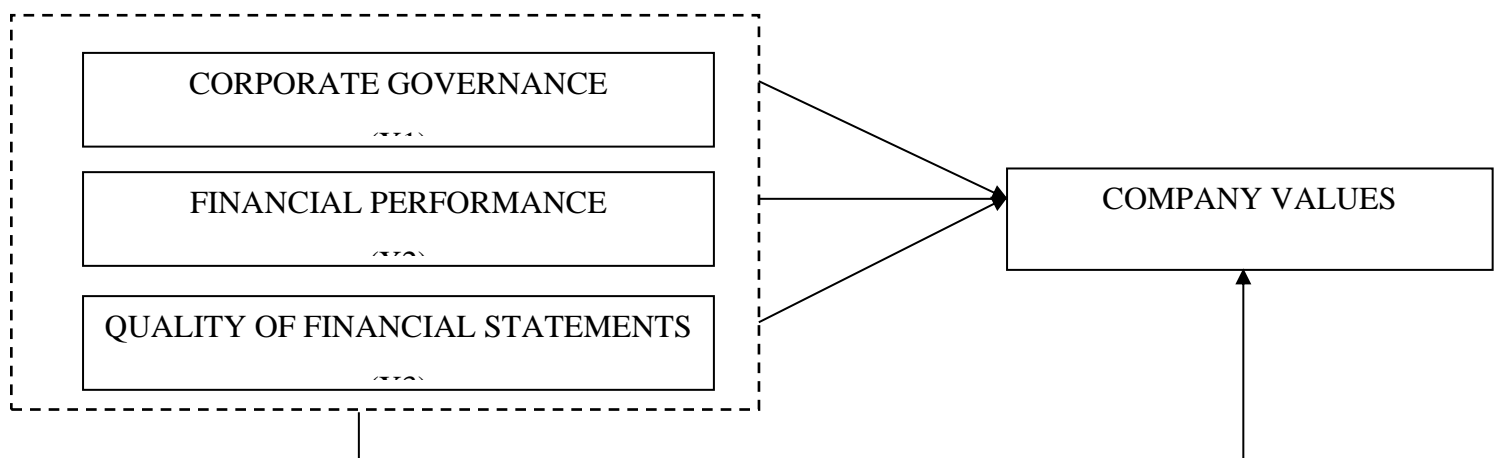
Quality of Financial Statements

A financial statement is considered to be of good quality if the accounting system implemented is effective and the accounting staff in the company has adequate knowledge, especially in understanding financial statements. However, the implementation of SAK is often faced with various challenges, such as a lack of understanding of standards, a lack of competent human resources, and the complexity of transactions that need to be reported. In addition, the ongoing changes and updates of accounting standards require rapid adaptation on the part of the company. All of this can reduce the quality of the financial statements produced (Muslimah, 2024)

Company Values

According to Nagita Tono Silvia (2021), it is stated that the value of the company reflects the improvement of shareholder welfare, which can be seen from the stock price in the market. In the context of capital market financial theory, the price of shares determined for shares in the market reflects the value of a company.

Figure 1
Frame of Mind



RESEARCH METHOD

This research was conducted using a Quantitative approach. According to Sugiyono (2017), a quantitative approach is applied to measure a phenomenon with accuracy that aims to identify deductive thinking patterns based on the data to be measured and analyzed. In addition, this research also utilizes company documents that have been published in the industrial sector listed on the IDX during 2022-2024.

RESULTS AND DISCUSSION

Statistical Descriptive Analysis

Descriptive analysis is an approach used to present clear information about the sample that has been examined.

Table 1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Hours of deviation
Corporate Governance	72	1441783.00	300248945	162508241.6389	820373737.37441
Financial Performance	72	1033659.00	221789008	57241006.5972	52897578.56502
Quality of Financial Statements	72	12065869.00	980803963	345690546.25694	264059156.436169
Company Values	72	167922363.00	107490505	373643432.53611	276839872.489607
<i>Valid N (listwise)</i>	72				

1. The Corporate Governance variable has a minimum value of Rp. 1,441,783 obtained from PT. FKS Food Sejahtera Tbk. In 2022 and a maximum value of Rp. 3,002,489,459 was obtained from PT. Enseval Putera Megatrading Tbk. In 2023. The average value is Rp. 1,625,082,411.64 with a standard deviation value of Rp. 820,373,737.37.
2. The financial performance variable shows a minimum value of Rp. 1,033,659 obtained from PT. Eagle High Plantations Tbk. In 2022 and a maximum value of Rp. 221,789,008 was obtained from PT. Akasha Wira International Tbk. In 2022. The average value is Rp. 57,241,006.60. with a standard deviation value of IDR 52,897,578.57.
3. The quality variable of the financial statements has a minimum value of Rp. 12,065,869 obtained from PT. Dharma Satya Nusantara Tbk. In 2022 and a maximum value of Rp. 9,808,039,638 was obtained from PT. Gudang Garam Tbk. in 2024. The average value is IDR 3,456,905,462.57. with a standard deviation value of Rp. 2,640,591,564.36.
4. Variables that show the company's value, measured using PBV proxies, have a minimum value of Rp. 167,922,363 was obtained from PT Japfa Comfeed Indonesia Tbk. in 2022 and a maximum value of Rp. 10,749,050,515 was obtained from PT.

