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The Effects of Good Corporate Governance on Company Valuation with Profitability as a Moderating Variable in the Automotive Sub-Sector Companies and Their Components Listed on Indonesia Stock Exchange

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ABSTRACT

Company valuation is the sale value of a company as a business that is currently operating. There are many factors affecting company valuation, including public ownership, institutional ownership, audit committee and board of commissioners.

This quantitative research aims to analyze the effect of public ownership, institutional ownership, audit committee and board of commissioners on company valuation with profitability as a moderating variable in automotive and automotive component sub-sector companies listed on the IDX from the 2017-2022. The research population is automotive companies listed on the Indonesia Stock Exchange from 2017 to 2022, totaling 12 companies. The duration of the research is 6 years (2017-2022) and 72 observations are obtained. The data are analysed using linear regression analysis and interaction analysis techniques.

The results prove that public ownership does not significantly affect company on valuation. Institutional ownership does not affect company valuation. Audit committee does not significantly affect company valuation. However, the board of commissioners has a significant positive effect on company valuation. Based on the results of the moderation regression interaction test, profitability cannot moderate the effect of public ownership on company valuation but it can moderate the effect of institutional ownership, audit committee and independent board of commissioners on company valuation.

Keywords: *good corporate governance, company valuation, profitability*

INTRODUCTION

The establishment of a company aims to maximize the company valuation or wealth for shareholders. High company valuation will impact the prosperity of the owner of the shareholder company. The main objective of most business-oriented companies is to optimize the firm. The company valuation reflects more than its long-term goal of increasing its future wealth (Warapsari & Suaryana, 2016).

According to Jufrizen (2015), the company valuation is a specific condition that a company has achieved after going through several processes of activities for several years, namely since the company was established. Increased company valuation is an achievement per its owners' wishes. Because with the company's increasing value, the owners' welfare also increases.

The increasing value of the company is also carried out by increasing the profits (dividends) distributed to shareholders who will later provide prosperity to investors, and it is hoped that profits can be invested back into companies to increase company capital

so that companies can develop more advanced (Wahyuni et al., 2018). This study will examine factors that affect company valuation, including public ownership, institutional ownership, audit committee and the Board of Commissioners, and profitability as a moderating variable.

The object of this study is an automotive company listed on the Indonesia Stock Exchange (IDX) in 2017-2022. The following is the development of company valuation (PBV), Return on Asset (ROA), public ownership, institutional ownership, audit committee, and independent board of commissioners in automotive companies as shown in the following table:

Table 1. Data of Company valuation (PBV), Return on Assets (ROA), Public Ownership, Institutional Ownership, Audit Committee, and Independent Board of Commissioners

No	Code	Year	Institutional Ownership	Public Ownership	Audit Committee	Independent Board of Commissioners	ROA	PBV
1	ASII	2017	0,501	0,498	4	0,3	7,8	2,143
		2018	0,501	0,498	4	0,3	7,9	1,927
		2019	0,501	0,498	4	0,3	7,6	1,783
		2020	0,501	0,498	4	0,3	5,5	1,434
		2021	0,501	0,498	4	0,4	6,966	1,07
		2022	0,501	0,498	4	0,4	6,966	1,07
2	AUTO	2017	0,8	0,2	3	0,375	3,7	0,918
		2018	0,8	0,2	3	0,375	4,3	0,881
		2019	0,8	0,2	3	0,375	5,1	0,608
		2020	0,8	0,2	3	0,375	-0,2	0,53
		2021	0,8	0,2	3	0,375	3,747	0,47
		2022	0,8	0,2	3	0,375	3,747	0,48
3	BOLT	2017	0,576	0,2	3	0,333	7,8	2,618
		2018	0,576	0,2	3	0,333	5,8	3,128
		2019	0,576	0,2	3	0,333	4,1	2,987
		2020	0,576	0,2	3	0,333	-5,1	2,812
		2021	0,576	0,2	3	0,333	6,047	2,365
		2022	0,576	0,2	3	0,333	4,09	2,06
4	INDS	2017	0,881	0,115	3	0,333	4,7	0,248
		2018	0,881	0,115	3	0,333	4,5	0,377
		2019	0,881	0,115	3	0,333	3,6	0,566
		2020	0,881	0,115	3	0,333	2,1	0,589
		2021	0,881	0,115	3	0,5	4,998	0,589
		2022	0,881	0,115	3	0,5	4,998	0,589
5	SMSM	2017	0,581	0,339	3	0,5	22,7	3,087
		2018	0,581	0,339	3	0,5	22,6	3,361
		2019	0,581	0,339	3	0,5	20,6	3,301
		2020	0,581	0,339	3	0,5	16	3,24
		2021	0,581	0,339	3	0,5	18,824	2,69
		2022	0,581	0,339	3	0,5	17,815	2,71

