

The Effect of Internal Corporate Governance Mechanism on Corporate Values

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Abstract

This study aimed to analyze effectson the size of the Board of Commissioners, the Board of Commissioners Meeting, Board of Independent Commissioners, Audit Committee, Institutional Ownership, Concentration Ownershipand Managerial Ownership on Corporate Value as measured by Tobin's Q and PBV. The population of this research is some companies listed on the Stock Exchange accounting around 539 companies. Using purposive sampling method, a sample of 74 companies with a total number of 370 observations for data in 2013-2017. Data used is secondary data obtained from IDX. The analysis technique used is multiple linear regression analysis. The results show that the U_DEKO, D_KOIN gives positively and significantlyeffect on Tobin's Q and PBV. K_MAN effects negatively and significant on Tobin's Q.

Keywords: *the size of Board of Commissioners, Board of Commissioners Meeting, Board of Independent Commissioners, Audit Committee, Institutional Ownership, Concentration Ownership, Managerial Ownership and Corporate Value*

Introduction

In the globalization era, the development of growing economy rapidly and increasingly fierce competition in the capital market. One of the main activities of the capital market is an investment. Growth and development of a company can not be separated from the investors investing funds. According toSalvatore (2011), one of the main objectives of go public companies is to enhance the prosperity of the owners or shareholders by increasing the company values. It is very important because the higher value of the company will be followed by a high prosperity shareholders (Brigham & Houston, 2011). The higher the stock price, the higher the company values.

According to Harmono (2017), the company value can be measured with Price to Book Value (PBV), Price Earning Ratio (PER), Earning Per Share (EPS) and Tobin's Q. This study used company values with the measuring instrument Tobin's Q and Price to Book Value (PBV). According to Smithers and Wright (2007), the reason for choosing the ratio of Tobins Q for the calculation more rational given the elements of liability included as a basis for calculation, therefore this study chose the measuring instrument the company value

PBV and Tobin's Q. According to Brigham and Houston (2001), give reason investors use PBV ratio of the value of the company because its PBV is relatively stable, companies with negative earnings is not possible to use PER, so users PBV can cover weaknesses in PER.

The company's value is influenced by many factors, one of which is through good corporate governance (GCG). In the case of PT. Garuda Indonesia (GIA) experienced a decline in stock prices, because of the problems in the financial statements, especially regarding share ownership and corporate governance is not good. Corporate governance in accordance with the Corporate Governance forum in IndonesiaFCGI (2001) is a set of rules that govern the relationship between shareholders, board, corporate managers, creditors, government, employees, as well as internal and external stakeholders other related rights and obligations or systems used to control the company.

Corporate governance, which is a concept based on the theory, expected to be used to notify investors that they would receive the funds they have invested. In Theory Agency (Agency Theory), Jensen and Meckling (1976) in orderto make good corporate governance for the company is expected to reduce agency conflict. To improve enterprise performance and reduce the agency conflict corporate governance mechanisms to be set

up by a company that will implement it in the form of board of directors, independent board, managerial ownership, institutional ownership, and the audit committee. From some of these mechanisms but in this study will be focused on seven mechanisms that are considered essential for any company in the form of corporate governance that is better than board size, board meetings, independent board, audit committee, institutional ownership, ownership concentration and managerial ownership will be discussed by the three groupings, namely, commissioners, audit committee and ownership structural (Jensen and Mekling, 1976; Abbasi and Kalantari, 2012; Darko, Aribi, & Uzonwanne, 2016; Arora and Sharma, 2016; Nawaz, 2017).

The first corporate governance mechanism is commissioners. According to KKNNG (2006), commissioners is part of the company in charge of and responsible collectively for overseeing and advising the board of directors and ensuring that the company implement GCG, however, commissioners should not be participating in making operational decisions. The second corporate governance mechanism is audit committee. According to Zehnder (2011), audit committee provides insight into the problem of accounting, financial reporting and explanation, the internal control system as well as the independent auditor. The third mechanism of corporate governance is ownership structure. According to Jensen and Meckling (1976), Ngui et al (2007), the optimal composition of the ownership structure will affect the company performance.

Based on the measurement or the mechanism used in this study with previous research: according to a study by Boateng et al (2017) using two mechanisms of independent directors and the concentration of ownership, according to study Ciftci et al (2018) using two mechanisms of concentration of ownership and board membership households, according to Jara et al (2018) using only one mechanism that is concentration of ownership, by Pillai et al (2017) used three mechanisms: institutional ownership, audit committee, and the size of the board, according to Sheikh et al (2013) also uses three mechanisms: the size of the board, managerial ownership, and ownership concentration.

