

Factor Affecting Firm Value During The Covid- 19 Pandemic

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ABSTRACT

This study aims to determine the effect of funding decisions, investment decisions and financial performance on firm value through the mechanism of good corporate governance. The number of samples used in this study are 21 property and real estate sub-sector companies obtained by purposive sampling method during the research period for 2 years from 2020 to 2021. Testing the hypothesis analysis using Partial Least Square (PLS).

The results of the hypothesis test show that funding decisions have a positive effect on the good corporate governance mechanism. Investment decisions and financial performance have no effect on the good corporate governance mechanism. Funding decisions, investment decisions and financial performance have no effect on firm value. The mechanism of good corporate governance has a positive effect on firm value. Good corporate governance mechanisms are not able to mediate the relationship between funding decisions, investment decisions and financial performance on firm value.

KEYWORDS: Funding Decisions, Investment Decisions, Financial Performance, Mechanism of Good Corporate Governance and Firm Value.

INTRODUCTION

Almost all sectors have been affected by the Covid-19 virus phenomenon. The uncertainty caused by the pandemic has caused many people and company owners to hesitate to start investing. As a result, the company's economic and operational activities did not go as expected. In addition, the presence of government regulations that impose restrictions on community activities is also one of the factors causing changes in economic activity. One of the sub-sectors affected by the Covid-19 virus phenomenon is the property and real estate sub-sector. Prior to the Covid-19 virus phenomenon, 2020 was predicted to be the rise of the property business. The government provides various policies to make it easier

for people to own a house. Government policies that focus on the lower middle class include the housing finance liquidity facility (FLPP), subsidized housing and the one million housing program. 2020 will be a dynamic year as well as a test for industry players, including national property industry players. However, signs of revival can be seen at the end of 2020 until 2021. 2021 has been a pretty good year for property industry players, various government stimulus have succeeded in increasing consumer interest. Optimism on the property market continues to increase along with the recovery of the national economy. This can be seen in Table 1, the movement of the price index and property supply index in Indonesia.

Table 1
Price Index and Property Supply Index in Indonesia

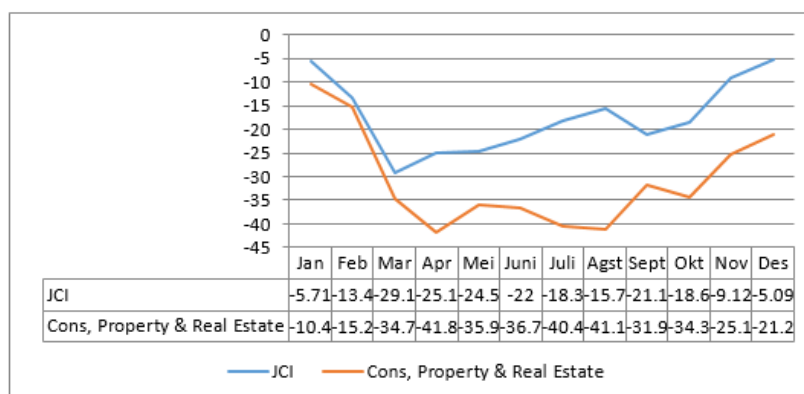
Year	Period	Price Index (QoQ)	Change	Supply Index (QoQ)	Change
2019	Quarter 4	112,1	-	115,2	-
	Quarter 1	112,5	0,3 %	109	-5,4 %
2020	Quarter 2	110,6	-1,7 %	131,6	20,8 %
	Quarter 3	111,2	0,5 %	144,7	9,9 %
	Quarter 4	109,5	-1,5 %	152,2	5,2 %
	Quarter 1	109,1	-0,4 %	164,9	8,3 %
2021	Quarter 2	111,6	2,3 %	161,4	-2,1 %
	Quarter 3	113,6	1,8 %	176,9	9,6 %
	Quarter 4	113,8	0,2 %	173,1	-2,1 %

Sumber: Rumah.com Indonesia Property Market Outlook 2020 - 2022, data diolah (2023)

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Based on data in table 1, the price index (RIPMI-H) in the first quarter of 2020 experienced a slight increase of 0.3% and the supply index decreased by 5.4%. This change was caused by many property development projects being postponed. RIPMI-H in the second quarter of 2020 decreased by 1.7% from the previous quarter, RIPMI-S experienced an increase of 20.8%. In this quarter, many developers launched projects that had been delayed in the previous quarter. This is optimism in the property business for the next quarter. The third quarter of RIPMI-H increased by 0.53% with RIPMI-S

rising by 9.9%. It can be seen that this industry is starting to experience a national recovery, or it can be said that business actors are starting to adapt to the existing conditions. This index continues to show a positive trend until the first quarter of 2021. The positive trend of recovery in the price index and property supply from the beginning of 2020 to the end of 2020 should be a positive signal for investors in the stock market which will ultimately have an impact on stock prices. However, what is happening in the stock market is not in accordance with this can be seen in chart 1.



