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The Effect Of Good Corporate Governance, Return On Assets (ROA), And Debt Ratio (DER) On Company Value In The Banking Sub-Sector Listed On The IDX For The 2016 – 2020 Period

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ABSTRACT

The purpose of this research is to determine good corporate governance, return on asset, and debt to equity ratio and to find the influence of GCG, ROA, and DER on company value partially or simultaneously. The method used is descriptive and verificative method. Data is collected through data processing that already exists in the news, and the official website. The statistical tests used are classical assumptions, path regression analysis, correlation coefficient analysis, coefficient of determination and hypothesis testing using the T Test (partial) and F Test (simultaneous). The results of descriptive research show that good corporate governance, return on asset, and debt to equity ratio in the banking sub-sector are considered positive. While the results of the research show that good corporate governance has an effect on the value of the company, the rate of return on assets has an effect on the value of the company, the debt to equity ratio has an effect on the value of the company. Good corporate governance, Level of Return on Assets, Debt to Equity Ratio has an influence on Company Value in Banking Sub-Sector Companies Registered in BEI.

ABSTRAK

Kata Kunci :

Good Corporate Governance, Tingkat Pengembalian Aset, Rasio Hutang Modal

Tujuan penelitian ini bertujuan untuk menentukan good corporate governance, tingkat pengembalian aset, dan rasio hutang modal serta untuk mendapati pengaruh dari good corporate governance, tingkat pengembalian aset, dan rasio hutang modal terhadap nilai perusahaan secara parsial maupun simultan. Metode yang digunakan adalah metode deskriptif dan verifikatif. Data dikumpulkan melalui olah data yang sudah ada pada berita, dan website resmi. Uji statistik yang digunakan

adalah asumsi klasik, analisis regresi jalur, analisis koefisien korelasi, koefisien determinasi dan pengujian hipotesis menggunakan Uji T (parsial) dan Uji F (simultan). Hasil penelitian deskriptif menunjukkan bahwa good corporate governance, tingkat pengembalian asset, dan rasio hutang modal pada sub sektor perbankan dinilai positif. Sementara hasil penelitian menunjukkan bahwa good corporate governance berpengaruh terhadap nilai perusahaan, tingkat pengembalian asset berpengaruh terhadap nilai perusahaan, rasio hutang modal berpengaruh pada nilai perusahaan. Good corporate governance, Tingkat Pengembalian Aset, Rasio Hutang Modal berpengaruh terhadap Nilai Perusahaan Pada Perusahaan SubSektor Perbankan yang Terdaftar di BEI.

1. INTRODUCTION

Currently, companies in Indonesia are competing fiercely to get a good and superior corporate image in the eyes of the public. The values or values possessed by each company will certainly be different, due to one and many factors that make these companies different. The importance of the company maintaining the company's value because the existence of value means a result of the company's business or hard work. The value of the company also proves how much the results of the company's performance are. Many influences that make a company generate a large corporate value. However, not all companies can maintain this value. Because not always the effort made produces the desired value.

Efforts that can be made by the owner or shareholder to maximize the value of the company is to hand over the management of the company to experts or professionals called managers. One way to establish Good Corporate Governance (GCG) in general is a set of mechanisms that mutually balance the actions and choices of managers with the interests of shareholders (Susanti in 2011). The term corporate governance has been defined in many ways, but some of these definitions differ from one another depending on the tendency of those who define them.

Companies do not only implement good corporate governance to get the desired results, companies must also have great financial performance. One of these financial performance can be measured by several approaches to financial ratios, namely profitability. Rate of Return on Assets i.e. profit ratio analysis. Comparison between inversely proportional net profits using overall assets to generate profits. Shows the results of the total assets used in the company. In other words Return On Assets (ROA).

In addition to implementing good corporate governance and the rate of return on assets, the company also measures the ratio of debt to capital to achieve maximum corporate value targets. The value of the company is also influenced by the debt that the company generates. This means that the bigger the bigger the risk. Firms need to be managed because high debt will affect company value. Debt can be measured by DER. Because this ratio measures

the amount of funds sourced from debt to finance company assets.

This study analyzes the effect of [1] What is the description of good corporate governance on the company value of the banking sub-sector listed on the IDX 2016-2020. [2] what is good corporate governance on the value of banking sub-sector companies listed on the IDX 2016-2020 [3] what is the rate of return on assets on the value of banking sub-sector companies listed on the IDX 2016-2020 [4] what is the value of the banking sub-sector companies that listed on the IDX 2016-2020. [5] Does Good Corporate Governance, Rate of Return on Assets, and Capital Debt Ratio partially and simultaneously affect company value in banks listed on the IDX.

2. LITERATURE REVIEW

GCG is a rule that directs the company's elements to work together to achieve company goals. GCG is expected to be able to seek a balance between interests that can provide benefits for the company as a whole. In addition, the implementation of GCG is useful for maximizing company value. (Retno and Priantinah, 2012).