Based on the place or the countries examined in the previous study; Boateng et al (2017) study using the company listed in the country of China, Ciftci et al (2018) conducted research on the companies in Turkey, Jara et al (2018) observed the influence of corporate governance on corporate value on the company in the Latin American, Pillai et al (2017) looked at the relationship between corporate governance on corporate performance in the GCC Countries, Sheikh et al (2013) observed the internal influence corporate governance on corporate performance in the company in Pakistan.

Based on the results of the previous study; Research conducted by Ciftci, Tatoglu, Wood, Demirbag, Zaim (2019), board size effects on the company's performance with measurement Tobin's Q. In contrast, a study conducted by Mak and Kusnadi (2005), Detthamrong, Chancharat, and Vithessonthi (2017) that board size does not affect the company values. A study conducted by Dung To Thi (2011), Ntim et al (2011), Sohail et al (2017), Francis, Hasan & Wu (2012) that board meetings give positive effect on corporate value. In contrast to a study by Weiyang and Baofieng (2009), Prastiti (2013) that board meetings does not affect the company performance.

According to Connelly (2017), Abbasi (2012), Dung (2011), Ou-Yang, (2008) that there has been positive influence the proportion of independent board with members of the corporate value. In contrast to a study conducted by Agrawal & Knoeber (1996), Detthamrong, Chancharat, and Vithessonthi (2017) proving that an independent commissioner significant negative effect on the corporate values. A study conducted by Onasis (2016), Gill & Obradovich (2012) and Rouf (2011) and Tornyeva (2012) that the audit committee has a significant positive effect on corporate value. The results of the different studies conducted by Aldamen (2012), Detthamrong (2017), indicating that the audit committee did not significantly affect the corporate values.

A study by Chen et al (2008), Caylor (2006), Khurram Khan et al (2011), Abbasi and Kalantari (2012), Navissi and Naiker (2006), there is a positive influence with the company's institutional ownership. In contrast to research conducted by Li Lin (2010), Almudehki and Zeitun (2012), Syafitri, Nuzula, Nurlaily (2018) and Afnan & Rahardja (2014) stated that there was a significant negative among institutional ownership on corporate value. According to Boateng et al (2017), Ciftci et al (2019), Jara et al (2018), Pillai et al (2017),

Sheikh et al (2013), Sohail et al (2017) ownership concentration positively affects on corporate value. In contrast to a study by Nuryama (2008), Nasution and Setiawan (2007) ownership concentration negatively affects company performance.

A study by Abbas and Abdolmanafi (2013), Ruan et al (2011), Sholekah (2014), Hardiningsing (2011) managerial ownership has a positive effect on corporate value. In contrast to a study by Mollah et al (2012), Isshaq et al (2017), Sheikh et al (2013), Sohail et al (2017), Srivastava (2015) states that managerial ownership negatively affect and do not significant to the corporate value.

According to Brigham & Houston (2012), Laksitaputri (2012), Arifianto & Chabachib (2016), state that factors that may affect the corporate value are liquidity, leverage, and size. The variables used as control variables in this study. Based on the above background, researchers interested in conducting a research entitle "The Effect of Internal Corporate Governance Mechanism on Corporate Values".

Methods

This is a study of the effect of internal corporate governance mechanism on corporate values. The population of this research was a listed company on the Stock Exchange accounting 539 companies as sample in this study by using purposive sampling method in order to obtain a sample of 74 companies with number of observations accounting 370 listed on the Stock Exchange in 2013-2017. The analysis technique used was multiple linear regression analysis.

Results and Discussion

The data processing with SPSS 17 obtained results as:

Table 1
Results of Multiple Linear Regression Analysis

Model	Coefficients Unstandardized		Standardized Coefficients	
	Tobin's Q	PBV	Tobin's Q	PBV
Constant	-0.010 (0.351)	-0.252 (0.364)		
U_DEKO	0,039 *** (0.010)	0.063 * (0.011)	0,242	-0.021
R_DEKO	0,002 (0.005)	-0.002 (0.005)	0,020	-0.021
D_KOIN	0557 *** (0.154)	0.485 ** (0.161)	0,201	0.174
COMA	0.143 *** (0.054)	0.051 (0.055)	.150	0,054
K_INS	0,000 (0.001)	0,001 (0.001)	-0.027	0,053
K_KON	0,000 (0.001)	-0.001 (0.001)	0,013	-0.054
K_MAN	-0.007 *** (0.003)	-0.004 (0.003)	-0.154	-0.095
CR	0,000 * (0.000)	0,000 * (0.000)	-0.110	0.123
DER	0,016 (0.014)	0.043 *** (0.014)	0,071	0.194
SIZE	-0.009 (0.011)	0.009 (0.011)	-0.054	0,054