Sumber : idx.co.id data diolah 2022

Gambar 1
Jakarta Composite Index and Sectoral Indices Movement 2020

At the beginning of January 2020, the JCI was at 6,323. In mid-March 2020, the JCI position fell 26.55% since the beginning of the year at 3,937. With an increasing trend, the JCI fluctuated in the red zone. The index began to increase in the second week of November 2020, closing stock trading in 2020 decreased by 0.95% with a position of 5,979,073. One of the sub-sectors contributing to the weakness of the JCI, namely property and real estate, which decreased by 21.23%. This condition certainly greatly affects the goals of the company. One of the company's goals is to maximize the value of the company to provide the welfare of shareholders. Funding decision is the company's policy in determining the source of funds to be used by the company. These sources can come from internal or external companies. According to Modigliani and Miller (MM) Theory, the use of debt can provide benefits to company owners as long as interest payments can be used to reduce the tax burden (Hanafi, 2014). According to the Pecking Order Theory, companies prefer to use internal funds optimally before deciding to use external funds. Based on agency theory (Agency Approach), the use of debt that is too large will also have an impact on agency relationships within the company. The combination of the right capital structure will affect the company's finances and will ultimately affect the company's value.

In addition to funding decisions, the things that affect the value of the company are investment decisions. Investment decisions are decisions related to how companies allocate their funds in various forms of investment.

Investment decisions try to determine the optimal structure in investment, both in terms of quality and quantity so that there are no mistakes that threaten the company (Alslehat & Altahtamouni, 2014). In addition to these two financial decisions, the important thing that is thought to affect the value of the company is financial performance. The company's financial performance is a general description of the condition of a company at a certain time. Financial performance is an important factor for management and investors. Current financial performance can be used to predict the future condition of the company. There are inconsistencies in the results of research regarding the effect of investment decisions, funding decisions and financial performance on firm value. That there are other variables that have the ability to affect the value of the company. Therefore, the Good Corporate Governance Mechanism variable is used as an intervening variable to strengthen the relationship between funding decisions, investment decisions and financial performance on firm value. This mechanism is one way to maximize company value and reduce conflicts between stakeholders in the company. The corporate governance mechanism is a mechanism to regulate, manage, analyze and to increase the prosperity of the company's stakeholders. With this, it is hoped that it can become a monitoring of the performance of managers to be more effective, thus increasing the value of the company.

1. LITERATURE REVIEW

1.1 Firm Value

Firm value is the present value (present value) of free cash flow in the future at a discount rate according to the weighted average cost of capital (Brigham & Ehrhardt, 2015). Every company has a goal of maximizing the value of the company which will also have an impact on the prosperity of the owners or shareholders of the company. In an effort to realize this goal, the shareholders hand over the management of the company to a manager.

1.2 Funding Decisions

A large company definitely requires large funds in carrying out operational activities. Funding sources are divided into two, namely internal sources (profits from operational activities) and external sources (stocks and debt), the capital structure can be combined in order to obtain optimal company value (Hanafi, 2014). Here are some theories about funding decisions (capital structure), namely (Hanafi, 2014):

a. Traditional Approach

According to the traditional approach, capital structure influences firm value. There is an optimal capital structure so that the company can increase the value of the company by using a certain amount of debt. Initially, by using large debt, the company may be able to reduce the cost of capital thereby increasing the value of the company. If the use of debt that is too large can also reduce the value of the company.

b. The Modigliani and Miller (MM) Approach

According to Modigliani and Miller, the use of debt can provide benefits to company owners insofar as interest payments can be used to reduce the tax burden.

c. Trade-off Theory

According to the trade-off theory, companies will use debt to a certain level, companies must balance the benefits and sacrifices arising from using debt.

d. Pecking Order Theory

This theory does not take into account the optimal level of debt. Companies prefer to use internal funds and as a last resort is to issue shares (Hanafi, 2014).

e. Agency Approaches

Based on agency theory (Agency Approach), the use of too much debt will also have an impact on agency relationships within the company.

1.2 Financial Decision

Management and making the right financial decisions will greatly affect the achievement of the company's main goals. The financial decisions referred to include investment

decisions, funding decisions and dividend policies. An investment is said to be profitable if the investment can make investors richer (Husnan & Pudjiastuti, 2015). The right investment decision will increase the value of the company and the prosperity of the shareholders. Alslehat & Altahtamouni (2014) stated that investment decisions try to determine the optimal structure in investment, both in terms of quality and quantity so that there are no mistakes that threaten the company.

