

Unlocking Value: The Impact Of Investment Opportunity Set And Corporate Governance

*Determinant of
Banking Firm
Value*

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ABSTRACT

This study examines the impact of corporate governance and investment opportunity set (IOS) on firm value in the banking sector listed on the Indonesia Stock Exchange (IDX) during the period of 2018-2022, using a sample of 18 companies and 90 observations. The focus of this research is to identify the roles of managerial ownership, board size, and audit committee in influencing corporate performance. The results show that managerial ownership and board size positively affect firm value, while IOS and the number of audit committees have no significant impact. This research contributes to the literature on corporate governance in Indonesia, providing insights into how these factors influence corporate performance, and serves as a foundation for further studies aimed at improving corporate governance structures in the Indonesian banking sector

Keywords: Investment Opportunity Set, Managerial Ownership, Number of Board of Commissioners, Audit Committee, Firm Value

INTRODUCTION

The purpose of managing a company is basically to increase profits, both in the form of short-term and long-term profits, (Kalbuana et al. 2022) , 2017). No exception for the banking sector, as a financial institution that plays a role in improving the economy and maintaining the economic stability of a country, the main goal of banking is to obtain maximum profit. The ability to obtain is usually used as a tool to measure the level of effectiveness of management performance (Budiharjo, et al., 2020) . A good profitability ratio describes the healthy financial condition of banking.

Company value is the main purpose of establishing a company, the role of company value will determine the future of the company, if the company value is good then the company can maintain the sustainability of its business (Supriatiningsih, et al., 2024). However, economic conditions that tend to change and are uncertain, result in companies both large and small scale paying attention to problems such as funding, production, marketing, and personnel as one of the efforts to achieve company goals. (Dutrianda and Pangaribuan 2020) . In the banking sector, corporate value is used to measure banks against. Corporate value is the main defense in banks against unexpected losses, such as

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strengthening capital positions and increasing profits or the Company's value in the future through retained earnings investments.

According to the 2018 Indonesian Forum for Corporate Governance, corporate governance is a set of regulations that specify the rights and responsibilities of management, shareholders, creditors, the government, employees, and internal and external stakeholders. The division of responsibilities and interests between managers and stakeholders is a Renewal of Law No. 40 of 2007, which governs Limited Liability Companies. They believe that corporate governance practices can provide value to a company and that their implementation can reduce agency issues in a company.

Profit information contained in the income statement can be a guideline for shareholders to determine their investment decisions in the capital market. However, profit information in a company does not guarantee that the accounting profit has quality. Management as the party responsible for the company's financial reporting is required to present good reports so that external parties are interested in investing. Therefore, it is possible for internal parties in the company to take profit management actions (Hatane et al. 2022).

Investment opportunity sets are one of the factors that can impact the quality of profit. Investment opportunity sets are prospects or investment chances for a business in the future (Suharli, 2007). These investment opportunities are chances for the business to expand. The stability of the business's earnings and future investment prospects may be impacted by the investment opportunity set ratio. Businesses that have a large number of investment opportunities show that their stated profits are consistent with their actual circumstances. Because the profit information is regarded as being of high quality, investors will react more favorably to businesses that report earnings in line with actual conditions. Evaluation of investment-related factors The Earnings to Share/Price ratio is used in this study's opportunity set.

Considering several cases that present financial reports that tend to be overstated so that they can mislead users of financial reports. The following is a case regarding earnings management that recently occurred in Indonesia, namely at PT Bank Jawa Barat and Banten (BJB) Syariah which was involved in a case of alleged fictitious credit that cost the Company Rp548 billion. Based on the *Corporate Governance report* (2018) published by the Company, there were 4 cases of irregularities that significantly affected the bank's operational activities and financial conditions last year. The impact of irregularities or losses caused by this fictitious credit was each worth more than Rp100 million. (www.finansial.bisnis.com) With the cases as explained above, the company's reported profit by management is of poor quality, so more attention is needed from both internal and external parties of the company so that no party feels disadvantaged by the results of the published financial reports. Investors as one of the external parties of the company cannot only rely on the figures that have been presented in the financial report as material for analyzing and making investment decisions. The difference in the way of measuring economic transactions carried out by one company with another must be different depending on the estimates and considerations of the company's management and the financial report generators. Therefore, investors need to consider other factors besides financial ratios in assessing the quality of the company's profits (Soly And Wijaya 2017)