Source: Processed results of SPSS Statistics

Description: () is std. Error, *** is significant <0.01 , ** is significant <0.05, * is significant <0.1

From the table above, it can be specified multiple regression equation as follows:

$$TOB_{it} = \beta_{0it} + \beta_{1it}D_KOIN_{1it} + \beta_{2it}R_DEKO_{2it} + \beta_{3it}U_DEKO_{3it} + \beta_{4it}KOMA_{4it} + \beta_{5it}K_INS_{5it} + \beta_{6it}K_KON_{6it} + \beta_{7it}K_MAN_{7it} + \beta_{8it}CR_{8it} + \beta_{9it}DER_{it} + \beta_{10it}SIZE_{10it} + e$$

$$PBV_{it} = \beta_{0it} + \beta_{1it}D_KOIN_{1it} + \beta_{2it}R_DEKO_{2it} + \beta_{3it}U_DEKO_{3it} + \beta_{4it}KOMA_{4it} + \beta_{5it}K_INS_{5it} + \beta_{6it}K_KON_{6it} + \beta_{7it}K_MAN_{7it} + \beta_{8it}CR_{8it} + \beta_{9it}DER_{it} + \beta_{10it}SIZE_{10it} + e$$

$$TOB = -0,010 + 0,039U_DEKO + 0,002R_DEKO + 0,557D_KOIN + 0,143KOMA + 0,000K_INS +$$

$$0,000K_KON - 0,007K_MAN + 0,000CR + 0,016DER - 0,009SIZE$$

$$PBV = -0,252 + 0,020U_DEKO - 0,002R_DEKO + 0,485D_KOIN + 0,051KOMA$$

$$+ 0,001K_INS - 0,001K_KON - 0,004K_MAN + 0,000CR + 0,043DER + 0,009SIZE$$

$$+ 0,043DER + 0,009SIZE.$$

The equation presented above can be clearly read as follows:

- a. Regression model Y1 and Y2 shown that the resulting constant value is equal to -0.010 Y1, Y2 is equal to -0.252. The results showed that when it was assumed no changes in the percentage of board size, board meetings, independent board, audit committee, institutional ownership, ownership concentration, managerial ownership, liquidity is measured by the current ratio, leverage as measured by debt to equity ratio, size.
- b. Multiple regression model Y1 and Y2 board size had positive regression coefficient of 0.039, Y2 also had a regression coefficient was positive at 0,020. The results implied that the higher the board size, the more increased on corporate value.
- c. Multiple regression model Y1 and Y2 board meetings had positive regression coefficient of 0.002. The results implied that the higher the board size will drive increased corporate value as measured by Tobin's Q of 0.002. In variable Y2 also had a marked negative regression coefficient of -0.002. The results implied that the higher the board size would decrease the corporate value.
- d. Based on variables Y1 and Y2, independent board had positive regression coefficient of 0.557. In variable Y2, independent board had positive regression coefficient of 0.485. The results implied that the higher the percentage of independent board would encourage the increased the corporate value as measured by Tobin's Q at 0.557 and 0.485 PBV units with the assumption that other factors besides independent board considered fixed or constant and *vice versa*.
- e. The form of multiple regression model based on the variable Y1 (Tobin's Q), the audit committee had positive regression coefficient of 0.143. In variable Y2 (PBV), audit committee had positive regression coefficient of 0.051. The results implied that the higher the number of audit committee meetings held would drive the increase of corporate value.
- f. The form of multiple regression model based on variables Y1, institutional ownership had positive regression coefficient of 0.000, variable Y2 institutional ownership had positive regression coefficient of 0.001. The results implied that the higher the percentage of institutional ownership would boost the corporate value.
- g. The form of multiple regression model based on variables Y1 ownership concentration had positive regression coefficient of 0.000, the results implied that the higher the percentage of ownership concentration would boost the increased of corporate value. In variable Y2 ownership concentration had positive regression coefficient of -0.001. The results implied that the higher the percentage of ownership concentration lead to a decrease corporate value, assuming other factors besides the concentration of ownership was considered fixed or constant and *vice versa*.
- h. In variables Y1 managerial ownership had a positive sign of regression coefficient of -0.007, the results implied that the higher the percentage of managerial ownership, it would decrease the corporate value.

In variable Y2 managerial ownership had a positive regression coefficient of -0.004. The results implied that the higher the percentage of managerial ownership would decrease the corporate value, assuming other factors besides the concentration of ownership was considered fixed or constant and *vice versa*.