1.2 Financial Performance

The company's financial performance is a general description of the condition of a company at a certain time. Financial performance is an important factor for management and investors. Current financial performance can be used to predict the future condition of the company. Financial performance can be seen from the company's financial statements, can be measured using an analytical tool in the form of financial ratios. One of the financial ratios that is usually used in analysis is the profitability ratio, because profitability is a factor that usually gets special attention in assessing the condition of a company. Profitability is the company's ability to generate profits or profits.

1.3 Good Corporate Governance

Corporate governance regulates the distribution of rights and obligations among various people with an interest in the company, such as the board of directors; management; shareholders; and other shareholders, and issue rules and procedures for decision-making relating to companies (OECD, 2015). The application of the Corporate Governance concept is expected to give trust to agents (management) in managing the wealth of owners (investors), and owners to become more confident that agents will not commit fraud for the welfare of agents. GCG principles must be applied in every aspect of business within the company. The GCG principles referred to are transparency, accountability, responsibility, independence as well as fairness and equality needed to achieve corporate sustainability by taking into account stakeholders.

Based on the description of the literature above, the hypothesis proposed in this study is as follows.

H1: Funding decisions (DER) have a positive effect on good corporate governance mechanisms.

H2: The investment decision (TAG) has a negative effect on the mechanism of good corporate governance.

H3: Financial performance has a negative effect on good corporate governance mechanisms.

H4: Funding decisions (DER) have a negative effect on firm value (Tobin's Q).

H5: Investment decision (TAG) has a positive effect on firm value (Tobin's Q).

H6: Financial performance has a positive effect on firm value (Tobin's Q)

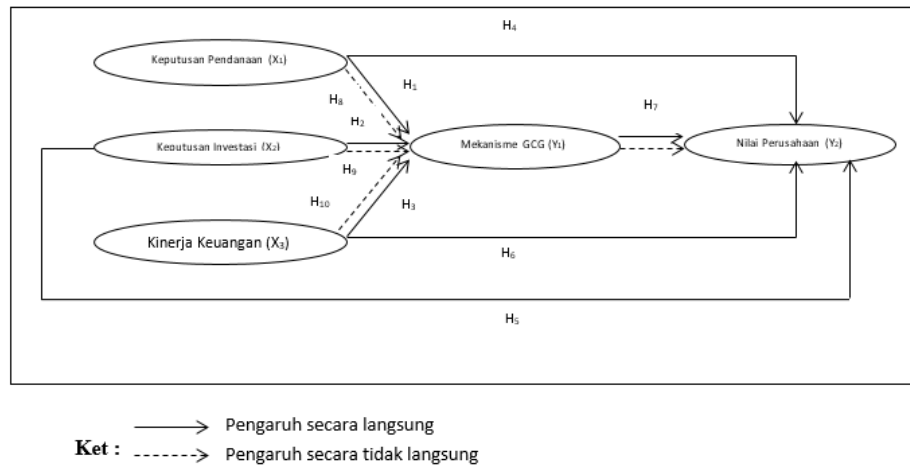
H7: Mechanisms of Good Corporate Governance have a positive effect on Company Value (Tobin's Q).

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H8: Funding decision (DER) has a positive effect on firm value (Tobin's Q) through the mechanism of good corporate governance.

H9: Investment decision (TAG) has a positive effect on firm value (Tobin's Q) through the mechanism of good corporate governance.

H10: Financial performance has a positive effect on firm value (Tobin's Q) through good corporate governance mechanisms.



Gambar 2
Kerangka Konseptual

2. METHODOLOGY

This study uses an associative method with a causal relationship. The type of data used in this study is quantitative data collected through annual financial reports and company annual reports in the property and real estate sub-sector in

2020 to 2021. This study uses a non-probability sampling method, which is a sampling method that does not guarantee good opportunities. the same for all members of the population selected as the sample.

Tabel 2
Sampling Process

No.	Sample Criteria	Total
	Population	78
1	Listing companies in the research period (2020)	(10)
2	Companies that didn't issue financial reports and complete annual reports during the research period	(8)
3	Companies that show negative earnings during the research period	(47)
4	Delisting companies during research period	0
Total sample		21

Source: Company Financial Report, Processed data (2022)

The data analysis technique in this study uses Partial Least Square (PLS). PLS is an equation model of Structural Equation Modeling (SEM) with an approach based on variance or component-based structural equation modeling. According to Ghozali & Latan (2015), the purpose of PLS-SEM is to develop theory or build theory (predictive orientation). PLS is a powerful analytical method because it does not assume data flows with a certain scale of measurement, the number of samples is small (Ghozali, 2011). The indicators used for each latent variable in this study include:

- a. Funding decision variable with Debt to Equity (DER) ratio indicator.
- b. Investment decision variable with the ratio indicator Total Assets Growth (TAG).
- c. Financial performance variables with indicators of Return on Assets (ROA) and Return on Equity (ROE) ratios.
- d. GCG mechanism variable with indicators of board size (BS), institutional ownership (INST), managerial ownership (MANJ), independent board of commissioners (KI) and audit committee (KA).
- e. Firm value variable with Tobin's Q indicator.