Eagle High Plantations Tbk. in 2024. The average value is Rp. 3,736,434,325.36. with a standard deviation of Rp. 2,768,398,724.90.

Classic Assumptions

a. Normality Test

The normality test is to ascertain whether the data follows the normal form of distribution data dissemination or not. If the sig value < 0.05, then this data is spread normally. So, if the sig value > 0.05, then the data can be considered normally distributed. The following are the results of the normality test:

Table 2
Normality Test

One-Sample Kolmogorov-Smirnov Test		
N		72
Normal Parameters ^{a,b}	Mean	,0000002
	Std. Deviation	1257285858,9 4811530
Most Extreme Differences	Absolute	,422
	Positive	,422
	Negative	-,368
Test Statistic		,422
Asymp. Sig. (2-tailed)		,257 ^c

Based on the data table, the Asymp value is known. Sig is worth 257, thus, it can be stated that the distribution of data is normal because of the value of Asymp. Sig above 0.05.

b. Heteroskedasticities

In this study, the residual variance disparity test was carried out to examine whether the regression method whether there is a variation in the distribution of residual values between one observation record and another. If the residual variance between observations is consistent, this is called heteroscedasticity. The results of the heteroscedasticity test:

Table 3
Heteroscedasticity Test Results

Coefficients		
	T	Itself
Governance	1,249	216
Financial Performance	1,251	215
Report Quality	627	533

Based on the data above, it can be concluded that the three variables show a sig value of > 0.5 which means that there is no indication of heteroscedasticity.

c. Multicollinearity Test

For this study, the correlation method was used to detect whether there is multicollinearity in the regression model. In addition, statistical analysis of collinearity was carried out with

the help of SPSS software to observe the value of VIF. The results of the multicollinearity test can be explained:

Table 4
Multicollinearity Test Results

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	Bright
1	Governance	,530	1,886
	Financial Performance	,876	1,141
	Report Quality	,498	2,008
a. Dependent Variable: COMPANY VALUE			

Based on the above data, the findings of this study indicate that there is a VIF value for corporate governance of 1.886, financial performance of 1.141, and report quality of 2.008, indicating that there is no multicollinearity between the three independent variables in the regression model.

Analysis of the Multiple Linear Regression

Multiple linear regression aims to predict the change in the value of a particular variable if there is a change in the variable. The results of the analysis test are:

Table 5
Results of Multiple Linear Regression Analysis Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	1474450124,187	800808610,229		1,841	,070
	Governance	-49412031,257	39566415,003	-,204	1,249	,216
	Financial Performance	-3592961357,220	2872454656,787	-,159	1,251	,215
	Report Quality	,721	1,149	,106	,627	,533
a. Dependent Variable: ABS_RES						

Based on this data, the form of the regression equation is as follows:

$$Y = 1474450124,187 + -49412031,257X_1 + -3592961357,220X_2 + 721$$

Information:

Y = Company Value

X1 = Corporate Governance

X2 = Financial Performance

X3 = Quality of Company Reports

- a) The value of the constant in the regression equation is 1474450124.187, meaning that if all independent variables are zero, the value of the dependent variable will increase by 1474450124.187.
- b) The regression coefficient for corporate governance is -49412031.257, which means, if the value of corporate governance decreases that the variable value of the company can be reduced by -49412031.257 with other factors remaining stable.
- c) The regression coefficient for the company's financial performance variable, which is -3592961357.220, shows that if the company's financial performance value decreases, the company's value variable will also decrease by -3592961357.220 with other variables remaining constant.
- d) The regression coefficient for the quality of company reports of 721 means that when the value of the independent variable is at zero, the dependent variable will increase by 721.

Hypothesis Test

a. Partial Test (T Test)

Partial tests are used to assess the extent to which independent variables contribute to predicting dependent variables. If the t-value is calculated as 0.05, which is a significance value, then the null hypothesis is rejected and the alternative hypothesis is accepted. The following are the results of the partial test:

Table 6
Results of the t-test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itse lf.
		B	Std. Error	Beta		
1	(Constant)	1474450124,187	800808610,229		1,841	,070
	Governance	-49412031,257	39566415,003	-,204	1,249	,216
	Financial Performance	-3592961357,220	2872454656,787	-,159	1,251	,215
	Report Quality	,721	1,149	,106	,627	,533

a. Dependent Variable: ABS_RES

Based on the available information, it can be seen that the t-count test value was recorded at 1.249 with a significance level value of 216. Since the sig value of 216 > 0.05, it indicates that Ho was rejected and H1 was accepted, it was concluded that corporate governance had a significant impact on the company's value, partially.