The study (Alamsyah and Malanua 2021) employed two main proxies for the investment opportunity set variable: the investment opportunity set based on price and the Investment Opportunity Set based on investment. One measure of the investment opportunity set based on investment is the Market to Book Value of Equity (MBVE), and another measure is the Capital Expenditure to Book Value Assets (CA/BVA) ratio. Suidani (2018) found that the Investment Opportunity Set considerably increases the company's worth. This study, which was also conducted in 2016, claims that the investment opportunity set raises the company's value. According to this, if the Investment.

Research indicates that the use of corporate governance improves the value of the organization (Irsyad 2020). This demonstrates that businesses that use corporate governance, as shown by the perception index, perform well and have a higher degree of

corporate compliance. According to the definition given above, the researcher is driven to carry out this study in order to raise the company's worth by using it as one of the factors taken into account when making decisions. Second, there are still a lot of discrepancies between the findings of earlier research, which begs the question of whether corporate governance and investment opportunity set affect the value of a company.

LITERATURE REVIEW AND FRAMEWORK

Agency Theory

Agency theory explains how to design contracts that can motivate rational agents. Agency theory supports the principal when the interests of the principal and the agent conflict (Darwis et al., 2022). varied firms with varying levels of investment potential face varied management monitoring issues, according to research (Triyuwono et al., 2020). A firm's capacity to operate effectively may be hampered by agency conflicts between stakeholders with competing interests. Corporate governance and agency theory are closely related.

Set of Investment Opportunities

Because the size of the investment opportunity depends on the spending set by management, the Investment Opportunity Set (IOS) is the worth of a firm that is anticipated to be able to deliver big returns in the future (Giriati 2016). If the business can offer a good signal from a large number of investment opportunity sets, an investor will respond favorably since it can guarantee a larger future return on investment.

Corporate Governance

Corporate governance is defined as the rules that cover the rights and obligations of employees, shareholders, shareholders, government directors, and other stakeholders both internal and external (Krenn 2017) . Corporate governance helps improve the company, ensure transparency and accountability, and stabilize the company's performance. Therefore, a good company is a company that is able to receive better monitoring, and the conflict of interest of shareholders and managers can be reduced, which in turn can reduce agency costs.

Managerial Ownership

The percentage of shareholders from the company's managerial ranks relative to the total number of shares outstanding in a particular year is known as managerial ownership. The company's board of directors and commissioners are included in the managerial levels. According to Jensen and Meckling (1976), increasing managerial ownership is one strategy to prevent agency conflicts in the workplace since management would directly influence the choices made. Management will attempt to lower the danger of losing the company's wealth by strengthening the position of personal management wealth with the company's wealth through increased managerial ownership (Triyani et al., 2019).

The Board of Commissioners' size

Inadequate oversight by the board of commissioners will result in agency issues, specifically that the corporation will struggle to effectively communicate, coordinate work, and make decisions as the number of board members increases. Because decision-making will be more challenging, costly, and time-consuming when there are more commissioners on the board, both in terms of coordination and communication. The performance of the corporation may deteriorate when more employees join the board of commissioners (Simatupang et al. 2021)