3. RESULT

3.1 Convergent Validity

Convergent validity of the measurement model with reflexive indicators can be seen from the correlation between the item score/indicator and the construct score. Individual reflective measure is said to be high

if it correlates more than 0.70 with the construct you want to measure. Based on table 3 it can be seen that there are several indicators that have a Loading Factor value below 0.70. So that these indicators should be eliminated from the research path diagram.

Table 3
Convergent Validity Test with Factor Loading

Variable	Indicator	Loading Factor	Result
Financial Performance (X3)	ROA	0,958	Valid
	ROE	-0,428	Invalid
GCG Mechanism(Y1)	INST	0,340	Invalid
	MANJ	-0,715	Invalid
	DS	0,795	Valid
	IC	-0,405	Invalid
	AC	-0,844	Invalid

Source: Smartpls 4.0 Output, processed data (2022)

Based on Figure 3 it can be seen that all variables only have 1 indicator. This means that all variables are formative, because they only have 1 indicator. For

testing the outer model, it will be followed by an analysis of formative indicators.

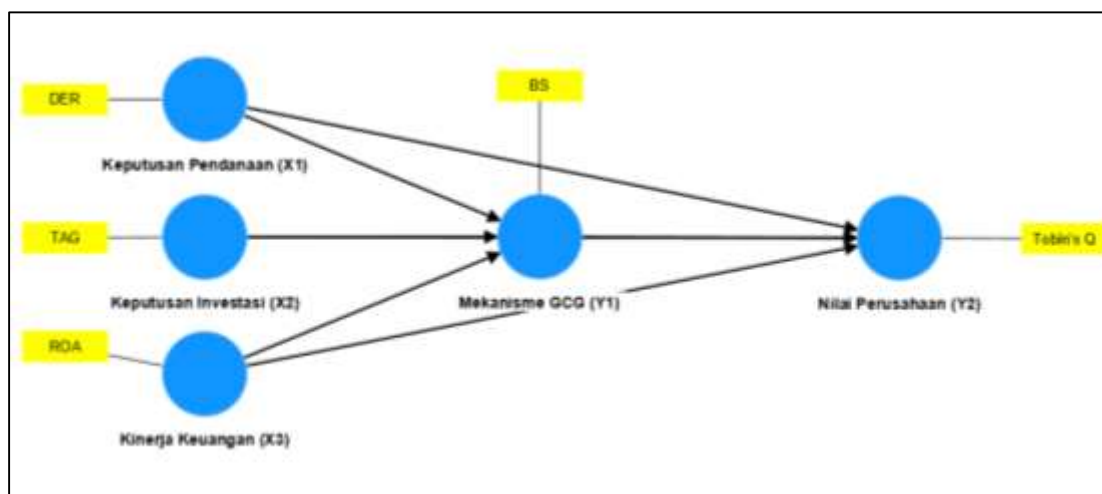


Figure 3. Path Diagram After Elimination

3.2 Evaluasi Model Pengukuran Outer Model (Formatif)

Based on the results of the outer weights, it can be seen that all constructs have a p value <0.05, indicating that the estimated value for this research model is significant. The t-statistics value in this research

model has a value of <1.96, so that it can be said that the construct indicators in this study are not valid. However, if the loading factor value is > 0.5, the indicator can still be maintained. The loading factor in the results of this study has a value of > 0.5, which is 1.

3.3 Hasil Outer Weights

Table 4

	<i>Original Sample (O)</i>	<i>T Statistics</i>	<i>P Values</i>
DER > FD	1,000	0,000	0,000
TAG > ID	1,000	0,000	0,000
ROA > FP	1,000	0,000	0,000
BS > GCG	1,000	0,000	0,000
Tobin's Q > FV	1,000	0,000	0,000

Source: Smartpls 4.0 Output, processed data (2022)

Uji Multikolinearitas dengan Menghitung nilai *Variance Inflation Factor (VIF)* dan lawannya

Tolerance. Nilai VIF direkomendasikan < 10 atau < 5 dan nilai *tolerance* > 0,10 atau < 0,20.