Source: IDX (2023)

Based on data on the development of the company valuation mentioned above, the research phenomenon is that there needs to be more consistency in increasing institutional ownership. Public ownership, the number of audit committees, and an independent board of commissioners with increased company valuation (PBV).

A decline follows increased institutional ownership in company valuation (PBV). This is evident in the Bolt company for the 2017-2022 period, where a decline follows the increase in institutional ownership and ROA in company valuation (PBV). According to the truth of the theory, the growth in institutional ownership and ROA is always followed by an increase in PBV. According to Wardhani et al. (2017), the greater the institutional ownership, the more efficient the use of company assets, and is also expected to be able to prevent waste by management.

Increased public ownership is also not followed by increased company valuation (PBV). Some automotive companies in the 2017-2022 period show that the value of public ownership is below 0.50 (50%). In other words, the shares owned by the public did not reach 50 %. This is different from the opinion that if public shares increase, the public increasingly trusts the company, so the company valuation increases (Melani & Wahidahwati, 2017). The results of Purba (2021) stated that public ownership affects company valuation, while in the study of Rudianti et al. (2020), public ownership does not affect company valuation.

An increase does not follow the increase in the audit committee in company valuation. This can be seen especially in PT. Astra International Tbk (ASII), where companies had four audit committees during the 2017-2022 period but instead experienced a decline in company valuation. This is contrary to the opinion of Saifi & Hidayat (2017) that the audit committee must have members of at least three people who carry out the oversight function of the company's management. Of course, if the supervisory role increases, the company valuation also has the potential to grow. The study results by Amaliyah and Herwiyanti (2019) show that the Audit Committee affected the company valuation, while in Amrizal's

research (2016), the Audit Committee had no effect on the company valuation.

The increase in the independent board of commissioners is also not followed by an increase in company valuation. This can be seen in the company PT. Selamat Sempurna, Tbk for the 2017-2022 period. Table 1. shows that some automotive companies and components have independent commissioners below 50%, impacting the decline in company valuation. According to Mirnayanti and Rahmawati (2022), the existence of an independent board of commissioners must increase supervision to minimize all forms of fraud that allow an increase in company valuation. The results of the research by Jumiyati and Diyanti (2022) affect the company valuation, while the results of the study of Ibrahim and Muthohar (2019) show that independent commissioners do not affect company valuation.

Based on the background above and to examine the innocence of previous research results, this study seeks to find empirical evidence of the effect of good corporate governance on company valuation. This research will use an automotive company sample listed on the IDX in 2017-2022.

LITERATURE REVIEW

Company Valuation

Company valuation is an investor's perception of the company's success rate, which is often associated with the company valuation (Hery, 2017: 2). According to Sartono (2012: 487), the company valuation is the selling value of a company as a business that is operating. The excess selling value above the liquidation value is the value of the management organization that runs the company.

The company valuation is an investor perception of the company, often associated with stock prices. Investment opportunities strongly influence the company valuation formed through the stock market indicator. Investment expenditure gives a positive signal from investment to managers about company growth in the future, thereby increasing stock prices as an indicator of company valuation. High stock prices make substantial values also high (Brealey et al., 2018).