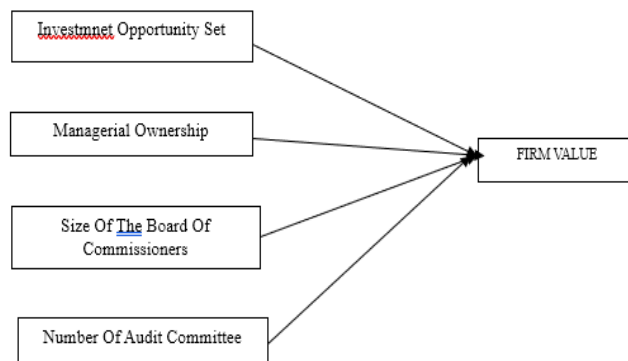
Committee for Audits

The audit committee's job is to help the supervisory board of the company make sure that the internal control system and the work of internal and external auditors are both effective (Handoko and Ramadhani,2017). The audit committee in a firm is highly helpful in addressing issues that need to be integrated and coordinated in order to resolve major or serious issues right away. The board of commissioners established an audit committee with the following goals in mind: Making sure that the published financial statements are accurate and compliant with accounting standards, Making certain that the organization's

internal controls are sufficient, Investigating any purportedly significant irregularities in the financial industry and the resulting legal ramifications, suggesting that external auditors be used. The

Firm Values

The fair value of a business that reflects the investor's perspective on a specific issuer is known as company value. Accordingly, the investor's perspective, which is always connected to the stock price, determines the company's value (Al Farooque, et al, 2020). The value of the company's shares in question provides insight into the company's worth. From a management standpoint, where the current company value is heavily reliant on the value of its management, the company's objective is to maximize shareholder wealth in the future. This high company value shows that shareholders are doing well and gives the market confidence in the company's success as well as its future prospects. If such is the case, the company's value will likewise be high.



Source: author's data processing

Figure 1. Framework of thinking

Investment Opportunity Set on Firm Value

According to the study by Alamsyah and Malanua (2021), IOS will offer data regarding the likelihood of future revenue. The study's findings indicate that if IOS rises, the company's value would rise as well because there will be more investment opportunities and larger returns anticipated. IOS demonstrates the company's potential for expansion, which draws in investors because it will pay off in the long run.

H1: The set of investment opportunities affects the value of the company.

Corporate Governance on Company Value

Every business will see fluctuations in its worth, which are impacted by the ownership structure, including the management and institutional share ownership (Budiharjo et al., 2020). The value acquired can serve as a guide for investors to understand how managers successfully run the business to turn a profit using invested capital and corporate assets. Investors are more likely to trust a company with a strong corporate assessment if it has a greater value. Stock prices will rise in response to good governance, which will increase the company's worth. This is consistent with earlier studies by (Puteri and Rohman 2012), (Alamsyah and Malanua 2021),

H2: Corporate governance has a significant effect on company value.

Managerial Ownership of Company Value

According to the study's findings, managerial ownership significantly and favorably affects a company's worth. This is because managers who own stock in the company play a crucial role in encouraging managers to work more efficiently and avoiding bad mistakes that could directly affect managers or the rewards that shareholders would receive (Supriatiningsih et al., 2023). In order to give shareholders a positive impression that raises the company's worth, managers will act in their best interests. This is consistent with research findings from (Nilam Eka Putri 2017). Thus, the following is how the hypothesis is put forth:

H3: Managerial ownership has an effect on firm value.

Board of Commissioners Size and Company Value

The highest internal control mechanism in charge of keeping an eye on top management's activities is the Board of Commissioners. It will be simpler to oversee the CEO and more efficient to keep an eye on management operations if the board of commissioners has a larger membership (Darwis et al., 2024). in order for management to produce profit-quality financial reports that are satisfactory. Research indicates that the board of commissioners has an impact on the value of the company (Yanti, 2018). This is due to the fact that having a board of commissioners will lessen financial reporting fraud, improve oversight effectiveness, and work to raise the caliber of financial reports. Thus, the following is how the hypothesis is put forth:

H4: The size of the board of commissioners has a significant effect on company value.

Audit Committee Size and Firm Value

There is no assurance that a company's worth will rise in tandem with the number of audit committee members. The business will suffer from having too many audit committee members since there will be a lot of responsibilities or tasks that are split up (Darwis et al., 2024). Members of the audit committee become less concentrated in their work as a result, which lowers the company's value and performance. that the audit committee has no impact on the company's value (Obembe and Soetan 2015), demonstrating that a company's worth is unaffected by the number of audit committees it has. An audit committee is only established in a firm based on.

