

## e-Proceedings

2024  
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**INTERNATIONAL  
CONFERENCE  
ON ACCOUNTING  
& BUSINESS**

**Ethics and Integrity in Accounting and Business: Building Trust in an Intricate World**

**ORGANISED BY:**

**FACULTY OF ACCOUNTANCY, UiTM PERAK BRANCH  
TAPAH CAMPUS**

**In Collaboration With**

PROCEEDINGS OF THE 2ND INTERNATIONAL  
CONFERENCE ON ACCOUNTING AND BUSINESS

(ICAB2024)

Ethics and Integrity in Accounting and Business: Building Trust in an Intricate World

e ISBN 978-967-2776-35-2

FACULTY OF ACCOUNTANCY  
UNIVERSITI TEKNOLOGI MARA, PERAK BRANCH, TAPAH CAMPUS, MALAYSIA

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Perpustakaan Negara Malaysia

Cataloguing in Publication Data

No e-ISBN: 978-967-2776-35-2

Cover Design: Graphic Design and Web Page Team  
Typesetting : ICAB 2024 Proceeding Team

# The Influence of Corporate Governance, Company Performance, Intellectual Capital on Corporate Value

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## Abstract

Company value is an investor's assessment of the company's profit potential and future growth. Investors will consider the value of the company when making investment decisions. The value of a company can be influenced by several factors, including corporate governance, company performance, and intellectual capital. Companies that have good corporate governance, strong financial performance and effective intellectual capital can improve investors' perception of the company's profit prospects, thereby increasing investor interest and encouraging stock price increases, which in turn increases the company's value. The purpose of this study is to analyze the influence of the board of directors, audit committee, independent commissioners, company size, debt-to-equity (DER) ratio, debt-to-asset ratio (DAR), and intellectual capital on the value of companies measured using Tobin's Q. The population of this study is hotel companies listed on the Indonesia Stock Exchange for the period 2019-2022. The samples selected using purposive sampling amounted to 40 samples. The results of the study show that independent commissioners and company size have a positive effect, while the board of directors has a negative effect on the company's value. The variables of the audit committee, DER, DAR and intellectual capital have no effect on the company's value.

## Keywords

Corporate value, corporate governance, company performance, intellectual capital

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## 1.0 Introduction

The value of a company is the long-term goal of a company, and the higher the value of the company, the greater the prosperity that shareholders will enjoy. The high value of the company is an attraction for investors because it indicates a high level of prosperity for shareholders. There are various indicators that can be used to assess the value of a company, one of which is *Tobin's Q* (Sudiyatno, 2010).

Many researchers use Tobin's Q as a proxy for financial performance, including Simon and Sullivan using Tobin's Q as a measure of market value in the context of the influence of Brand Equity on company value (Simon & Sullivan, 1993). Other researchers also used Tobin's Q as a proxy of the corporate value of Chadha (Chadha & Sharma, 2015); Kadioglu and Yilmaz (Kadioglu & Yilmaz, 2016); Bayero and Bambale (Bayero & Bambale, 2017), Yvonne P'ng (Yik Fen, 2019), Antonio G. C. et. al (de Carvalho, Dal'Bó, & Sampaio, 2021), Desmiza (Desmiza, 2023).

The hospitality sector in Indonesia before the pandemic was growing rapidly along with the growth of tourism and business. However, the Covid-19 pandemic caused a drastic decline in the number of hotel visitors, and the sector suffered huge losses. Starting in 2021, the situation began to improve and continues to improve. Based on data from the Central Statistics Agency, the number of star hotels in Indonesia in

2021 reached 2,487 hotels with an average occupancy rate of 45.93%. The rapid growth of star hotels indicates competitive competition in the hospitality industry (Statistik, 2017). In the face of competition, hotel companies are required to be able to improve their performance as well as the value of their company. A high company value will increase investor confidence as well as the company's competitiveness in the hospitality industry (Nurlela, 2008). Some of the factors that are suspected to affect the company's value are corporate governance, company performance, and intellectual capital.

A lot of research on the value of companies has been done, but the results have not been consistent, so it is necessary to conduct more research. The purpose of this study is to analyze the influence of corporate governance, company performance, and intellectual capital on corporate value in hotel companies listed on the Indonesia Stock Exchange.

## **2.0 Literature Review**

### **Agency Theory**

Agency theory explains the relationship between the owner of the company (principal) and the management (agent) who manages the company. An agency relationship is a contract between an agent (manager) and a principal (investor) (Mccolgan, 2001). This theory assumes that each party is motivated by self-interest, thus giving rise to agency conflicts when the principal and agent have different goals. Principals want maximum return on investment, while agents are motivated by compensation and other personal interests. This difference in interests poses a moral risk, where the agent has the potential to act unduly for personal gain and ignore the principal's interests. Therefore, agency theory emphasizes the importance of principals supervising and controlling agent behavior through appropriate compensation contracts, policies, and supervision mechanisms in order to create alignment of goals between the two parties. Through the mitigation of agency problems, it is hoped that companies can operate efficiently to maximize company value.