- i. In Y1 (Tobin's Q) liquidity as measured by the current ratio had positive regression coefficient of 0.000. In variable Y1 (PBV) liquidity as measured by the current ratio had regression coefficient was positive 0.000 coefficient values obtained showed that the higher the current ratio would encourage Tobin's Q and PBV companies in Indonesia Stock Exchange amounted to 0,000 and 0,000 units, assuming factor other than the current ratio was considered fixed or constant and *vice versa*.
- j. Variabel Y1 (Tobin's Q) leverage as measured by debt equity ratio had positive regression coefficient of 0.016. In variable Y2 (PBV) leverage as measured by debt equity ratio had positive regression coefficient of 0.043. The resulting regression coefficients implied that it was assumed an increase in the debt to equity ratio of the company by one unit would increase the corporate value of Tobin's Q and PBV accounting to 0.016 and 0.043 units assuming other factors besides debt to equity ratio was considered fixed or constant.
- k. Variabel Y1 (Tobin's Q) size had a negative regression coefficient of -0.009. Coefficient values obtained shown that the higher the value the size would decrease the corporate value as measured by Tobin's Q on the company in the Indonesia Stock Exchange accounting to -0.009 units. In the variable Y2 (PBV) size had positive regression coefficient of 0.009.

Table 2. Feasibility

Model		Sum of Squares	Df	mean Square	F	Sig.
TOB	Regression	4,504	10	.450	6.569	0,000a
	residual	20.088	293	0.069		
	Total	24.591	303			
PBV	Regression	2.956	10	0,296	4,003	0,000a
	residual	21.632	293	0.074		
	Total	24.588	303			

Source: Processed results of SPSS Statistics

Based on Table 2 above, obtained F count for Tobin's Q of 6.569 with sig 0.000 < 0.05, F count for PBV 4,003 with sig 0.000 < 0.05. F test conducted jointly mean the independent variables had positive influence and significant impact on the value of companies listed on the Stock Exchange, which means that the independent variables together had a positive and significant effect on the dependent variable.

Table 3. Test of Determinationcoefficient (R²)

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate
TOB	0,428a	0.183	0.155	0.262
PBV	0,347a	.120	.090	0.272

Source: Processed results of SPSS Statistics

The coefficient of determination is needed to see how big the contribution of the dependent variable (X) of the independent variable (Y). The calculations obtained by squaring the correlation coefficient had been determined. Based on Table 3 contributions variable board size, independent board, audit committee, and institutional ownership on corporate value in companies listed on the Stock Exchange is Tobin's Q of 15.5%, and the remaining 84.5%, while the remaining 9% PBV 91% variable of the company value granted by other factors that were not identified as profitability ratios, liquidity ratios, activity ratios, and the ratio of the market.

Hypothesis Testing

Hypothesis 1

At this stage, hypothesis aims to demonstrate empirically the effect of board size on corporate value as measured by Tobin's Q was obtained sig 0.000. The results showed that the value of sig 0.000 $\alpha 0:01$, while the corporate value measured by PBV sig of 0.063 <math><0.1</math>. Sig Tobin's Q and PBV are equally significant, then the decision is H_a H_o accepted and rejected so that it can be concluded that the results of board size and significant positive effect on corporate value in the Indonesia Stock Exchange, so it can be said to be the first hypothesis was accepted.

Hypothesis 2

The summary of the second hypothesis results testing which aims to analyze and demonstrate empirically the influence of board meetings to corporate value as measured by Tobin's Q and PBV. The test results had to be obtained sig Tobin's Q of 0.709. The results obtained show that the sig of 0.709 > 0.1 alpha, while sig PBV 0.712 > alpha of 0.1, then the decision H_a was rejected and H_o was accepted, it can be concluded that the board meetings did not influence positively and significantly on company value (Tobin's Q), while the board meetings had negative effect and is not significant to corporate value (PBV) listed on the Indonesia Stock Exchange, so we can say the second hypothesis was rejected.

Hypothesis 3

The summary of the test results demonstrated empirically the third hypothesis of independent board influence on corporate value as measured by Tobin's Q and PBV. The test results had to be obtained sig 0.000. The results obtained show that the value of sig Tobin's Q of 0.000 $\alpha 0:01$, sig PBV of 0,003 $\alpha 0.005$, then the decision was H_a accepted and H_o was rejected, it can be concluded that the board meetings affect positively and significant on corporate value (Tobin's Q and PBV) listed on the Indonesia Stock Exchange, so it can be said third hypothesis was accepted.