H5: The audit committee has no significant effect on company value.

METHOD

The anticipated period for gathering data on how corporate governance and investment opportunity set affect firm value (a study of banking firms listed on the Indonesian stock exchange in 2018–2022) This was then done on the website in order to collect data. The data source was gathered utilizing secondary data and a computer aid called EVIEWS12 in order to gather the information and data required for this investigation.

Table 1. Company Criteria

No	Criteria	Amount
1	General banking listed on the Indonesia Stock Exchange	47
2	Banks that do not have a financial reporting period for 5 consecutive years.	(4)
3	Companies that do not present complete financial reports	(20)
4	Abnormal report presentation (Outlier)	(5)
Number of banks used as samples		18
Total data 18 x 5		90

Source: author's data processing

Table 2. Operational Research Variables

Variables	Definition	Indicator	Measurement Scale
Company Values (Y2)	Company value is the price that a potential buyer is willing to pay if the company is sold.	PER = $\frac{\text{Stock Price}}{\text{EPS}}$ EPS (Net Income: Number of Outstanding Shares)	Ratio
Investment Opportunity Set (IOS) (X.1)	According to Myers (1997), an Investment Opportunity Set (IOS) is a collection of owned assets (assets in place) and potential investments with a positive Net Present Value (NPV) that will affect the company's value.	$\text{MVABVA} = \frac{\text{TA} - \text{TE}}{\text{TA}}$	Ratio
Managerial Ownership (X.2)	The percentage of shareholders from the company's management ranks that own shares in a particular year is known as managerial ownership	Managerial ownership = $\frac{\text{shares owned by directors and commissioners}}{\text{Total share}} \times 100\%$	Ratio

Size of the Board of Commissioners (X.3)	The existence of difficulties in a company with many members of the board of commissioners makes it difficult to carry out supervisory duties regarding company management, which will later also have an impact on the company's performance which will continue to decline.	Size of the Board of Commissioners = Total number of board of commissioners	Unit
Audit Committee Size	According to Sam'ani (2008), the audit committee contributes to maintaining the legitimacy of the financial reporting procedure.	Audit Committee Size = Total number of audit committee members	Unit
Company Size Control Variables	By converting the total asset value into a natural logarithm, the goal is to make the total asset data normally distributed. The log of total assets is used to minimize the large disparity between the size of an excessively large and too small organizations.	LN (Total Assets)	Ratio
Leverage	A company's leverage or solvency indicates its capacity to pay all of its debts in the event that it is liquidated. Copeland and Weston (1992)	DER = $\frac{\text{Debt}}{\text{Total Assets}}$	Ratio

Source: author's data processing

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3. Results of Descriptive Statistical Tests

Item	N	Minimum	Maximum	Mean	Std. Deviation
Independent Variables: IOS	90	-0.810236	2.930937	1.016711	0.333566
MOWN	90	1.35	4.167454	0.108907	0.457070
BCOM	90	1,000,000	8,000,000	4.200000	1.972849
KOMAUD	90	1,000,000	8,000,000	3.577778	1.418136
Dependent Variable: FV	90	-0.546306	2.296506	0.215317	0.378939
Control Variables:					
Size		28.90718	36.34049	31.88117	1.949958
Leverage	90	0.082592	67.01942	6.768386	9.956386
Valid N (listwise)	90				

Source: *Eviews 12 data processing results*

Based on table 3: Opportunity Set for Investment Opportunities The investment opportunity set (IOS) variable from the number of samples (N) 90 has a minimum value of -0.810236 and a maximum value of 2.930937, according to the statistical test findings in table 4.2. This indicates that the sample companies under study have an investment opportunity set or investment opportunity set value that ranges from a minimum of -81.02% to a maximum of 293.0937%. The standard deviation of the investment opportunity set is 0.333566, and the average (mean) is 1.016711.

Managerial Ownership. The managerial ownership variable (MOWN) from the entire sample (N) of 90 has a minimum value of 1.35 and a maximum value of 4.167454, according to the statistical test results in table 4.2. This indicates that at least 135% and up to 416.7454% of the shares in the sample companies under study are owned by the board of directors and commissioners. The standard deviation is 0.457070, while the average (mean) management ownership is 0.108907.