### **Signaling Theory**

In signal theory, the owner of information conveys signals or signals in the form of information that informs the state of the company that is useful for investors (Spence, 1973). These signals or signals can be used as a guideline for investors to decide whether to invest their capital in the company or not (Kusuma, 2016). Signal theory also describes how companies send signals to users of financial statements. These signals can be in the form of information about what management has done to achieve the owner's wishes, namely to maximize profits (Setiawan & Suwaidi, 2022 in Arlita et al, 2023).

### **Corporate Governance**

Corporate governance is a set of rules, processes, and institutions that govern the relationship between various stakeholders in the company, specifically the relationship between shareholders, the board of directors, and the board of commissioners. Corporate governance is believed to implement a good corporate governance (GCG) framework, providing a structured path for better management practices, effective supervision, and control mechanisms that lead to opportunities for growth, financing, and work improvement (Qasim, 2014). The principles of good corporate governance include transparency, accountability, independence, and fairness. By applying these principles, it is hoped that the company can be managed professionally, transparently, and efficiently so that it can provide added value for shareholders and other stakeholders. With such a rapidly changing dynamic, today's business

development has reached the stage of global and open competition. In a global competitive environment, GCG is necessary to build a strong and sustainable business environment. With the introduction of GCG, it is hoped that the management of *company resources* will be efficient, effective, economical, and productive by always paying attention to company goals and attention, which is oriented towards stakeholders (Fahamsah et al., 2023). To support and realize the implementation of good corporate governance mechanisms, there are supporting indicators from internal parties including the board of directors, audit committee, and independent board of commissioners.

In a company, the board of directors plays an important role. According to Ark (2017), the board of directors is at the top level in a company. The board of directors is a person who holds full responsibility within the company (Prayanthi and Laurens, 2020). The board of directors has the task of ensuring that managers act in accordance with the interests of shareholders (Karnawati, 2018). The number of boards of directors in a company can be used to measure the board of directors (Syafitri, et. al., 2018).

The audit committee is a committee formed by and responsible to the board of commissioners in helping to carry out the duties and functions of the board of commissioners (Article 1 paragraph (1) of OJK Regulation 55/2015) The audit committee plays an important role in the company, one of its duties is to convey opinions on reports and other matters to the board of commissioners. The audit committee is a group that oversees the company's financial reporting and compliance (Widianingsih, 2018 in Purwaningsih 2023). The existence of an audit committee is important in determining which auditors to use and jointly overseeing the company's key performance indicators. In Indonesia, companies must establish an independent audit committee to oversee and improve the quality of financial statements provided by management to shareholders.

The board of commissioners is the company's organ tasked with overseeing the company's progress in order to achieve its goals (Lestari, et. al., 2020). According to Bapepam Regulation No. I-A concerning general provisions for securities listing, the existence of an independent commissioner is required to implement good corporate governance. In the regulation, it is stated that the number of independent commissioners is at least 30% of the total number of commissioners. The value of a company increases directly in proportion to the number of boards of commissioners it has (Khairani, 2019). Then according to Amaliyah and Herwiyanti (2019) the company's management is supervised by the board of commissioners, who provide guidance to the company's leadership.

### **Company Performance**

A company's performance analysis aims to evaluate a company's past, current, and financial condition in the future. With financial performance analysis, company management can assess the company's strengths and weaknesses from a financial perspective to then determine strategic steps and improve the company's performance. Good financial performance will increase the company's value and strengthen investors' confidence in the company's future prospects. In this study, 3 (three) indicators were used, namely company size, debt to equity ratio (DER) and debt to assets ratio (DAR).

The size of the company is the amount of assets owned by the company (Marpaung, 2019). This measure is considered to be able to provide a rate of return on invested capital which can reduce the level of uncertainty when comparing total assets to equity (Fakhrudinsyah & Takarini, 2022). The larger the size of

a company, the higher the company's profitability level (Budagaga, 2017; Lloren-alcantara, 2020). Companies with large scales tend to have more effective management in maximizing profits (Tang, 2022 in Arlita, 2023).