Table 5
Multicollinearity Test Results

	<i>VIF</i>
FD > GCG	1,152
ID > GCG	1,090
FP > GCG	1,134
FD > FV	1,367
ID > FV	1,090
FP > FV	1,138
GCG > FV	1,234

Source: Smartpls 4.0 Output, processed data (2022)

Based on table 5.5 it can be seen that the value of the variance inflation factor (VIF) is < 10 or < 5, this shows that in this model there is no multicollinearity between research variables.

1) **R-Square**

In assessing the structural model, we first assess the R-Square for each endogenous latent variable as the predictive power of the structural model. R-Square values of 0.75, 0.50 and 0.25 can be concluded that the model is strong, moderate and weak (Ghozali & Latan, 2015). The following R-Square values can be seen in Table 6:

3.4 Uji Model Struktural atau Inner Model

The structural model or inner model shows the relationship or estimation strength between latent variables or constructs based on substantive theory.

Table 6
R-Square Value

Variable	R-Square
GCG Mechanism (Y ₁)	0,189
Firm Value (Y ₂)	0,116

Source: Smartpls 4.0 Output, processed data (2022)

Based on table 6 it can be seen that the R-Square value for the GCG mechanism is classified as weak, namely 0.189 (18.9%), the ability of the independent variables to explain the dependent variable of the GCG mechanism is 18.9% and the rest is explained by other independent variables that are not in the research model This. The R-Square value for firm value is relatively weak, namely 0.116 (11.6%), the ability of the independent variables to explain the dependent variable of

firm value is 11.6% and the rest is explained by other independent variables that are not in this research model.

2) **F-Square**

The f-square test is conducted to determine the goodness of the model. The f-square values of 0.02, 0.15 and 0.35 can be interpreted whether the latent variable predictor has a weak, medium, or large effect on the structural level (Ghozali, 2011). The following F-Square values can be seen in Table 7:

Table 7
F-Square Value

	GCG Mechanism (Y ₁)	Firm value (Y ₂)
Funding Decision (X ₁)	0,186	0,004
Investment Decision (X ₂)	0,000	0,007
Financial Performance (X ₃)	0,003	0,056
GCG Mechanism(Y ₁)		0,066
Firm Value (Y ₂)		

Source: Smartpls 4.0 Output, processed data (2022)

Based on table 7 it can be seen that there is no influence that has a large effect on the F-Square value (> 0.35). There is 1 influence that has a medium effect with an F-Square value (0.15-0.35), namely the influence of funding decisions (X₁) on the GCG mechanism (Y₁). There are 2 influences that have a weak effect with an F-Square value (> 0.02), namely the effect of financial performance (X₃) on firm value (Y₂) and the effect of the GCG mechanism (Y₁) on firm value (Y₂).

3.5 Uji Hipotesis

The next test is to look at the significance of the influence between variables by looking at the parameter coefficient values and the statistical significance value of t, namely through the bootstrapping method (Ghozali & Latan, 2015). Assessing the effect of exogenous (independent) variables on endogenous (dependent) variables if the t statistical value is greater than the t table and the p value is smaller than the significant level used (5%). The following results of hypothesis testing can be seen in Table 8:

Table 8
Hypothesis Testing Results

	Original Sample	t Statistics	p Values	Result
FD (X ₁) → GCG (Y ₁)	0,417	3,838	0,000	Significant, Positive
ID (X ₂) → GCG (Y ₁)	-0,005	0,030	0,976	Not Significant
FP (X ₃) → GCG (Y ₁)	-0,052	0,436	0,664	Not Significant
FD (X ₁) → FV (Y ₂)	-0,065	0,352	0,726	Not Significant
ID (X ₂) → FV (Y ₂)	-0,080	0,586	0,559	Not Significant
FP (X ₃) → FV (Y ₂)	0,237	1,371	0,173	Not Significant
GCG (Y ₁) → FV (Y ₂)	0,267	2,679	0,009	Significant, Positive
FD (X ₁) → GCG (Y ₁) → FV (Y ₂)	0,112	1,532	0,129	Not Significant
ID (X ₂) → GCG (Y ₁) → FV (Y ₂)	-0,001	0,026	0,979	Not Significant
FP (X ₃) → GCG (Y ₁) → FV (Y ₂)	-0,014	0,366	0,715	Not Significant

Source: Smartpls 4.0 Output, processed data (2022)

The following will discuss the effect of each independent variable on the dependent variable:

- 1) The Effect of Funding Decisions on Good Corporate Governance Mechanisms

Based on the results of testing the hypothesis which states that funding decisions have a positive effect on the mechanism of good corporate governance in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is accepted. Monitors from major shareholders regarding the amount of the company's debt will continue to be carried out, to protect their investment in the company. The company's debt ratio will result in shareholders putting pressure on management to improve company

performance. This is in accordance with agency theory, shareholders are principals who expect returns on investments made. Given this pressure, one of the management's efforts is to implement a better good corporate governance mechanism. Good corporate governance will have an impact on the financial decisions made by the company. The results of testing this hypothesis are supported by the research results of Puspaningsih (2017) which states that leverage has a significant and positive effect on GCG, the results of Adnan's research (2014) also state the same thing, namely leverage has a significant and positive effect on GCG.