The Board of Commissioners' size. The statistical test results in table 4.2 show that the variable size of the board of commissioners (BCOM) from the number of samples (N) 90 has a minimum value of 1.00 and a maximum value of 8.00. This suggests that the sample companies under investigation have a minimum of one board of commissioners and a maximum of eight boards. The average (mean) size of the board of commissioners is 4,200,000, with a standard deviation of 1.972,849

Audit Committee Size. The audit committee size variable (KOMAUD) from the number of samples (N) 90 has a minimum value of 1.00 and a maximum value of 8.00, according to the statistical test findings in table 4.2. This indicates that there are at least one and a maximum of eight audit committee members in the sample companies under

study. The audit committee's average (mean) size is 3.577778, and its standard deviation is 1.418136.

Company Values. The corporate performance variable (ROE) from the number of samples (N) 90 has a minimum value of -0.546306 and a maximum value of 2.296506, according to the statistical test findings in table 4.2. This indicates that the Outstanding Stock Price, which is used to gauge the operations of the sample companies under study, indicates that the performance of the companies as assessed by PER can yield a profit for the company of at least -54.6306% and a maximum of 229.6506%. According to PER, the average (mean) corporate performance is 21.53171, or 22%, and the standard deviation is 37.89389.

Classical Assumption Test Results

Heteroscedasticity Test

Table 4. Results of heteroscedasticity test

Variables	Coefficient	Std. Error	T-Statistic	Prob
C	147.9343	51.67815	2.862609	0.0053
IOS	17.04727	9.340312	1.825128	0.0716
MWON	-0.962090	6.535436	-0.147211	0.8833
BCOM	-3.579748	1.597921	1.311760	0.1933
FP	-4807418	4.242582	-1.602917	0.1128
SIZE	-4.473242	1.581370	-1.133135	0.0590
LEVERAGE	0.740727	0.751463	0.985714	0.3272

Source: Processing results with Eviews 12 data

Based on the results of the Glejser test in the table, it is known that all Probs >0.05, which means that there are no symptoms of heteroscedasticity.

Multicollinearity Test

Table 5. Multilinearity test results

Variable	IOS	MWON	BCOM	KOMAUD	SIZE	LEVERAGE
IOS	1,000,000					
MWON	0.049184	1,000,000				
BCOM	-0.098117	-0.003031	1,000,000			
KOMAUD	0.259348	0.072575	0.123694	1,000,000		
FP	-0.066578	-0.044190	-0.192281	0.165516		
SIZE	-0.165756	-0.192990	0.202598	0.096477	1,000,000	
LEVERAGE	-0.014884	0.003434	-0.257706	0.183377	0.007320	1,000,000

Source: Processing results with Eviews 12 data

HYPOTHESIS TEST RESULTS

Information:

$$Y = 1.07C + 0.02IOS + 0.12MWON + 0.016BCOM + 0.01KOMAUD + 0.003FP - 0.03SIZE - 0.00LEVERAGE + e$$

The explanation is as follows:

1. The constant value indicates that the firm performance (dependent variable) is 0.88 and the company value (dependent variable) is 1.07 in the absence of any independent variables, such as the number of board of commissioners, audit committee, managerial ownership, and investment opportunity set.
2. If the company value rises by 0.02 and the dependent variable performance declines by -0.17, it can be read as the IOS variable's regression coefficient value is positive at -0.17 and 0.02.
3. The MOWN variable's coefficient values are -0.10 and 0.12, indicating that if the company value variable rises by 0.02 and the dependent variable performance falls by 0.10.
4. The positive (+) coefficient value of the BCOM variable at 0.01 and 0.016 indicates that the dependent variables of company performance and value increased by 0.01 and 0.016, respectively.
5. The positive (+) coefficient value of the KOMAUD variable at 0.0004 and 0.01 indicates that the dependent variable of the company's value has increased by 0.0004 and 0.01.