Hypothesis 4

The result of the fourth hypothesis of audit committee variables obtained sig Tobin's Q of 0,008. The results obtained show that the sig of 0.008 α of 0.01, then the decision H_a was accepted and H_o was rejected, it can be concluded that the audit committee is positive and significant impact on the corporate value as measured by Tobin's Q on companies listed in Indonesia Stock Exchange, so we can say the fourth hypothesis is accepted. Sig PBV 0,361 > alpha of 0.1, then the decision is rejected and H_a H_o is accepted, it can be concluded that audit committees and not significant positive effect on corporate value as measured with a PBV of the companies listed in Indonesia Stock Exchange, so it can be said the fourth hypothesis was rejected.

Hypothesis 5

The result of the fifth hypothesis testing was institutional ownership variable sig values obtained at 0.713. The results obtained show that the value of Tobin's Q sig of 0.713 > 0.1, sig PBV 0.491 > 0.1 then the decision H_a was accepted and H_o was rejected, it can be concluded that institutional ownership on corporate value (Tobin's Q) had negative effect, whereas the institutional ownership had positive effect and no significant on corporate value (PBV), so it can be said fifth hypothesis was rejected.

Hypothesis 6

The result of sixth hypothesis testing showed that the value of Tobin's Q sig of 0.857 > 0.1, sig PBV 0.469 > 0.1, then H_a was accepted and H_o was rejected. The conclusion that ownership concentration had positive effect and no significant effect on corporate value as measured by Tobin's Q, while ownership concentration had positive effect and not significant on corporate value as measured with a PBV of the companies listed in Indonesia Stock Exchange, so it can be said to be hypothetical sixth was rejected.

Hypothesis 7

The result of seventh hypothesis testing showed that the value of Tobin's Q sig of 0.010 <math><0.05</math>, then H_a was accepted, H_o was rejected, so that the conclusions of managerial ownership had significantly negative effect on corporate value as measured by the companies listed on PBV Indonesia Stock Exchange. Sig PBV

0.126 > 0.1, then the decision H_a was accepted and H_o was rejected, it can be concluded that managerial ownership had negative effect and no significant on corporate value as measured with PBV of the companies listed in Indonesia Stock Exchange, so it can be said the seventh hypothesis was accepted.

Discussion

The Size Effect of Board of Commisionerson Corporate Value at Company Listed on the Indonesia Stock Exchange

Corporate Value with Tobin's Q

The results of the first hypothesis testing on effect of board of commisioners on Tobin's Q had positive and significant effect on Tobin's Q on companies listed in Indonesia Stock Exchange. The result is in line with agency theory which states that the higher number of commissioners, the better of monitoring function, as a result the better practice of corporate governance and it can increase the corporate value. In addition, the board of commisioners had relationship in line with the corporate value and influence significantly (Abdullah et al, 2008).

The results are in line with a research conducted byCitfi, Tatoglu, Wood, Demirbag, Zaim (2019), Zhou Haiyan, Owusu-Ansah, and Magina (2018)where board of commissioners had positive and significant effect on company performance measured by Tobin's Q.

Corporate Value with PBV

The results of the first hypothesis testing finds that the size of the board commisioners on PBV had positive and significant impact of companies listed in Indonesia Stock Exchange. The result is in line with agency theory which states that the higher number of commissioners, the better of monitoring function, as a result the better practice of corporate governance and it can increase the corporate value. In addition, the board of commisioners had relationship in line with the corporate value and influence significantly (Abdullah et al, 2008).

The resultis in line with a research conducted by Laila (2011) that showed positive association between the board of commisioners size on corporate value. According to Darko, Aribi, and Uzonwanner (2016) the board of commisioners had significant effect on the companyperformance. According toJackling (2009) who conducted a study at Indian companies that corporate value can be increased by adding number of board of commisioners.

The Effect of Board Commisioners Meeting on Corporate Values at Company Listed on the Indonesia Stock Exchange.

Corporate Value with Tobin's Q

Based on the results of the second hypothesis testing is that board of commisioners meetings had positive effect and no significant on corporate valueas listed in Indonesia Stock Exchange. The results of this study contradicted with the agency theory which states that one of the ways that can be used to reduce the agency problem and the agency cost asmore meetings will increase the level of oversight by the board of commisioners tomanager.

The result isin line with a research by Sohail et al (2017), Yasser et al (2017), Paniagua et al (2018), Isshaq et al (2009), Lozano et al (2016) that found positive influence on its board meetings on corporate value (Tobin's Q).

Corporate Value with PBV

Based on the results of the second hypothesis testing is that board meetings had negativeeffect and no significant on corporate value (PBV) as listed in Indonesia Stock Exchange. The results of this study contradicted with the agency theory which states that one of the ways that can be used to reduce the agency problem and the agency cost asmore meetings will increase the level of oversight by the board of commisioners tomanager.