Financial leverage is the use of funds that have a fixed load with the expectation that the use of these funds will provide additional profits greater than the burden arising from the use of funds so that it will increase the rate of return for shareholders. The higher the level of financial leverage, the higher the investment risk reflected. Therefore, the company's manager will strive to manage and maintain financial leverage so that it is always in a stable position (Yulianto & Widyasari, 2020). Financial leverage is measured by the debt to equity ratio and debt to asset ratio. Debt to equity ratio (DER) is a ratio that describes a company covering its obligations by using its equity (Ifada & Inayah, 2017). A high DER level shows that the company is able to carry out operational activities with debt as its capital. DER is calculated by means of the ratio of total debt to total shareholder equity. Debt to Total Asset Ratio (DAR) compares total debt to total assets (Brigham and Houston, 2014). The debt obtained can provide a return if executed correctly. With debt, the company can use funds from these external parties to increase its operational and production activities. An increase in activity and production will also increase the company's profit (Tang, 2022 in Arlita 2023).

### **Intellectual capital**

Intellectual capital refers to the value contained in the knowledge, skills, and intellectual resources owned by a company. This includes intangible assets such as employee expertise, trademarks, patents, and unique business processes.

There are several methods that can be used to measure intellectual capital, including the Skandia Navigator method, the Balanced Scorecard, and the Value-Added Intellectual Coefficient (VAIC) method. These methods combine qualitative and quantitative aspects to measure the intellectual value of a company. A high VAIC score can reflect the quality and efficiency of a company's intellectual management, which in turn can affect the company's long-term performance. While there is no direct relationship between VAIC value and stock price, investors may view VAIC value as one of the factors that affect a company's long-term value and therefore can affect stock price.

### **Company Values**

The value of a company is a long-term goal to be achieved because the higher the value of the company, the prosperity of the shareholders will also increase. The high value of the company is the desire of investors because it reflects the high prosperity of shareholders as well. One of the indicators to measure the value of a company is Tobin's Q. Tobin's Q is empirically a popular measure of financial performance in the financial field (Banerjee & Dey, 2011). Tobin's Q is considered a forward-looking performance indicator of a company because it can predict the market value of a company (Dezsö & Ross, 2012). The inventor of Tobin's Q formula originated at Yale University by James Tobin in 1968. The formula is considered good as evidenced by the awarding of the Nobel Memorial Prize in Economics in 1981. One way to measure the value of a company is with Tobin's Q, a way to predict the future investment value of a company (Tobin, 1969 in Desmiza 2023).

## **2.1 Hypotheses Development**

The board of directors has the task of convincing that managers act in accordance with the interests of shareholders (Karnawati, 2018). The role of the board of directors in the company as an agent or manager of the company who has full authority over the company's operational activities. The board of directors helps increase investor confidence because the obligation of the board of directors is to be active in subjective policy-making (the interests of stakeholders and shareholders) so that the company can be managed properly and have an impact on the company's increasing value (Nita & Istikhoroh, 2019). The increase in the number of the company's board of directors improves the quality of corporate governance. The number of the board of directors has an impact on increasing the company's value because the board of directors provides information and creative ideas (Alqatan, et al., 2019, in Purwaningsih et al., 2023). In addition, a larger board of directors has more diverse resources and expertise, and can provide a broader perspective in strategic decision-making (Pearce, 1992). Shareholders will have more trust in a company that has a large board of directors, so the demand for shares will increase which will result in a higher share price and will ultimately increase the value of the company. Research conducted by (Atmaji & Ugut, 2023), Sondokan, et al. (2019), Carolina et al. (2020) concluded that the Board of Directors has a positive effect on the company's value. Meanwhile, the results of Khan's et al. research. (2017) and Salem, et al. (2019) shows that fewer boards of directors will increase efficiency in decision-making. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H1: The Board of Directors has a positive effect on the company's value

The audit committee is a committee that helps strengthen the function of the board of commissioners by carrying out supervision in the form of financial aspects such as financial reporting, internal compliance with good corporate governance and audit implementation. The existence of the audit committee plays an important role in supporting the formation of corporate governance in the company because management performance is monitored regularly so as to minimize profit management which has an impact on improving the quality of reported profits so as to affect the company's value (Surjadi & Tobing, 2016). The existence of a solid and impartial audit committee is expected to strengthen the supervisory role carried out by the board of commissioners. In addition, a strong audit committee will also increase honesty and openness in the company's financial reporting, as well as ensure compliance with applicable regulations and accounting standards (Bédard, 2010). This condition will reduce the information gap between shareholders and management, as well as increase investor confidence so that it can contribute to an increase in the company's value. Atmaji Research (Atmaji & Ugut, 2023), Amaliyah & Herwiyanti (2019), Wilsna (2011) conclude that the audit committee has a positive effect on the company's value. However, the results of Dewi Agustina's research (2017); Mirnayanti & Rahmawati (2022) concluded that the audit committee had no effect on the company's value. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H2: The audit committee has a positive effect on the company's value