6. The positive (+) value of the Size coefficient indicates that the dependent variable of the company's value increased by 0.003.

Partial Test Result

Table 5. Partial test results

Variables	Coefficient	Std. Error	t-Statistic	Prob
(Constant)	1.075327	0.270872	3.969878	0.0002
IOS	0.021111	0.067090	0.314673	0.7538
MWON	0.125839	0.033745	3.729093	0.0004
BCOM	0.016338	0.006837	2.389521	0.0192
KOMAUD	0.006298	0.008285	0.760227	0.4493
FP	0.003117	0.011327	0.275135	0.7839
SIZE	-0.032242	0.006795	-4.744655	0.0000
LEVERAGE	-0.002691	0.001993	-1.350328	0.1806

Source: Processing results with Eviews 12 data

- 1) The regression coefficient for the investment opportunity set variable is 0.021111. The value of the company is positively impacted by the investment opportunity set, as indicated by a positive regression coefficient value. It has a probability value of 0.7538 (> 0.05), indicating that the value of the company is unaffected by the investment opportunity set.
- 2) The regression coefficient for the management ownership variable is 0.125839. The performance of the company is negatively impacted by managerial ownership, as indicated by a positive regression coefficient value. It has a likelihood value of 0.0004 (<0.05), indicating that the value of the company is impacted by managerial ownership.
- 3) The regression coefficient for the board of commissioners' size variable is 0.016338. The success of the corporation is positively impacted by the size of the board of commissioners, as indicated by a positive regression coefficient value. It has a likelihood value of 0.0192 (<0.05), indicating that the company's worth is impacted by the size of the board of commissioners.
- 4) The regression coefficient for the audit committee size variable is 0.006298. The performance of the company is positively impacted by the size of the audit committee, as indicated by a positive regression coefficient value. It has a probability value of 0.4493 (> 0.05), indicating that the audit committee's size has no bearing on the success of the business.
- 5) The regression coefficient for the company performance variable is 0.003117. Company performance has a positive impact on company performance, as indicated by a positive regression coefficient value. and has a probability value of 0.7839 (> 0.05), indicating that there is no relationship between company performance and other factors.

Simultaneous Test

Table 6. Simultaneous test results

F-Statistic	Prob(F-Statistic)
1.294171	0.263591

Source: Processing results with Eviews 12 data

A probability of 0.263591 is based on the table pertaining to the simultaneous significance test (F statistical test). The size of the board of commissioners (BCOM), audit committee (KOMAUD), investment opportunity set (IOS), managerial ownership (MWON), and company performance (ROE) all have an impact on firm value (FV), but this regression equation model cannot be used to predict FV because the probability of 0.263591 is greater than 0.05. The simultaneous test's findings demonstrate that the size of the board of commissioners, audit committee, investment opportunity set, managerial ownership, company size, control variables, and leverage do not all significantly and concurrently affect firm value.

The significance level of $0.263591 > 0.05$ demonstrates this. This indicates that a firm's worth will rise if its investment opportunity, managerial ownership, board of

commissioners size, audit committee size, company performance, company size control variables, and leverage all work together.

Termination Coefficient Test

According to the table containing the results of the determination coefficient test (R²), the adjusted R² square value is 0.918567. This indicates that the four independent variables—the size of the audit committee (KOMAUD), the size of the board of commissioners (BCOM), managerial ownership (MWON), and the investment opportunity set (IOS)—can account for 92% of the company's performance variables. However, other factors not covered by this model account for the remaining 8% (100%–92%). These factors include the board of directors, capital structure, independent commissioners, size of the company, institutional ownership, and so forth.

Table 7. Results of coefficient test (R²)

Model	R Square	Adjusted R Square	SE Of Regression	Prob
2	0.099487	0.022614	37.46297	0.263591

Source: Processing results with *Eviews 12* data

According to the table containing the results of the determination coefficient test (R²), the adjusted R² square value is 0.022614. This indicates that the four independent variables investment opportunity set (IOS), managerial ownership (MWON), board of commissioners size (BCOM), audit committee size (KOMAUD), and company performance (ROE)—can account for 2.3% of the company value variable, with the remaining 97.7% (100% - 2.3%) being explained by other variables not included in this model. These factors include the company's size, institutional ownership, board of directors, capital structure, and independent commissioners, among others.