According to Fahmi (in Nur Halimah, 2017), ROA is used to measure the extent to which an investment that has been invested can provide returns as expected. A positive rate of return on assets indicates that the total assets used to operate are able to provide profit for the company.

is the ratio of total debt to total equity owned by the company. The Debt to Equity Ratio is calculated by dividing the company's total debt (including short-term liabilities) by shareholder equity (Van Horne) in (Dwi Rahmadani, 2017).

Margaretha (2005) in (Maryati, 2017). that the value of a public company is reflected in the market price of the company's shares. Meanwhile, the value of a company that has not yet gone public is achieved if the company is to be sold (total assets, prospects, risk, environment, etc.).

3. RESEARCH METHOD

The method used is descriptive and verification with quantitative research data. The analytical method used is path analysis. The descriptive method is used to provide a scheme regarding the development of the variables studied, while the verification method is used to see the magnitude of the impact of the independent variable on the dependent or dependent variable. The type of data used in this study is secondary data sourced from companies listed on the Indonesia Stock Exchange. The data collection technique used was purposive sampling. The data that has been obtained is then analyzed using path analysis, then the researcher finds out how significant the relationship between the variables in the test is, so that in this study it is about good corporate governance, asset return rates, debt capital ratios, and firm value.

In research, data sources can be obtained from two sources, namely primary data and

secondary data, data sources that do not directly provide data to data collectors, for example through other people or documents. The technique for determining the data in this study uses time series data and cross sections, namely in the form of historical data from Good Corporate Governance, Rate of Return on Assets and Ratio of Debt Equity to Firm Value in Banking Sector Companies Listed on the IDX for the 2016-2020 period.

The population is 45 banking companies registered on the IDX. The sample used in this study is 5 banking companies, with annual data for 2016-2020, for the variables Good Corporate Governance, Rate of Return on Assets and Capital Debt Ratio to Firm Value in Banking Sector Companies Registered on the IDX for the 2016 period -2020.

4. RESULTS AND DISCUSSION

**Table 1.1 Path Coefficient
Good Corporate Governance, Return on Assets (ROA), Capital Debt Ratio (DER)
and Corporate Value (Tobins Q)**

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.09	.59		-.15	.88
GCG	-.00	.00	-.04	-.22	.82
ROA	-.00	.13	-.10	-.50	.61
DER	.2	.09	.68	3.8	.00

a. Dependent Variable: Tobins_Q

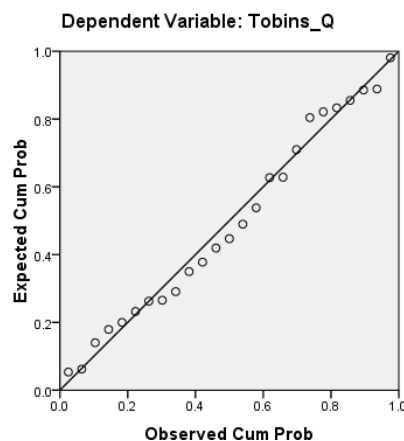
Based on the results of the calculation above, it can be seen that the path coefficient value of Good Corporate Governance (X1) to Firm Value (Tobins Q) (Y) is -0.046 then the amount of Asset Return (ROA) (X2) to Firm Value (Tobins Q) (Y) is -0.109 and the amount of Capital Debt Ratio (DER) (X3) to Firm Value (Tobins Q) (Y) is 0.687 From the results of the path analysis each variable can be interpreted as, Good Corporate Governance has a path coefficient of -0.046 meaning if Good Corporate Governance increases, it will be followed by a decrease in Corporate Value (Tobins Q). The rate of return on assets (ROA) has a path coefficient of -0.109 meaning that if the rate of return on assets (ROA) increases, it will be followed by a decrease in firm value (Tobins Q). The Capital Debt Ratio (DER) has a path coefficient of 0.687 meaning that if the Capital Debt Ratio (DER) increases, it will be followed by an increase in Firm Value (Tobins Q).

Table 1.2 Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		2
Normal Parameters ^a	Mean	.000000
	Std. Deviation	.251273
Most Extreme Differences	Absolute	.10
	Positive	.08
	Negative	-.10
Kolmogorov-Smirnov Z		.50
Asymp. Sig. (2-tailed)		.96

a. Test distribution is Normal.

Table 1.2 shows that the Kolmogorov-Smirnov value is 0.501 with a significant level above 0.05, which is 0.963. Namely that the KS value is not significant, meaning that the residuals are normally distributed.

Normal P-P Plot of Regression Standardized Residual**Figure 1.1 Normality Test**

5. CONCLUSION

Based on the research that has been done, Good Corporate Governance, Return on Assets, and Capital Debt Ratio, have an effect on Corporate Value in several banks on the IDX. Good corporate governance, a high rate of return on assets, and the debt-equity ratio of the company will affect the value of the company. The influence of Good Corporate Governance, Return on Assets (ROA), and Capital Debt Ratio (DER) contribute to

Corporate Value (Tobins Q) in Banking Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period.

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