According to Husnan (2017), the company valuation is a price that is willing to be paid by prospective buyers if the company is sold. The higher the company valuation, the greater the prosperity that the company owner will receive. The company valuation is a condition that has been achieved by a company as an illustration of public trust in the company after going through a process of activity for several years, namely since the company was established.

From some of the opinions stated above, it can be concluded that the company valuation is the perception of investors to companies that are often associated with the company valuation. The higher the company's stock price reflects the company valuation to increase. The magnitude of a company's success rate is closely related to the company valuation. In this study, the company valuation was measured using indicators:

$$\text{PBV} = \frac{Stock\ Price}{Stock\ Book\ Value}$$

Public Ownership

According to Putri and Nuzula (2018), in their research, public ownership is a percentage of public ownership owned by outsiders (outsider ownership). The proportion of public ownership in the company's ownership structure will facilitate monitoring, intervention, or some of the effects of other disciplines on managers. Therefore, the concentration of public ownership can influence the company's strategic decisions.

Public ownership in a company shows the size or small ownership of the company's internal and external parties. If public ownership in a company is high, the public

strongly believes in the company. On the contrary, if public ownership is very low, the public is not interested in the company's shares, so the public does not believe in the company (Andriana & Raspati, 2015).

$$\text{Public Ownership} = \frac{\textit{The number of shares owned by the public}}{\textit{Outstanding Share}}$$

Institutional Ownership

Institutional ownership has an essential meaning in overseeing management with more optimal supervision of various crucial decisions in the company. High institutional share rates will produce more intensive supervision efforts (Shalini, 2020). The high level of institutional ownership will lead to greater supervisory efforts by institutional investors to obstruct opportunistic managers' behavior. The greater the ownership by the financial institution, the greater the force and encouragement to optimize the company valuation (Arbi, 2020).

Institutional ownership is ownership by the government, financial institutions, legal entity institutions, foreign institutions, guardianship funds, and other institutions at the end of the year. Institutional ownership is one of the factors that can affect the company's performance because it plays a role in monitoring managers who manage the company. Institutional ownership will encourage increased supervision of more optimal manager performance because share ownership represents a source of power that can be used to support or vice versa on manager's performance so that it will impact increasing company valuation (Wardhani et al., 2017). The greater the value of institutional ownership, the stronger the company's control so that the owner can control management behavior to act according to the company's goals, which will ultimately increase the company valuation.

$$\text{Institutional Ownership} = \frac{\textit{The number of shares owned by the institutional}}{\textit{Outstanding Share}}$$

Audit Committee

The Audit Committee is a committee formed by the Board of Commissioners to carry out the oversight function of the company's management. The audit committee is required to have a member of at least three people assigned to be the chairman, an independent commissioner of the company, and other members, namely people from external parties who are independent and can have background or experience in the financial field and accounting (Saifi and Hidayat, 2017).

The audit committee also plays an essential role in ensuring the creation of good corporate governance in the company. Supervision is better to increase the company's performance when the audit committee performs its duties well. This will affect investors' interest in investing in a company that will increase the company valuation so that the company valuation increases (Amaliyah and Herwiyanti, 2019).

Audit Committee: Number of Audit Committee Members

Independent Board of Commissioners

An independent board of commissioners is a commissioner that does not originate from an affiliated party or is related to shareholders. An independent board of commissioners plays a crucial role in a company, especially in applying Good Corporate Governance (Manik, 2018). An Independent commissioner is necessary to have its presence. So that there is a guarantee of the availability of mechanisms, roles, and responsibilities of professional management of all decisions and policies taken in connection with the company's operational activities (Kusmayadi, 2015).