The function of management supervision and authority in controlling managers is the main task of the independent board of commissioners, so that it can create added value for the company. The existence of an independent board of commissioners has a great opportunity to control managers to minimize actions

that are detrimental to the company so that it has an impact on increasing the company's value (Widyati, 2013). The existence of an independent board of commissioners is a mechanism to encourage the application of the principle of good corporate goodwill in the company because the interests of managers and shareholders can be aligned because basically the internal board of commissioners is a shield of opportunities for exploitative behavior. The existence of solid and effective independent commissioners will improve the quality of corporate governance, strengthen management accountability, and ensure compliance with regulations and best business practices (Setia-Atmaja, 2009). This condition will reduce the information gap between shareholders and management, as well as increase trust from investors, so that it can contribute to increasing the company's value. Research by Sondokan et al (2019) concluded that the Independent Board of Commissioners has a positive effect on the company's value because the Board of Commissioners provides a transparent and objective view so that an attitude of equality arises for the interests of stakeholders and shareholders. Desmiza Research (Desmiza, 2023), Syafitri, et al. (2018); Aryanto & Setyorini (2019) also concluded that independent commissioners have a significant effect on the company's value. In contrast to the research of Silalahi et al. (2022) which concludes that the independent board of commissioners has no effect on the value of the company. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H3: Independent Commissioners have a positive effect on the company's value

The size of the company is a criterion that investors consider in their investment strategy. The larger the size of a company is expected to increase the value of the company because the company has a larger market share and many investors as well. However, if the size of a company is not balanced with good performance, it will reduce the value of the company (Bestariningrum, 2015). The size of the company is expressed by total assets, the larger the company's total assets, the larger the size of the company. Companies that have large total assets show that they are relatively stable and able to generate greater profits compared to companies that have little or low total assets (Hakim, M.Z., & Abbas, D. S. (2019). This is because large-scale companies will find it easier to get investors who want to invest capital and in terms of obtaining credit compared to small companies, the larger the size of a company, the greater the opportunity for the company to obtain external funding (Seftianne & Handayani (2011) in Sutarji al.all, 2020). Large companies tend to have lower agency costs because they have more resources to oversee management. In addition, large companies also tend to have a higher level of diversification, which can reduce risk and increase company value (Coad et al., 2016). Kosasih research results found that *firm size* affects the value of the company (Kosasih, 2022). Putra and Lestari research (2016), Pratama and Wiksuana (2016), Nuraina (2012); Meidiawati and Mildawati (2016) stated that the size of the company has a positive and significant effect on the value of the company. Research conducted by Denziana and Monica (2016) shows that the size of the company has a positive and insignificant effect on the value of the company. Research conducted by Winarto (2015) states that the size of the company has no effect on the value of the company. These results are supported by research conducted by Franita (2016) that the size of the company has no effect on the value of the company. Meanwhile, the research conducted by Rahmawati et al (2015) shows that the size of the company has a negative effect on the value of the company. The results of the study are supported by research conducted by Prastuti and Sudiarta (2016) which states that the size of the company has a negative effect on the value of the company. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H4: company size has a positive effect on the company's value

According to Prasetyorini (2013) Leverage is a funding policy related to the company's steps to fund the company's activities. When the company lacks capital to carry out its operational activities, the company will be faced with borrowing from creditors and must fulfill its obligations and pay off its debts. A company that can manage debt and fulfill its obligations will reflect that the company has good performance and responsibility for potential investors, so that it will make potential investors invest their capital in the company which will later increase the company's value. The company's operational activities cannot be separated from the use of external funds to support the company's activities (Tang, 2022). Mamaro & Legotlo (2021) states that companies with high profits have a tendency to increase corporate debt. The level of corporate debt is also researched to have a positive and significant influence on the company's performance (López-de-Foronda et al., 2019). The same thing is also stated in the results of Iqbal & Usman's research (2018) and Lestari (2020). A higher debt to equity ratio indicates that the use of debt is more dominant than its own capital (Irayanti, 2014). According to Samisi (Samisi, 2013), Debt policy can give a positive signal to investors and thus affect the value of the company. A debt policy that is well managed by management can increase the value of the company (Sudiyatno, 2012). Therefore, an optimal corporate debt policy can have a positive impact on the company's value. Research conducted by Maryatmi (Maryatmi & Mohammad Hatta Fahamsyah, 2023), concluded that the debt to equity ratio has a positive effect on the company's value. However, Arlita et al's research (2023), Shibusse et al. (2019), Abu-Abbas et al. (2021), Dana et al., (2021), Tousek et al. (2021), and Senarathne & Perera (2021) concluded that the debt to equity ratio had no effect on the company's value. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H5: Debt to Equity Ratio has a positive effect on the company's value