The Impact of Investment Opportunity Set on Company Value

According to the test results above, the first test seeks to ascertain the importance of the relationship between the company's worth and the investment opportunity presented. Multiple regression analysis demonstrates that the value of the company is unaffected by the collection of investment opportunities. According to research (Berliana & Sekar Mayangsari, 2023), the value of the company is unaffected by the investment opportunity offered. Only current and prior year assets are compared in asset growth via investment decisions. Investors find it uninteresting that there is no assurance that a decline in assets in one year would translate into a decline in funds in the following year, or vice versa. Additionally, this finding contradicts previous research (Alamsyah & Malanua, 2021). It claims that IOS will offer data regarding the opportunities

The impact of managerial ownership on company value

Based on the findings of the first two tests, the second test seeks to ascertain how important managerial ownership is to the company's worth. Multiple regression analysis demonstrates that managerial ownership affects the company's worth. According to research (Nur utami & Widati, 2022), managerial ownership significantly and favorably affects the company's worth. This is because managers, who are also shareholders in the company, have a responsibility to ensure that managers operate more efficiently and refrain from making poor judgments because they may directly affect managers or the returns that shareholders will receive. Managers will operate in accordance with shareholders' interests to ensure that shareholders have Furthermore, this study contradicts Hidayat et al. (2021), which demonstrates that managerial ownership has no effect on the company's value. The study's findings indicate that managers may not be able to raise the company's value because they are not always more productive and efficient in their efforts to improve performance. This occurs when managers possess a very small percentage of the company's shares and only have a minority stake in it, which means they have no control over it. Shareholders who possess the majority of the

company's shares will automatically control it, ensuring that managerial choices have no impact on the business's performance. Consequently, managerial ownership

The Impact of the Number of Board of Commissioners on Company Value.

Based on the findings of the first two tests, the third test seeks to ascertain the relationship between the number of boards of commissioners and the company's worth. Multiple regression analysis demonstrates that the number of boards of commissioners has an impact on the company's worth. This is consistent with studies showing that the board of commissioners influences the company's value (Yanti et al., 2018). This is due to the fact that having a board of commissioners will lessen financial reporting fraud, improve oversight effectiveness, and work to raise the caliber of financial reports. Additionally, this study contradicts research (Yohendra & Susanty, 2019) that indicates the value of the company is unaffected by the board of commissioners.

The impact of the number of audit committees on company value

Based on the findings of the previous tests, the fourth test seeks to ascertain whether the number of audit committees and the company's worth are significantly correlated. Multiple regression analysis demonstrates that the number of audit committees has no bearing on the company's worth. According to research (Sarafina & Saifi, 2017), the audit committee has no effect on the company's worth. This indicates that a company's value is unaffected by the number of audit committees it has. Only when regulations are met—which mandate that businesses establish an audit committee—can an audit committee be established within a corporation. Furthermore, this study contradicts research (Mardianingsih & Krishna, 2015) that indicates the audit committee is crucial to the establishment of sound corporate governance inside the organization. When the audit committee performs its responsibilities effectively, oversight improves and business performance rises. Investor interest in funding a business that will raise its stock price and hence improve its value will be impacted by this.

CONCLUSION

Investment opportunity set does not affect the value of the Company. Managerial ownership affects the value of the Company. The number of independent commissioners affects the value of the Company. The number of audit committees does not affect the value of the Company. Suggestions

The limitations of previous research literature that researchers have not obtained. So that this study has many weaknesses, both in terms of research results and analysis. The limitations of time, cost and energy make this study less than optimal. The limitations of the author's knowledge in making and compiling this paper, so that its reliability needs to be re-tested in the future. The limitations of the data used in this study make the results less than optimal. This study is far from perfect, so the next study is expected to be better than before.

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