The existence of an independent commissioner can prevent the practice of earnings management because the independent commissioner aims to

oversee the course of the company's activities in achieving company goals (Manossoh, 2016). The independent board of commissioners is the highest internal control mechanism for monitoring top management policies. The theory of agency states that the number of members of the board of commissioners is large, making it easier to control peak management, and monitoring functions will be more effective, increasing the company valuation (Amaliyah & Herwiyanti, 2019).

$$\text{Independent Board of Commissioners} = \frac{\textit{Number of Independent Board of Commissioners Members}}{\textit{Number of all members of the Board of Commissioners}}$$

Profitability

According to Hani (2015), profitability results from several management policies and decisions. Company profitability generates net profit from activities carried out in an accounting period. High profitability is related to good company prospects, which triggers investors to increase stock demand. Raising the same goal, solidarity, and harmony between managers and shareholders will unite the interests of managers and shareholders so that they will increase stock demand and remind the company valuation in the market, which will affect profitability.

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

Framework

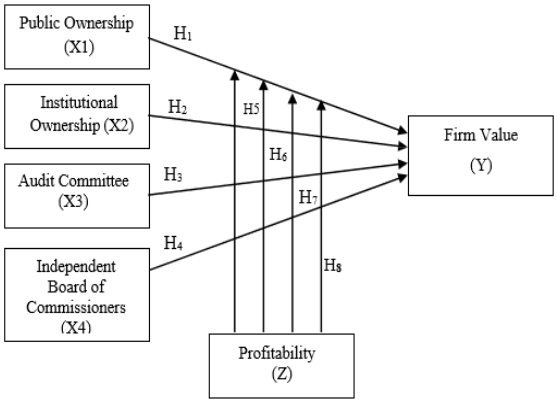

Figure 1. Framework

H1: Public ownership positively affects company valuation.
H2: Institutional ownership positively affects company valuation.
H3: The audit committee positively affects company valuation.
H4: The independent board of commissioners positively affects company valuation.
H5: Profitability has a positive effect in moderating the influence of public ownership of company valuation.
H6: Profitability has a positive effect in moderating the influence of institutional ownership of company valuation.
H7: Profitability has a positive effect in moderating the influence of the audit committee on company valuation.
H8: Profitability has a positive effect in moderating the influence of the independent commissioner of company valuation.

MATERIALS & METHODS

This type of research is associative research and quantitative approaches. According to Sugiyono (2018), associative/relationship research is a study that aims to determine the relationship between two or more variables.

The population used in this study was an automotive company listed on the Indonesia Stock Exchange from 2017 to 2022, totaling 13 companies. This study uses purposive sampling techniques, namely selecting samples based on specific criteria. The sample in this study was an automotive company listed on the Indonesia Stock Exchange (IDX) from 2017 to 2022, which meets the sample criteria. These criteria include the following:

1. Automotive companies and components with complete data related to profitability, corporate governance, and company valuation used in research in 2017-2022.
2. Automotive companies and components listing from 2017-2022.

3. Automotive companies and components that issue financial statements that have been audited from 2017-2022.

Based on the criteria for determining the sample above, found 12 samples that meet the criteria so that the number of research samples is 12 x 6 = 72 observations. The analysis technique used is a data panel data regression analysis technique using the EViews program.

RESULT

A. Estimated Panel Data Regression Model

Three models use panel data regression, namely: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (FEM), by carrying out three models of reform in realizing the regression model, namely Chow Test, Hausman Test, and Lagrange Multiplier.

Chow Test

Chow's Test was used to determine whether the Common Effect Model or Fixed Effect Model is the most appropriate for the regression model. There are hypotheses in carrying out this test, namely:
H0 = Probability > 0.05, then CEM is used
H1 = Probability < 0.05, then FEM is used.

Table 2. Chow Test Result 1

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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.485137	(11,56)	0.0129
Cross-section Chi-square	28.622522	11	0.0026

Source: Data Processed with EViews 12, 2023

Table 3. Chow Test Result 2

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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.037511	(11,51)	0.0034
Cross-section Chi-square	36.280174	11	0.0002

Source: Data Processed with EViews 12, 2023

Based on Tables 2 and 3 above, the probability value of the chi-square cross-section is 0.0026 <0.05 and 0,0002 <0.05. Thus, the model that should be used in research is the fixed effect model. Furthermore, because the selected model is a fixed effect, it is necessary to do a Hausman test to determine whether the fixed effect model or the random effect model will be used in research.