Debt to Asset Ratio (DAR) is a ratio that measures the amount of assets financed by debt. The higher the ratio, the greater the risk that the company will face. DAR is a proxy used to measure financial leverage. Financial leverage is the use of funds that have a fixed load with the expectation that the use of these funds will provide additional profits greater than the burden arising from the use of funds so that it will increase the rate of return for shareholders. The higher the level of financial leverage, the higher the investment risk reflected. Therefore, the company's manager will strive to manage and maintain financial leverage so that it is always in a stable position. The proper and optimal use of leverage can have a positive impact on the company's value because the use of debt can reduce the tax burden arising from the use of debt. The use of debt can also lower the cost of share capital. A decrease in the tax burden on interest arising from the use of debt can increase the company's operating income. The increase in the company's operating income due to the reduction of taxes on interest expenses will leave a greater proportion of income to shareholders. This will give a positive signal to shareholders because shareholders want high returns so that the company's value will increase (Yulianto & Widyasari, 2020). Maryatmi's research results (Maryatmi & Mohammad Hatta Fahamsyah, 2023), conclude that the debt-to-asset ratio have a positive effect on the company's value. However, the results of Yulianto & Widyasari's research (2020) concluded that DAR had a negative effect on the company's value. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H6: Debt to Assets Ratio has a positive effect on the company's value

Intellectual Capital is a method, a way to gain a competitive advantage and is an important component for the prosperity, growth and development of companies in the era of knowledge-based economy (Baroroh, 2013). Increasing the use of Intellectual Capital will help improve the company's financial performance so that stakeholder confidence in the company's sustainability also increases (Artinah & Muslih, 2011). Improving financial performance is a positive signal for investors, so investors will be interested in investing more in the company (N. A. Putri, 2017). This is reinforced by research conducted by Megawati (2016) which concludes that Intellectual Capital has a positive effect on the Company's Value. The results of the study show that the higher the Intellectual Capital, the higher the Company's Value. Intellectual capital is very important in creating added value and competitive advantage for companies. The larger the intellectual capital, the higher the company's ability to innovate and the more efficient it is. The existence of high-value knowledge resources in a company can increase information disclosure and minimize the information gap between the company and its shareholders. This condition will ultimately reduce the cost of the agency that must be borne and contribute to an increase in the value of the company (Do et al., 2008). Rahmadi's Research (Rahmadi, 2021); Jayanti & Binastuti (2017); Septia (2018) concluded that intellectual capital has a significant positive effect on the value of the company. However, Lestari & Sapitri's research (2016) states that Intellectual Capital has no effect on the value of the company. Based on the considerations discussed above and the divergent outcomes observed in previous research, this study postulates the following hypothesis:

H7: Intellectual capital has a positive effect on the company's value

### **3.0 Methods**

#### **3.1 Samples**

The population in this study is all hotel companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2022 period. The number of samples is 10 companies. In total for 4 years there were 40 observations.

#### **3.2. Definition and Measurement of Variables**

The dependend variable in this study is the value of the company measured by Tobin's Q with the following formula:

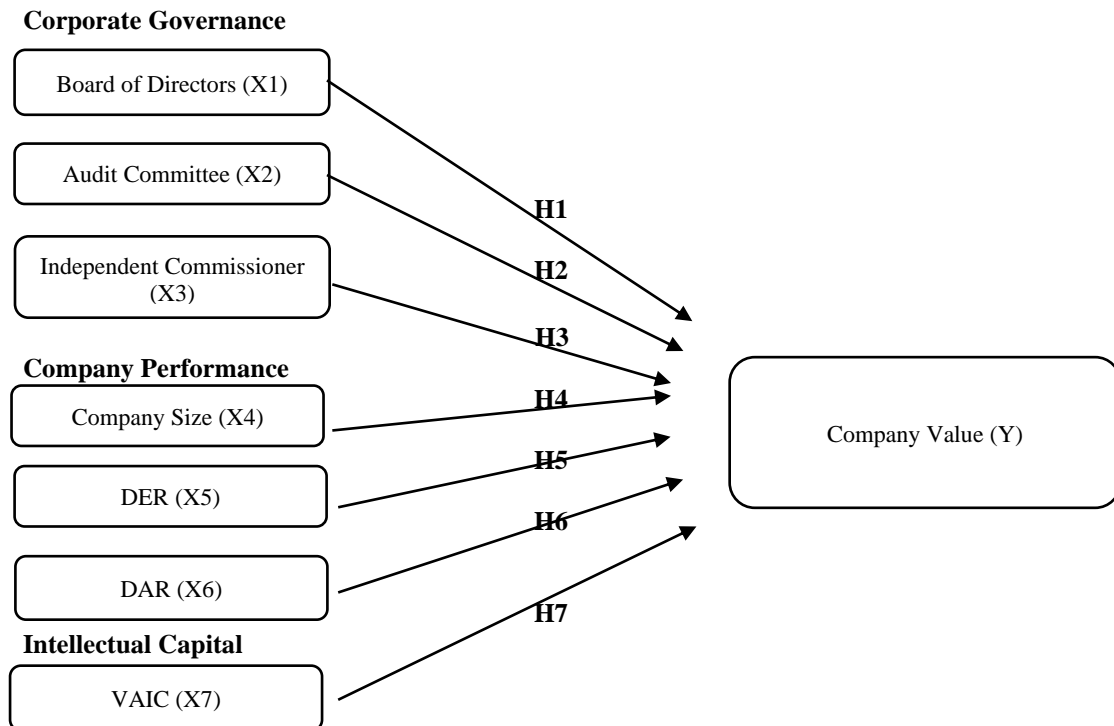
$$\text{Tobin's Q} = (\text{Market Value of Equity} + \text{Market Value of Debt}) / (\text{Book Value of Equity} + \text{Book Value of Debt})$$