From the available information, it can be seen that the t-count value is 1.251 and the significance level is 215. Because the significance value of 215 > 0.05, this shows that Ho

was rejected and H2 was accepted, proving that the company's financial performance had a persial impact.

From the available information, it can be seen that the t-count value is 627 with a significance level of 533. Since the significance level value is $533 > 0.05$, this means that Ho was rejected and H3 was accepted, so the quality of the company's report partially has a significant impact on the company's value.

b. Simultaneous Test (F Test)

The simultaneous test aims to analyze how the impact of the free variable affects the co-bound variables. If the probability value (sig) > 0.05 , then the null hypothesis is rejected and the alternative hypothesis is accepted. It states that all independent variables have a significant impact on the dependent variable. On the other hand, if the probability value (sig) < 0.05 , then the null hypothesis is accepted and the alternative hypothesis is rejected, indicating that there is no positive impact between the independent variables on the dependent variables.

Table 7
F Test Results

ANOVA					
Model	Sum of Squares	d f	Mean Square	F	Itse lf.
1 Regression	4153661490 891653100,0 00	3	138455383029 7217790,000	,9 3 7	,42 8b
Residual	1005138134 0646130000 0,000	6 8	147814431480 0901380,000		
Total	1046674748 9735295000 0,000	7 1			
a. Dependent Variable: ABS_RES					
b. Predictors: (Constant), REPORT QUALITY, FINANCIAL PERFORMANCE, GOVERNANCE					

Based on this data, it is known that the probability value of sig is $428 > 0.05$. These results show that corporate governance, financial performance, and report quality simultaneously have a positive contribution to the company's value.

c. Coefficient of Determination (R²)

In this study, the aim is to assess the percentage impact contribution level of the overall variable being studied. The rest of the influence was obtained from other variables that were not covered in this research model. The following are the results of the determination coefficient test:

Table 8
Determination Coefficient Test Results

Model summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,199a	,540	,730	1215789584,92039
a.predictors : (constant), Report Quality, Financial Performance, Governance				
b.Variable dependent: ABS _ RES				

Based on the data, the value of the determination coefficient was recorded at 730, indicating that 73% of the influence of the independent variable has the ability to affect the dependent variable. The remaining 27% is due to other variables that have not been covered in this analysis.

CONCLUSION

Based on the findings in this study, the following conclusions can be drawn:

1. Individual corporate governance has a positive impact on the value of companies in the food and beverage manufacturing sector listed on the IDX for the 2022-2024 period. This is evidenced in Table 4.7, Corporate governance partially has a significant effect on the value of companies in the food and beverage manufacturing sector listed on the IDX for the 2022-2024 period. This is evidenced in table 4.7 showing a t-count value of 1.249 with a significance level value of 216. Since the significance value of 216 is greater than 0.05, it means that Ho is rejected and H1 is accepted. Thus, individual corporate governance has a positive impact on the company's value.
2. Financial performance is also partial, having a positive impact on the value of food and beverage manufacturing companies listed on the IDX during 2022-2024. This is reflected in Table 4.7, showing a t-calculated value of 1.251 with a significance level value of 215. The significance level value is 215. Because the significant value > 0.05 , which means that Ho is rejected and H2 is accepted, the company's financial performance partially has a significant impact on the company's value.
3. The quality of company reports has an individual significant impact on the value of food and beverage manufacturing companies listed on the Indonesia Stock Exchange in 2022-2024. This is evidenced in Table 4.7 indicating the existence of a t-calculated value of 627 and a positive level of 533. Because the significance value is $533 > 0.05$, it means that Ho is rejected and H3 is accepted, so that the quality of the company's report partially has the impact of making an important contribution to the company's value.
4. Overall, corporate governance, financial performance, and financial statement quality simultaneously have a significant impact on the value of companies in the food and beverage manufacturing industry listed on the Indonesia Stock Exchange in 2022-2024. This is illustrated in table 4.8 showing the probability value of sig, which is $428 > 0.05$, so it can be concluded that corporate governance, financial performance, and report quality simultaneously have a positive effect on the company's value.

Suggestion

1. For companies, the implementation of elements of governance, financial performance, and the quality of the company's financial statements must be carried out appropriately and accountably to experience an increase in the company's value.

2. For the next researcher, the limitations in this study should be corrected by increasing the corporate entities that include various types of companies listed on the IDX. It is recommended that the next researcher expand other variables to obtain in-depth information related to other variables that have the potential to have an impact on the company's value.

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