Hausman Test

The Hausman Test was used to determine whether the Fixed Efficiency Model (FEM) or Random Effect Model (REM) is the most appropriate in determining the regression model. There are hypotheses in interpreting the test, namely:
H0 = Probability > 0.05, then use REM,
H1 = Probability < 0.05, then FEM is used

Table 4. Hausman Test Result 1

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	1.832775	4	0.7665

Source: Data Processed with EViews 12, 2023

Table 5. Hausman Test Result 2

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	3.575290	9	0.9371

Source: Data Processed with EViews 12, 2023

Based on the test results in Tables 4 and 5, the random effect models and fixed effects were obtained from the probability value of Chi-Square of 0.7665 and 0.9371, greater than 0.05. Thus, the model that should be used for this research is the random effect model. Then, the Lagrange multiplier (LM) test is carried out to find the best random or common effect model.

Lagrange Multiplier (LM) Test

The multiplier Lagrange test (LM) determines which model is better and whether it can be estimated using the common or random effect model. Decision-making uses the probability value (prob). Breusch pagan, if the value is> 0.05, the selected model is the common effect. If the probability value is <0.05, the selected model is the random effect. The following are the results of the multiplier Lagrange test (LM) from this study:

Table 6. Lagrange Multiplier Test Result 1

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	4.906258 (0.0268)	1.299267 (0.2543)	6.205525 (0.0127)
Honda	2.215007 (0.0134)	-1.139854 (0.8728)	0.760248 (0.2236)
King-Wu	2.215007 (0.0134)	-1.139854 (0.8728)	0.293110 (0.3847)
Standardized Honda	3.037585 (0.0012)	-0.964614 (0.8326)	-2.183562 (0.9855)
Standardized King-Wu	3.037585 (0.0012)	-0.964614 (0.8326)	-2.528345 (0.9943)
Gourieroux, et al.	--	--	4.906258 (0.0349)

Source: Data Processed with EViews 12, 2023

Table 7. Lagrange Multiplier Test Result 2

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	9.643770 (0.0019)	0.315894 (0.5741)	9.959664 (0.0016)
Honda	3.105442 (0.0009)	-0.562044 (0.7130)	1.798454 (0.0361)
King-Wu	3.105442 (0.0009)	-0.562044 (0.7130)	1.269972 (0.1020)
Standardized Honda	4.567245 (0.0000)	-0.383708 (0.6494)	-0.877432 (0.8099)
Standardized King-Wu	4.567245 (0.0000)	-0.383708 (0.6494)	-1.335894 (0.9092)
Gourieroux, et al.	--	--	9.643770 (0.0030)

Source: Data Processed with EViews 12, 2023

Based on the test results in Tables 6 and 7, the random effect model and the common effect are obtained from the probability value (prob). Breusch Pagan is 0.0268 and 0.0019, which is smaller than 0.05. Thus, the model that should be used for this research is the random effect model. Because the model used in this study is the Moel Random Effect (REM), the classic assumption testing is unnecessary. This refers to Gujarati & Porter (2009) in Kosmaryati et al. (2019), which states that the Random Model Effect Data Effect Data (Random Effect Model) method is a model that uses the Generalized Least Square (GLS) method. One of the advantages of the GLS method is that there is no need to meet the classic assumptions.

Based on the model selection test that has been carried out, the results are obtained that the model that should be used is the random effect.

B. Panel Data Regression Analysis Results of Data Regression Analysis of the Random Effect Model Panel Without Moderation Variable

Table 8. Random Effect Data Regression Analysis Results Without Moderation Variables

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.148058	1.085415	-1.057714	0.2940
X1	-1.413611	2.162049	-0.653829	0.5155
X2	-0.664699	1.529826	-0.434493	0.6653
X3	0.394165	0.564343	0.698449	0.4873
X4	5.363589	2.488706	2.155172	0.0347

Effects Specification	S.D.	Rho
Cross-section random	0.723872	0.2803
Idiosyncratic random	1.159951	0.7197