The ideal Tobin's Q value is 1.0, which means the market has managed to value the company reasonably (asset market value = asset book value). When Tobin's Q < 1, a company can be classified as undervalued because its book value is higher than its market value. This can attract interested parties to buy the company. On the other hand, when Tobin's Q > 1, a company can be classified as expensive (overvalued), thus attracting those who want to imitate the company's business model to get profits as well.

Independent Variables are shown in the following table.

**Table 1: Independent Variables**

No	Variables	Measurement	Source
1	Board of Directors	Number of members of the board of directors	Khan, et al. (2017); Salem, et al. (2019); Atmaji & Ugut, (2023); Sondokan, et al. (2019); Carolina et al. (2020)
2	Audit Committee	Number of audit committees	Atmaji & Ugut (2023); Amaliyah & Herwiyanti (2019), Wilsna (2011); Dewi Agustina (2017); Mirnayanti & Rahmawati (2022)
3	Independent Commissioner	Number of independent commissioners/ Number of members of the board of commissioners	Desmiza (2023); Syafitri, et al. (2018); Aryanto & Setyorini (2019); Silalahi et al. (2022)
4	Company Size	Ln Total Assets	Winarto (2015); Coad et al., 2016; Franita (2016); Sutarji al.all, 2020; (Kosasih, 2022)
5	Debt to Equity Ratio	Total liabilities / Total Equity	Maryatmi & Mohammad Hatta Fahamsyah (2023); Shibutse et al. (2019); Abu-Abbas et al. (2021); Dana et al., (2021); Tousek et al. (2021); Senarathne & Perera (2021); Arlita et.al (2023)
6	Debt to Assets Ratio	Total Liabilities / Total Assets	Yulianto & Widyasari (2020); Maryatmi & Mohammad Hatta Fahamsyah (2023)
7	Intellectual Capital (VAIC)	VAIC = VACA + VAHU + STVA	Ulum (2019); Rahmadi (2021); Jayanti & Binastuti (2017), and Septia (2018); Lestari & Sapitri (2016)



**Figure 1: Conceptual Framework**

## 4.0 Results and Discussion

### 4.1 Descriptive analysis

Table 2 below is the results of descriptive analysis for all research variables

**Table 2: Descriptive Analysis**

	N	Minimum	Maximum	Mean	Std. Deviation
Board of Directors	40	2,00	8,00	3,30	1,4
Audit Committee	40	3,00	4,00	3,05	,22
Independent Commissioner	40	,29	,60	,44	,09
Firm Size	40	24,83	29,55	27,23	1,24
DER	40	-59,44	50,19	12,78	95,34
DAR	40	,04	1,09	,43	,29
VAIC	40	-90,06	47,28	2,03	22,49
Tobin's Q	40	,36	735,44	75,98	180,01
Valid N (listwise)	40				

In Table 2 above, it can be seen that the number of directors is at least 2, maximum is 8, and the average is 3.3 which means that the average sample company has a board of directors of 3 (three) people. The average audit committee is 3.05 which means that the average sample company has an audit committee of 3 people. The average independent commissioner is 44% of the total number of commissioners. The average DER is 12.78 which means total debt of 12.78 of its total equity. The average DAR is 0.43, meaning total debt is 43% of its total assets. The average intellectual capital is 2.03. This shows that the company has a good rate of return on its intellectual investments. The higher the VAIC value, the more efficient the company is in converting intellectual capital into added value.