The result is in line with research by Yasser et al (2017), Paniagua et al (2018), Isshaq et al (2009), Lozano et al (2016) found positive influence on its board meetings on the corporate value.

The Effect of Independent Board of Commissioner on Corporate Value as Listed on the Indonesia Stock Exchange

Corporate Value with Tobin's Q

Based on the results of the third hypothesis testing, the independent board of commissioner had positive and significant effect on Tobin's Q as companies listed in Indonesia Stock Exchange. The result is in line with agency theory stating the board of commissioner function serves to reduce high agency cost, with an increase oversight and transparency will impact on the information asymmetry and monitoring cost implications would be decreased, so the company's efficiency can also be realized.

This study is in line with research conducted by Khosa (2017), that the relationship between the independent board of commissioner on corporate value (conducted in Indian companies). According to research by Abbasi et al. (2012), Dung (2011), Ou-Yang (2008), Kawatu (2009), Onasis (2016) there are positive influence of proportion of independent board members on corporate value. According to Leung, Richardson, Jaggi, (2014) state that independent board of commissioner had positive effect on company performance (companies in Hongkong).

Corporate Value with PBV

Based on the results of the third hypothesis testing, the independent board of commissioner had positive and significant effect on PBV as companies listed in Indonesia Stock Exchange. The result is in line with agency theory stating the board of commissioner function serves to reduce high agency cost, with an increase oversight and transparency will impact on the information asymmetry and monitoring cost implications would be decreased, so the company's efficiency can also be realized.

This study is in line with research conducted by Siallagan and Machfoedz (2006), Rianingsih (2008), Jaradat (2015), Budiman (2017) state that independent board of commissioner has positive effect on company performance.

The Effect of Audit Committee on Corporate Values at Company Listed in Indonesia Stock Exchange

Corporate Value with Tobin's Q

Based on the results of the fourth hypothesis testing, audit committee has positive and significant effect on Tobin's Q on companies listed in Indonesia Stock Exchange. The result is inline with the Agency Theory that the bigger of number of audit committee members, the more effective of monitoring, as a result it can reduce agency costs and enhance corporate value (Aldamen et al, 2012). From the previous research, audit committee member did not effect on corporate values.

The study is in line with research by Siallagan (2011) states that the existence of audit committee positively affect on corporate value. Research conducted by Saifi & Sarafina (2017) state that the Audit Committee had significant influence on Tobin's Q. The study by Onasis (2016), Raghunandan and Rama (2007), Sharma et al (2009), Gill & Obradovich (2012) and Rouf (2011) and Tornyeva (2012) state that the audit committee variables had significant and positive effect on corporate value.

Company Value with PBV

Based on the results of the fourth hypothesis testing, audit committee has positive and significant effect on PBV on companies listed in Indonesia Stock Exchange. The result is inline with the Agency Theory that the bigger of number of audit committee members, the more effective of monitoring, as a result it can reduce agency costs and enhance corporate value (Aldamen et al, 2012). From the previous research, audit committee member did not effect on corporate values.

The study is in line with research by Obradovich and Gill (2013), Rouf (2011), Sharma et al (2009), as well as Tornyeva (2012) which states that the audit committee variables had positive effect on corporate value.

The Effect of Institutional Ownership on Corporate Values at Company Listed on the Indonesia Stock Exchange

Corporate Value with Tobin's Q

Based on the results of the fifth hypothesis testing, institutional ownership had negative effect and no significant on Tobin's Q on companies listed in Indonesia Stock Exchange. The result of this study contradicted with the Agency Theory which states that one of ways that can be used to reduce the agency problem and the agency cost is by increasing company's shares by institutional, due to the ownership by institutional investors such as investment bank companies, insurance companies, as well as another institution likes company will encourage more optimal management oversight in managing company.

The results obtained in this study is inline with the opinion of Sofyaningsih and Hardiningsih (2011), that institutional ownership has not been shown to affect the corporate value, this happens because of asymmetry information between investors and managers so that managers are difficult to control by institutional investors. Similarly, a research by Aditya and Supriyono (2014) obtained the institutional ownership had no effect on corporate value. This is due to that large or small institutional ownership of the company has not been able to control and oversee the actions of opportunistic managers in running the company with institutional investors. On the other word, institutional investor can not optimize their own control functions. A research by Isshaq et al. (2009), Abdullah et al. (2017) Widyaningsih (2018), Hendrawan et al. (2015) reveals that institutional ownership is not a variable that affects the corporate value.