Weighted Statistics

R-squared	0.122667	Mean dependent var	0.707579
Adjusted R-squared	0.070289	S.D. dependent var	1.183384
S.E. of regression	1.141037	Sum squared resid	87.23167
F-statistic	2.341959	Durbin-Watson stat	1.037274
Prob(F-statistic)	0.063734		

Unweighted Statistics

R-squared	0.154377	Mean dependent var	1.292500
Sum squared resid	113.6750	Durbin-Watson stat	0.795981

Source: Data Processed with EViews 12, 2023

Based on the selected estimation model, the panel data regression model equation is obtained as follows:

PBV = -1.148 - 1,414KP - 0.665KI + 0.394KO + 5,364DKI + ε

Random Effect Model Data Panel Data Analysis Results with Moderation Variable

Table 9. Random Effect Data Regression Analysis Results with Moderation Variables

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.371371	0.948510	0.391530	0.6967
X1	-3.802276	2.222168	-1.711066	0.0921
X2	-1.594941	1.536372	-1.038121	0.3032
X3	1.101123	0.644864	1.707529	0.0927
X4	-2.477357	2.567901	-0.964740	0.3384
Z	-1.400261	0.286529	-4.886987	0.0000
Z*X1	0.168269	0.263804	0.637855	0.5259
Z*X2	0.530431	0.234808	2.258998	0.0274
Z*X3	0.166051	0.079007	2.101723	0.0396
Z*X4	1.358158	0.245889	5.523466	0.0000

Effects Specification	S.D.	Rho
Cross-section random	0.858124	0.4956
Idiosyncratic random	0.865691	0.5044

Weighted Statistics

R-squared	0.537625	Mean dependent var	0.492205
Adjusted R-squared	0.470506	S.D. dependent var	1.136449
S.E. of regression	0.826953	Sum squared resid	42.39875
F-statistic	8.010022	Durbin-Watson stat	1.640566
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.510487	Mean dependent var	1.292500
Sum squared resid	65.80408	Durbin-Watson stat	1.057046

Source: Data Processed with EViews 12, 2023

Based on the selected estimation model, the panel data regression model equation is obtained as follows:

PBV = 0.371 - 3,802KP - 1,595ki + 1,101KO - 2,477DKI - 1,400ROA + 0.168KP*ROA + 0.530KI*ROA + 0.166KO*ROA + 1,358DKI*ROA + ε

C. Hypothesis Testing

Partial Test (t-Test)

The t-test is used to partially test the hypothesis to show the influence of each independent variable on the dependent variable. This test is carried out by looking at the probability value with the following criteria:

a. If the probability value is <0.05, it is declared influential.
b. If the probability value> 0.05, it is declared as no effect.

Based on Table 8 above, it can be explained as follows:

1. Test results for the first hypothesis before using the moderation variable, namely public ownership has a coefficient value of -1.414 (negative) and probability value of 0.515> 0.05, it can be concluded that public ownership has partially no significant positive effect on the company valuation. So, H1 is rejected.
2. Test results for the second hypothesis before using the moderation variable, namely institutional ownership has a coefficient value -0.665 (negative) and a probability value of 0.6653> 0.05, it can be concluded that institutional ownership partially does not have a significant positive effect on the company valuation. So, H2 is rejected.
3. Test results for the third hypothesis before using the moderation variable, namely the audit committee has a coefficient value of 0.394 (positive) and the probability value of 0.4873> 0.05, it can be concluded that the audit committee partially does not have a significant positive effect on the company valuation. So, H3 is rejected.
4. Test results for the fourth hypothesis before using the moderation variable, namely the Independent Board of Commissioners, have a coefficient value of 5,363 (positive) and a probability value of 0.0347 <0.05. The independent board of commissioners partially has a significant positive effect on the company valuation. So, H4 is accepted.