### 4.2 Regression Analysis

**Table 3: Regression Analysis and Hypothesis Testing Results**

Independent Variabel	Exp. Sign	Coefficient	P Value	VIF	Conclusion
C		-1397,491	0,14		
Board of Directors (BD)	+	-61,536	0,034	2,028	Not Supported
Audit Committee (AC)	+	41,206	0,784	1,444	Not Supported
Independent Commissioner (IC)	+	59,895	0,025	1,696	Supported
Firm Size (FS)	+	68,249	0,012	1,340	Supported
DER	+	0,191	0,628	1,862	Not Supported
DAR	+	-95,022	0,403	1,431	Not Supported
Intellectual Capital (VAIC)	+	-0,812	0,634	1,931	Not Supported
R (R <sup>2</sup> )		0.451 (0.204)			

The regression equation of the statistical test based on the table above is as follows:

$$Y = -1397,491 - 61,536BD + 41,206AC + 59,895IC + 68,249FS + 0,191DER - 95,022DAR - 0,812VAIC$$

#### 4.2.1 Classical assumption test

In Table 3, it can be seen that each variable has a VIF value of < 10, which means that there are no symptoms of multicollinearity in the independent variables in this study. The classic assumption test carried out in this study, in addition to the multicollinearity test, includes the normality test, and the heterokedasticity test.

The normality test uses *the Kolmogorov-Smirnov test*. The probability value  $>0.05$  is said to be a residual variable in this regression model with a normal distribution. The results of the glacier heteroscedasticity test that has been carried out, it is known that the residual plot of the research item is spread above and below the 0 point on the Y axis, so it can be concluded that the regression model does not have heteroscedasticity symptoms.

#### **4.2.2 Hypothesis test results**

##### **The influence of the board of directors on the value of the company**

Hypothesis 1 (H1) states that the board of directors has a positive effect on the company's value. The test results prove that the board of directors has a significant negative effect on the company's value with a p-value of 0.034 at the level  $\alpha = 5\%$ , so H1 is not proven or not supported by data. These results support the research of Khan, et al. (2017); Salem, et al. (2019) who concluded that fewer boards of directors will increase efficiency in decision-making. However, it is different from the results of the research conducted by Atmaji (Atmaji & Ugut, 2023); Sondokan, et al. (2019); Carolina et al. (2020) which concludes that the Board of Directors has a positive effect on the company's value.

##### **The influence of the audit committee on the company's value**

Hypothesis 2 (H2) states that the audit committee has a positive effect on the company's value. The test results prove that the audit committee has a positive effect on the company's value with a p-value of 0.784 at the level  $\alpha = 5\%$ , so H2 is not proven or not supported by data. This is suspected because the optimal performance of the audit committee is largely determined by the level of independence or freedom from conflicts of interest, adequate competence or expertise, and the moral integrity possessed by each member of the committee. In other words, the existence or existence of an audit committee alone without being supported by the quality of qualified human resources is likely to be insufficient to contribute to significantly increasing the company's value. The results of this study support the research of Rahmawati et al (2022); Dewi Agustina (2017) who concluded that the audit committee has no effect on the company's value. However, it does not support Atmaji's research (Atmaji & Ugut, 2023), Wilsna (2011) which concludes that the audit committee has a positive effect on the company's value.

##### **The influence of independent commissioners on the value of the company**

Hypothesis 3 (H3) states that independent commissioners have a positive effect on the company's value. The test results prove that independent commissioners have a significant positive effect on the company's value with a p-value of 0.025 at the level  $\alpha = 5\%$ , so that H3 is proven or supported by data. These findings indicate that the higher the number of independent board of commissioners, the better the supervisory function will run in accordance with their role as supervisors and balancers so that it will increase their supervision in the company's daily operations. This result can also be seen from descriptive data, the average value of independent boards is 44% of the number of board of commissioners which shows that manufacturing companies listed on the IDX have met the IDX requirement that every listed company must have an independent board of commissioners of at least 30%. The results of this study are in line with Desmiza's findings (2023); Barnhart and Rosentein (Barnhart & Rosenstein, 1998); Siallagan and Machfoedz (Siallagan & Machfoedz, 2006); Karim and Purwanto (Karim & Purwanto, 2020); Hasanah et al (Hasanah, Sirait, & Martia, 2019) who stated that the higher the independence and effectiveness of the independent corporate board will have a significant effect on Tobin's Q. However, the results of this study contradict the findings of Liliani (Liliani et al., 2019); Palaniappan (Palaniappan, 2017); Antonio et al in

Brazil that the independent board of commissioners had a negative effect on Tobin's Q (de Carvalho et al., 2021).