2) The Effect of Investment Decisions on Good Corporate Governance Mechanisms

Based on the results of testing the hypothesis which states that investment decisions have no effect on the mechanism of good corporate governance in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. Almost all sectors have been affected by the Covid-19 virus phenomenon. The uncertainty caused by the pandemic has caused many people and company owners to hesitate to start investing. These doubts are based on whether the investments made are in accordance with the current conditions and needs of society. As a result, the company's economic and operational activities did not go as expected. This can be seen from the data which shows that the average total assets growth during 2020 to 2021 has a low value of 0.032. Even the ratio of total assets growth in property and real estate sub-sector companies has a negative value, this means that there has been a decrease in total assets compared to the previous year. The results of testing this hypothesis are supported by the results of Puspaningsih's research (2017) which states that growth has no significant effect on GCG. The results of this study are also supported by the results of Adnan's research (2014) which states that growth has no effect on GCG. In contrast to the results of Pratama's research (2019), which states that investment decisions have a significant and negative effect on GCG.

3) The Effect of Financial Performance on Good Corporate Governance Mechanisms

Based on the results of testing the hypothesis which states that financial performance has no effect on the mechanism of good corporate governance in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. Profit levels tend to decrease due to the Covid-19 phenomenon, from 2020 to 2021 many companies will experience this. The advantage is that they are trying to maintain the stability of the company, the company is trying to keep operational activities running. This can be seen from the data showing that the average return on assets from 2020 to 2021 has a low value of 0.036. explained that the average company in the real estate and property sub-sector utilized company assets in the company's operational activities to gain a profit of 3.6%. The ROA

industry standard is 0.40 or 40% (Kasmir, 2012). Based on the results of the research analysis, it is known that the mean value of ROA in real estate and property sub-sector companies is 0.036 (3.6%) indicating that the company is in unfavorable condition. The results of testing this hypothesis are supported by the results of research by Sulistyowati et al (2010) which state that profitability (ROA) has no significant effect on GCG. The results of this study are also supported by the results of Adnan's research (2014) which states that profitability has no effect on GCG. In contrast to the results of Puspaningsih's research (2017) which states that profitability has a significant and positive effect on GCG.

4) The Effect of Funding Decisions on Company Value

Based on the results of testing the hypothesis which states that funding decisions have no effect on firm value in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. Some companies prefer to use debt in funding, because the company's internal funds are considered insufficient to meet operational funding needs. Excessive use of debt can raise the magnitude of the risks faced by the company, the use of debt must be balanced with the ability to pay the debt itself. This can be seen from the data which shows that the average debt to equity ratio during 2020 to 2021 has a low value of 0.670. Shows that the average real estate and property sub-sector companies use debt resources to finance company operations by 67%. If the DER is getting bigger, it can be said that the company's condition is getting worse. The industry standard DER is 0.80 or 80% (Kasmir, 2012). Based on the research results, it is known that the mean DER value of companies in the real estate and property sub-sector is 0.670 (67%) indicating that the company is in good condition. The results of testing this hypothesis are supported by the results of Pratama's research (2019) which states that funding decisions do not affect company value. The results of this study are also supported by the results of Kayobi's research (2015) which states that the debt to equity ratio (DER) has no effect on firm value. In contrast to the results of research by Stiadi (2017), which states that funding decisions have a significant and negative effect on firm value. The movement

of stock prices and the creation of corporate value in the capital market in Indonesia still tends to be influenced by basic psychology. Investors have not paid too much attention to the level of debt used by companies, investors are more interested in paying attention to how companies manage the funds they obtain. Therefore, funding decisions are considered not to affect the value of the company.

5) The Effect of Investment Decisions on Company Value

Based on the results of testing the hypothesis which states that investment decisions have no effect on firm value in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. This can be seen from the data showing that the average total assets growth ratio during 2020 to 2021 has a low value of 0.032. This ratio measures the change in total fixed assets. The assets owned by the company can have an impact on the company's steps in each of its activities. If the TAG is getting bigger, it can be said that the company is in a growing condition. The results of testing this hypothesis are supported by the results of Sari's research (2018) which states that investment decisions do not affect company value. The results of this study are also supported by the results of research by Ustiani (2015) which states that investment decisions do not affect firm value. In contrast to the results of research by Gustiandika (2014), which states that investment decisions have a significant and positive effect on firm value.