Corporate Value with PBV

Based on the results of the fifth hypothesis testing, institutional ownership had negative effect and no significant on PBV on companies listed in Indonesia Stock Exchange. The result of this study contradicted with the Agency Theory which states that one of ways that can be used to reduce the agency problem and the agency cost is by increasing company's shares by institutional, due to the ownership by institutional investors such as investment bank companies, insurance companies, as well as another institution likes company will encourage more optimal management oversight in managing company. The result obtained in this study is consistent with the opinion of Sekaredi (2011); Rahayu, etc (2013) that that institutional ownership is not a variable that affects the corporate value.

The Effect of Ownership Concentration on Corporate Values at Company Listed on the Stock Exchange

Corporate Value with Tobin's Q

Based on the results of the sixth hypothesis testing, ownership concentration had positive effect and no significant on Tobin's Q on companies listed in Indonesia Stock Exchange. The result of this study is not in line with the Theory Agency stating by increasing the company's shares by the ownership concentration, because with the ownership by investors concentration as an investment bank insurance companies, and other institutions sharing ownership above 5%, as the company will drive more optimal management oversight in managing the company. This study is in line with research conducted by Beak et al (2004), Jara et al (2018), Lozano et al (2016), Sheikh et al (2013), Sohail et al (2017), that ownership concentration had positive effect and no significant on corporate value (Tobin's Q).

Corporate Value with PBV

Based on the results of the sixth hypothesis testing, ownership concentration had positive effect and no significant on PBV on companies listed in Indonesia Stock Exchange. The result of this study is not in line with the Theory Agency stating by increasing the company's shares by the ownership concentration, because with the ownership by investors concentration as an investment bank insurance companies, and other institutions sharing ownership above 5%, as the company will drive more optimal management oversight in managing the company. This study is in line with research conducted by Beak et al (2004), Jara et al (2018), Lozano et al (2016), Sheikh et al (2013), Sohail et al (2017), that ownership concentration had positive effect and no significant on corporate value (Tobin's Q).

The Effect of Managerial Ownership on Corporate Values at Company Listed on the Indonesia Stock Exchange

Value Measurement Company with Tobin's Q

Based on the results of the seventh hypothesis testing, managerial ownership had negative effect and significant on Tobin's Q on companies listed in Indonesia Stock Exchange. The result is in line with Agency Theory which states that one of ways can be used to reduce the agency problem and the agency cost is by increasing the company's shares by managerial, because with the ownership by investors managerial as directors and commissioners will encourage optimal management in more control to manage the company. This study is in line with research by Mollah et al (2012), Isshaq et al (2017), Sheikh et al (2013), Sohail et al (2017), Srivastava (2015) state that managerial ownership had negative effect and significant on corporate value.

Corporate Value with PBV

Based on the results of the seventh hypothesis testing, managerial ownership had negative effect and significant on PBV on companies listed in Indonesia Stock Exchange. The result is in line with Agency Theory which states that one of ways can be used to reduce the agency problem and the agency cost is by increasing the company's shares by managerial, because with the ownership by investors managerial as directors and commissioners will encourage optimal management in more control to manage the company. This study is in line with research by Gill dan Mathur (2011), Adnantara (2013), Sukirni (2012), Laila (2011), Kurnia (2008), Srivastava (2015), Christiawan and Tarigan (2007) state that managerial ownership had negative effect and no significant on corporate value.

The Effect of Liquidity on Corporate Values at Company Listed on the Indonesia Stock Exchange.

Corporate Value with Tobin's Q

Based on the results of the eighth hypothesis testing, liquidity as measured by the current ratio of -1.742 and significant value of 0.083. Value is significantly smaller than the probability 0.1, it can be concluded that the current ratio had negative effect and significant on corporate value on companies listed in Indonesia Stock Exchange. This means that the level of current ratio will affect the corporate value

The result is in line with the Signaling Theory. According to Brigham and Houston (2001), theory of signal indicates an action taken by companies who provide guidance to investors about how management consider the company's prospects. The result of this study is in line with research conducted by Lumoly, Pure, and Ou (2018), Du, Wu, & Liang (2016), Kaur (2015), Massie et al (2018), Marsha and Murtaqi (2017) show that liquidity (current ratio) negatively affect the corporate value in the Metal and Allied Companies listed on the Indonesia Stock Exchange year period 2013-2017.