#### **The effect of company size on company value**

Hypothesis 4 (H4) states that the size of the company has a positive effect on the value of the company. The test results prove that the size of the company has a significant positive effect on the company's value with a p-value of 0.012 at the level  $\alpha = 5\%$ , so that H4 is proven or supported by data. This is because large companies tend to have stable conditions. Stable conditions have led to an increase in the company's share price in the capital market. Inverstor expects dividends from the company. The increase in demand for company shares can spur an increase in stock prices in the capital market. This increase indicates that the company is considered to have greater "value" (Trisnawati et all, 2019). These results support Kosasih's research (Kosasih, 2022); Putra and Lestari (2016), Pratama and Wiksuana (2016), Nuraina (2012) Meidiawati and Mildawati (2016) which states that the size of the company has a positive and significant effect on the value of the company.

#### **The effect of debt to equity ratio (DER) on company value**

Hypothesis 5 (H5) states that the debt to equity ratio has a positive effect on the company's value. The test results prove that the debt to equity ratio has a positive and insignificant effect on the company's value with a p-value of 0.628 at the level  $\alpha = 5\%$  and a regression coefficient of 0.191, so that H5 is not proven or not supported by data. The higher the DER, the less it will have an effect on the company's performance. The results of this study do not support the signal theory that states that the company sends signals to the users of the financial statements about what management has done to achieve the owner's wishes, namely to maximize profits. DER does not have an impact on the company's performance because debt can also have an impact on agency conflicts between managers and bondholders of the company. Managers feel that they do not benefit from funding because there will be income provided to the party who funds the project. So for this, managers prefer not to borrow in funding company projects. Therefore, leverage has no effect on the company's performance (Rao et al., 2020 in Arlita et all. 2023).

#### **The effect of debt to assets ratio (DAR) on company value**

Hypothesis 6 (H6) states that the debt to asset ratio has a positive effect on the company's value. The test results prove that the debt to asset ratio has a negative effect on the company's value with a p-value of 0.403 at  $\alpha$  the level = 5% and a regression coefficient of -95.022, so H6 is not proven or not supported by data. The debt to assets ratio has a negative but insignificant effect, meaning that manufacturing companies that have a high financial leverage (DAR) value, then have a negative impact on the company's value because it is considered too risky from an investor's point of view if the company cannot manage it properly, therefore investors will be more interested in investing their assets by looking at low financial leverage (DAR). Financial leverage can be considered as an estimator of the risks inherent in a company. This means that greater leverage indicates greater investment risk, resulting in a lower company value in the eyes of investors.

#### **The influence of intellectual capital on company value**

Hypothesis 7 (H7) states that intellectual capital has a positive effect on the value of a company. The test results prove that intellectual capital has a negative and insignificant effect on the company's value with a p-value of 0.634 at the level  $\alpha = 5\%$  and a regression coefficient of -0.812 so that H7 is not proven or

supported by data. The disclosure of the company's intellectual capital is not explicitly disclosed in both the financial statements and the annual report because it cannot be measured with certainty. Intellectual capital can only be disclosed through valuation indicators such as human capital, structural capital and customer relationships that can only be known by the company's internals. The results of this study support the research of Lestari & Sapitri (2016); Sutarji et al (2020) which states that Intellectual Capital has no effect on the value of the company, but does not support Rahmadi's research (Rahmadi, 2021), Jayanti & Binastuti (2017); Septia (2018) which concludes that intellectual capital has a significant positive effect on the value of the company.

## 5. Conclusion

From the results of the hypothesis test, it can be concluded that the variable of the board of directors has a significant negative effect on the company's value. The variables of independent commissioners and the size of the company have a positive effect on the value of the company. However, the variables of the audit committee, debt to equity ratio, debt to assets ratio, and intellectual capital have no effect on the company's value.

There are several things that are recommended if you are going to use this research as a reference to conduct further research, including: using all samples of companies on the IDX and not only the hospitality sector. For future research, researchers can use data over a longer period so that the results of the study can be more consistent. Researchers can use other variables that can affect the value of the company, such as interest rates, foreign exchange rates and other inflation rates. It can use other proxies in measuring the value of a company, such as Price Earning Ratio and Prive to Book value. As for the corporate governance variable, it can be added to the variable of institutional ownership, managerial ownership. The company's performance can use the variables of profitability, liquidity and activity.

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Surat kami : 700-KPK (PRP.UP.1/20/1)  
Tarikh : 20 Januari 2023



Prof. Madya Dr. Nur Hisham Ibrahim  
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Kelulusan daripada pihak tuan dalam perkara ini amat dihargai.

Sekian, terima kasih.

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