6) The Effect of Financial Performance on Company Value

Based on the results of testing the hypothesis which states that financial performance has no effect on company value in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. The company will try to generate maximum profits by minimizing costs incurred. The level of profitability can reflect the value of a company, the better the profitability of the company indicates that the value of the company is good. To increase the value of the company, the company has an interest in obtaining greater cash inflows (Hanafi, 2014). This can be seen from the data showing that the average return on asset ratio during 2020 to 2021 has a low value of 0.036. The ROA industry standard is 0.40 or 40% (Kasmir, 2012). Based on the

results of the research analysis, it is known that the mean value of ROA for companies in the real estate and property sub-sector is 0.036 (3.6%) indicating that the company is in unfavorable condition. The results of testing this hypothesis are supported by the results of Robiyanto's research (2020) which states that profitability does not affect company value. The results of this study are also supported by the results of Kadim's research (2019) which states that profitability does not affect company value. In contrast to the results of Afşar's research (2020), which states that the return on asset ratio has a significant and positive effect on firm value.

7) The Effect of Good Corporate Governance Mechanisms on Corporate Values

Based on the results of testing the hypothesis which states that the good corporate governance mechanism has a positive effect on company value in the property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is accepted. The application of the concept of corporate governance is expected to give trust to agents (management) in managing the wealth of owners (investors), and owners become more confident that agents will not commit fraud for the welfare of agents. Companies that implement good governance will tend to have better performance, so they are able to give confidence to investors because the nature of good corporate governance is transparent and accountable. This can be seen from the data showing that the average board size during 2020 to 2021 has a value of 4.190. On average, the property and real estate sub-sector companies have 4 directors, each director is placed in a division within the company. The number of directors can affect the value of the company, because this number affects the control and monitoring of management performance in improving company performance. Sooner or later the application of the concept of corporate governance must be implemented, if you want a quality capital market (Samsul, 2006). The results of testing this hypothesis are supported by the results of Sella's research (2019) stating that there is an influence between the Good Corporate Governance variable on company value. The results of this study are also supported by the results of Stiadi's research (2017) which states that the GCG mechanism has a significant and

- positive effect on firm value. Good GCG implementation will increase public investor confidence as well as build a good image of the company in the capital market.
- 8) The Effect of Funding Decisions on Corporate Values Through Good Corporate Governance Mechanisms
- Based on the results of testing the hypothesis which states that funding decisions have no effect on company value through a good corporate governance mechanism in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. According to agency theory (Agency Approach), the use of debt that is too large will also have an impact on agency relationships within the company. The results of the study show that although there is a significant positive influence between funding decisions on good corporate governance mechanisms. It shows that the property and real estate sub-sector companies already have good governance. Based on the research results, the mechanism of good corporate governance has been able to mediate the influence of funding policies on firm value. However, this effect is not significant. It can be seen from the data that shows t statistics the direct influence between funding decisions on firm value which has a value of 0.352 and p values with a value of 0.726. This value changed when it was mediated by the GCG mechanism, becoming t statistics with a value of 1.532 and p values with a value of 0.129. The leverage ratio of companies in the property and real estate sub-sector has not yet fully presented its funding decisions so it has no effect on company value. The results of testing this hypothesis are supported by the results of Pratama's research (2019) stating that funding decisions do not affect company value through good corporate governance. The results of this study are also supported by the results of Widyaningrum's research (2017) which states that the GCG mechanism is not able to strengthen the relationship between funding decisions and company value. In contrast to the results of Gustiandika's research (2012) which states that the implementation of corporate governance is able to strengthen the relationship between funding decisions and firm value. The leverage ratio of companies in the property and real estate sub-sector has not yet fully presented its
- funding decisions so it has no effect on company value.
- 9) The Effect of Investment Decisions on Corporate Value Through Good Corporate Governance Mechanisms
- Based on the results of testing the hypothesis which states that investment decisions have no effect on firm value through a good corporate governance mechanism in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. Asset growth that exceeds the optimal limit will burden the company with costs. Optimal asset growth should provide a positive NPV value, but if it is excessive there will be costs that must be borne by the company. Judging from the data showing t statistics, the direct influence of investment decisions on firm value is 0.586 and p values are 0.559. This value changed when it was mediated by the GCG mechanism, becoming t statistics with a value of 0.026 and p values with a value of 0.979. The results of the study concluded that the mechanism of good corporate governance cannot mediate the effect of investment policy on firm value. The ratio of the total assets growth of the property and real estate sub-sector companies has not yet fully represented investment decisions so that it has no effect on company value. The results of testing this hypothesis are supported by the research results of Gustiandika (2014) stating that the implementation of good corporate governance has no effect on investment decisions on company value. The results of this study are also supported by the results of Sari's research (2018) which states that good corporate governance has not been able to moderate the relationship between investment decisions and company value. In contrast to the results of Pratama's research (2019) which states that investment decisions have a significant positive effect on firm value through good corporate governance
- 10) The Effect of Financial Performance on Corporate Value Through Good Corporate Governance Mechanisms
- Based on the results of testing the hypothesis which states that financial performance has no effect on company value through a good corporate governance mechanism in property and real estate sub-sector companies listed on the IDX in 2020-2021, the hypothesis is rejected. The number of directors can affect the