Moderation Interaction Test

Hypothesis testing the moderation effect can be seen through the Moderated Regression Analysis (MRA) test results in model 2 or testing with moderation variables. This test is carried out to determine whether a moderation variable can strengthen or vice versa (weaken) the relationship between the independent and dependent variables. This test is carried out by looking at the probability value with the following criteria:

a. If the probability value is <0.05, it is declared influential.
b. If the probability value> 0.05, then it is declared that no effect

Based on table 9, it can be explained as follows:

1. Test results for the fifth hypothesis after using the moderation variable, that is, profitability has a coefficient value of 0.168 (positive) and probability value of 0.5259> 0.05, it can be concluded that profitability is unable to moderate the effect of public ownership on the value of the company. So, H5 is rejected.
2. Test results for the sixth hypothesis after using the moderation variable. That is, probability has a coefficient value of 0.530 (positive) and a probability value of 0.0274 <0.05. Profitability can moderate the effect of institutional ownership on the company valuation. So, H6 is accepted.
3. Test results for the seventh hypothesis after using the moderation variable, namely profitability, has a coefficient value of 0.166 (positive) and probability value of 0.0396 <0.05, it can be concluded that profitability can

positively moderate the influence of the audit committee on the value of the company. So, H7 is accepted.

4. Test results for the eighth hypothesis after using the moderation variable, namely profitability, have a coefficient value of 1,358 (positive) and a probability value of 0.0000 <0.05. It can be concluded that profitability can positively moderate the influence of the independent commissioners on the company valuation. So, H8 is accepted.

Determination Coefficient Test (R2)

Table 8 shows that the coefficient of determination produced in the adjusted R-squared test in model 1 is 0.070280. In Table 9, the coefficient of determination made in the adjusted R-squared test in Model 2 is 0.470506.

The results above explain that the results of the adjusted R-squared in model 1 (7%) < Adjusted R-squared in model 2 (47%), where these results show that profitability can strengthen the relationship between public ownership, institutional ownership, audit committee, and independent board of commissioners of the company valuation of 40%.

CONCLUSION

Based on the results of data analysis on the effect of good corporate governance on company valuation in profitability moderated in automotive companies and components listed on the Indonesia Stock Exchange for the 2017-2022 period, it can be concluded that

1. Public ownership has no significant effect on company valuation in automotive companies and components in 2017-2022
2. Institutional ownership does not affect company valuation in automotive companies and components in 2017-2022.
3. The Audit Committee does not affect company valuation in automotive companies and components in 2017-2022.
4. The Board of Commissioners positively and significantly affects company valuation in automotive companies and components in 2017-2022.
5. Profitability cannot moderate the effect of public ownership on the company valuation of automotive companies and components in 2017-2022.
6. Profitability can moderate the effect of institutional ownership on company valuation in automotive companies and components.
7. Profitability can moderate the audit committee's influence on company valuation on automotive companies and components in 2017-2022.
8. Profitability can moderate the influence of the Board of Commissioners on the company valuation of automotive companies and components in 2017-2022.

LIMITATIONS

In the process of conducting this research, some limitations might affect the results of the study, namely:

1. Data Collection Techniques This study was conducted with a documentation study because the data used is secondary, so there may be errors in entering data in the form of numbers.
2. The research period used is only six years of observation, namely from 2017 to 2022, so there are only 72 company data observed

IMPLICATIONS

1. This research can help companies encourage institutions and the public to increase their capital and public ownership. Institutional ownership can be more stringent in overseeing management performance in the company so that the company valuation can be maximized. Then, the company is considering efforts to maximize the company valuation by

placing the Audit Committee and the Board of Commissioners who have good capabilities and are appropriate in carrying out their duties so that the resources owned by the company can be maximally exploited to achieve its goals.

2. For further research, this research can help to conduct research by accommodating various relevant variables related to maximizing company valuation.

SUGGESTION

Based on the results of research that has been carried out and the limitations that exist, it is expected that future research will improve the following things:

1. Increase the research period. The results obtained could be more accurate and not biased.
2. Adding other research variables, which may have more influence on the dependent variable.
3. Adding primary data, such as questionnaires aimed at management, to support the secondary data used.

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