Corporate Value with PBV

Based on the results of the eighth hypothesis testing, liquidity as measured by the current ratio of 1.864 and the significant value of 0.063. Value is significantly smaller than the probability 0.1, it can be concluded that the current ratio had positive effect and significant on corporate value on companies listed in Indonesia Stock Exchange. This means that the level of current ratio will affect the corporate value. The result is in line with the Signaling Theory. According to Brigham and Houston (2001), the theory of signal indicates an action taken by companies who provide guidance to investors about how management consider the company's prospects. The result is in line with research conducted by Pillai et al (2017) Yasser et al (2017), Sohail et al (2017), Srivastava (2015), Isshaq (2009) state that menunjukkan bahwa show that liquidity (current ratio) had positive affect and significant on the corporate value on Companies listed on the Indonesia Stock Exchange year period 2013-2017.

The Effect of Leverage on Corporate Value on Companies Listed on the Indonesia Stock Exchange Corporate Value with Tobin's Q

Based on the results of the ninth hypothesis testing, leverage as measured by debt equity ratio of 1.144 and the significant value of 0.254, significant value is greater than the probability of 0.1 then leverage as measured by debt equity ratio is positive but not significant effect on Tobin's Q on companies listed in Indonesia stock exchange. The result suggested that the large-small debt equity ratio will not affect the corporate value (Tobin's Q) companies listed in Indonesia Stock Exchange.

The result of this study is not supported by Signaling Theory. According to Brigham and Houston (2001), theory of signal indicates an action taken by the management company that provides guidance to investors about how management consider the company's prospects. The results of this study is supported by research conducted by Cheng and Tzeng (2011), Kouki and Hatem (2011), John and Amarjit (2012), Abbasi and Kalantari (2012), Gill and Obradovich (2012), Akhtar et al (2017) that leverage had positive effect on the corporate value as measured by Tobin's Q. The research conducted Babatunde and Olaniran (2009) state leverage had positive effect on corporate performance measured by Tobin's Q. Detthamrong, Chancharat, & Vithessonthi (2017), Margaritis and Psillaki (2010) state leverage had positive effect on the company's performance.

Company Value by Measuring PBV

Based on the results of ninth hypothesis testing, leverage as measured by debt equity ratio amounted to 3,018 and the significant value of 0,003, the value is significantly smaller than the probability of 0.01 then leverage as measured by debt equity ratio, but had positive effect and significant the PBV of the companies listed on the Indonesia Stock Exchange. The results suggested that the large-small debt equity ratio will not affect the corporate value (PBV) of companies listed in Indonesia Stock Exchange. The result is in line with the Signaling Theory. The result of this study is supported by research conducted by Gill and Obradovich (2012), Akhtar et al (2017) say that leverage had positive effect on corporate value. Detthamrong, Chancharat, & Vithessonthi (2017), Margaritis and Psillaki (2010) also state that leverage had positive effect on the company's performance.

The Size Effect on Corporate Values at Company Listed on the Indonesia Stock Exchange Corporate Value with Tobin's Q

Based on the results of the tenth hypothesis testing, control variable size of -0.833, which means any decrease in the size of the company amounted to 1 unit it will affect the increase in corporate value amounted to -0.833 units of the companies listed in Indonesia Stock Exchange. Significant value of 0.405 > p 0.1 this means that the variable size did not significant effect on the corporate value.

The result is not in line with the Pecking Order Theory that the larger size of a company, the easier the company received a funding source that can then be used by management to enhance shareholder value. Results of research conducted by Ciftci et al (2019), Abbasi and Kalantari (2012), Lozano, Martinez, Pindado (2016) state size as control variables had negative effect and significant on Tobin's Q and research conducted by Rashid (2018), Arora and Sharma (2016) reveal that size as a control variable had negative effect on Tobin's Q. The research conducted by Naceur and Goaid (2002) where the result of the study state that the size significantly and negatively related to corporate value.

Corporate Value with PBV

Based on the results of the tenth hypothesis showed that size control variable coefficient of 0.807, which means any decrease in the size of the company amounted to 1 unit, it will affect the increase in corporate value amounted to 0.807 units of the companies listed in Indonesia Stock Exchange. Significant value of 0.420 > p 0.1 this means that the variable size was not significant effect on the corporate value. The result is not in line with the Pecking Order Theory. The result is consistent with research conducted Ju Chen and Yu Chen (2011), Salehi and Bashiri (2012), Khalid (2011), Odongo, Leonard and Mokoteli (2014) reveal that size had positive effect and no significant on corporate value.

Conclusions

Based on the analysis and discussion of the board size, board meetings, independent board, audit committee, institutional ownership, ownership concentration, and managerial ownership on corporate value of companies listed on the Indonesia Stock Exchange, it could be clearly concluded that it had positive and significant effect of board size, independent board that would influence and improve the corporate value as measured by Tobin's Q and PBV, while the audit committee and managerial ownership could also increase the corporate value as measured by PBV particularly on companies listed on the Indonesia Stock Exchange for year period 2013 – 2017.

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