value of the company, because this number affects the control and monitoring of management performance in improving company performance. However, in reality too many members who play a role in a company can also increase conflict. Maximizing company profits will not necessarily increase company value, many other factors can influence it (Dang et al. 2019). The company's profit level is considered unable to explain and predict the value of the company. Especially with the current Covid-19 phenomenon, there are many other factors that might affect company value besides financial performance. Judging from the data showing t statistics, there is a direct influence between financial performance on firm value which has a value of 1.371 and p values with a value of 0.173. This value changed when it was mediated by the GCG mechanism, becoming t statistics with a value of 0.366 and p values with a value of 0.715. The results of the study concluded that the mechanism of good corporate governance cannot mediate the effect of financial performance on firm value. The results of testing this hypothesis are supported by the results of Widyaningrum's research (2017) which states that good corporate governance does not moderate the relationship between financial performance and firm value. The ratio of return on assets of companies in the property and real estate sub-sector has not yet presented its overall financial performance so it has no effect on company value.

4. CONCLUSION & RECOMMENDATION

4.1 Conclusion

The results of this study provide managerial implications that funding decisions with the Debt to Equity Ratio indicator have a positive effect on the mechanism of good corporate governance with the board of directors size indicator. According to Sulistyowati et al (2010), leverage can represent an external control of corporate governance. Monitoring from the main holder regarding the amount of the company's debt will continue to be carried out, to protect its investment in the company. This is in accordance with agency theory, shareholders are principals who expect returns on investments made. The results of this study also provide managerial implications that the good corporate governance mechanism with the board of directors size indicator has a positive effect on firm value with the Tobin's Q indicator. The number of boards of directors can affect

firm value, because this number affects management control and performance monitoring in improving company performance. It is important to pay attention to the property and real estate sub-sector company management to pay attention to the mechanism of good corporate governance. Based on the results of research on the mechanism of good corporate governance mechanisms have a significant positive effect on firm value. Shows that companies that implement good governance will tend to have better performance, so they are able to give confidence to investors because the nature of good corporate governance is transparent and accountable

4.2 Recommendations

- a) Using debt is one of the company's choices in obtaining capital, balanced with the company's ability to pay off the debt. It is important to have a monitor from the main shareholder regarding the amount of the company's debt, to protect its investment in the company. One of the management's efforts is to implement a better good corporate governance mechanism.
- b) The ratio of total assets growth in property and real estate sub-sector companies has a negative value, this means that there has been a decrease in total assets compared to the previous year. Companies may reduce their assets to reduce the company's burden and to survive amidst pandemic conditions. However, sometimes companies are only focused on growing company wealth, thus ignoring good corporate governance. Even better so that corporate governance becomes an important thing that must be considered by the company.
- c) The level of profit should be able to affect the size of the board of directors in the company, because the greater the profit level is expected to have a positive impact on all stakeholders with the increasing number of boards of directors can minimize agency conflicts. The number of board of directors has an effect so that the company has a better level of supervision.
- d) Investors have not paid too much attention to the level of debt used by companies, investors are more interested in paying attention to how companies manage the funds they obtain. Debt levels that are too high can cause default which will ultimately affect the value of a company. Even in the midst of the current Covid-19 pandemic, investors and companies are still paying attention to the company's funding sources.

- e) Asset growth that exceeds the optimal limit will burden the company with costs. Optimal asset growth should provide a positive NPV value, but if it is excessive there will be costs that must be borne by the company. It is important for companies to pay attention to asset growth so as not to exceed optimal limits.
- f) To the management, it is important to pay attention to the management of property and real estate sub-sector companies to pay attention to the mechanism of good corporate governance. Based on the results of research on the mechanism of good corporate governance mechanisms have a significant positive effect on firm value. Shows that companies that implement good governance will tend to have better performance, so they are able to give confidence to investors because the nature of good corporate governance is transparent and accountable.
- g) To shareholders, it is important for investors or potential investors to dig deeper information about the condition of the company. The condition of the Covid-19 pandemic makes investors have to be more careful in assessing the health of a company, because just looking at the profit level is not enough. Investors and potential investors must also pay attention to various other important factors.
- h) To future researchers, with some research limitations determined by the authors, it may affect the research results. Future research may be able to add a wider range of variables and research objects.

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