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The Impact of Governance, Audit Quality, and Financial Performance on Increasing Corporate Value

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Abstract

Corporate value is the level of business achievement from the start-up to development used by management in running a business to maximize shareholder wealth so that investors can trust the company's quality. Whether governance, audit quality, and financial performance can increase corporate value. Using secondary data from the Indonesian stock exchange on the manufacturing group that distributes dividends for the 2016-2021 period,The impact of the research results found that domestic institutions, foreign institutions, individual ownership, audit size, audit tenure, TATO, ROA, and DPR are significant on corporate value, while the audit committee and NPM are not significant on corporate value. It is suggested that companies can increase audit quality and percentage of share ownership in making strategic decisions focusing on several parties involved and the role of financial performance as reflecting the company internally as a reference for business turnover.

Keywords: Governance, Audit Quality, Financial Performance

Introduction

The stock market is growing rapidly and encourages investors to allocate some of their assets for investment, so they must make decisions based on real facts and analytical data to prevent high internal and external risks. businesses that have a high level will determine the capital structure by looking at the company's prospects in the future (Vernimmen et al., 2018). Meanwhile, shareholders do not see momentary profits but to improve fundamentals, governance, and quality of performance aimed at the continuity of the company, investors see profits without considering other factors. The results in the manufacturing sector are negative, namely high production costs starting from the management of raw materials until they are ready for sale, besides that investors are not very interested so it has an impact on instability, especially on the stock prices of manufacturing companies. each year is influenced by external and internal factors that need to pay attention to the factors causing the decline in the Jakarta Composite Index, a manager needs to improve optimal performance.

Manufacturing has an economic role that can affect firm value which is consistent with agency problems caused by company managers who tend to act in their interests in terms of decision-making without being concerned with optimizing shareholder profits by contractual agreements, as an information signal for financial managers, directors, and other decision-makers in formulating company policies effectively

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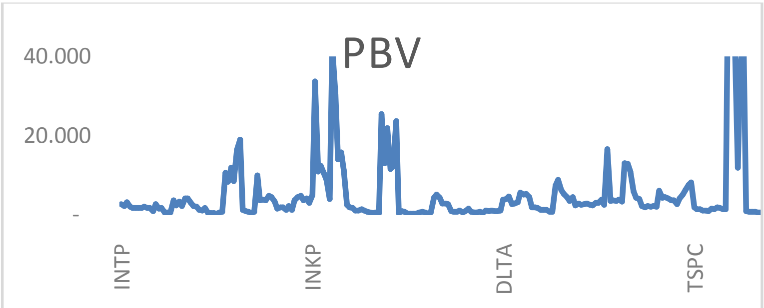
and efficiently which are relevant topics and up to date to learn about past, present and past events which will come. A case that occurred in the company Unilever Indonesia has decreased post-dividend payment of 62% for the last five yearsdue to unfavorable finances that affect company value which makes shares undervalued which has an impact on investors' lack of interest in Unilever shares, it is hoped that management can continue to improve the quality of performance to increase company value news release fromwww.investor.id on 22 February 2022.

Figure 1.1 PBV Graph for the 2016-2021 period



Source: Data processed (2023)

Company value is one of the benefits in the future, so the book value price of the booklet where the cost of the company's assets is higher than the share price otherwise the price of the ledger book value where the company's shares are more expensive than the cost of assets In addition, governance, audit quality, and financial performance building a healthy, effective and competitive business environment that provides signals about prospects for investors to consider before investing. Decision-making depends on the perceived value where the corporate value which is considered as a future profit is greater than the market price deciding to buy it requires financial analysis to help determine where their capital is most likely to earn the highest risk-adjusted return, Investors decide whether or not to buy company shares, while creditors decide whether the company is eligible to be given a loan.

The impact can increase firm value, although the results of the research are not always consistent with the results obtained other factors influence it such as the period, company scale, and the methods used. The first factor Good governance for competitive business competitiveness needs to look at the role of domestic institutions, foreign institutions, individual ownership, and audit committees so that it has an impact on company value. domestic institutions encourage rapid company growth and can reduce costs for monitoring management. Results by Sunday and Kwenda (2021) state that domesticinstitutionssignificantly affect company value. While foreign ownership contributes to market growth and has better transparency monitoring capabilities, results by Suwarti et al. (2022) that foreign ownership is significantly affected company value. With this, a research gap is needed to find out that foreign institutions have technological innovations that can be applied to company growth, while local ownership carries out operational activities according to credibility whereas foreign and local roles have advantages that can increase company value. Individual ownership is the monitoring of other shareholders who have poor performance to get long-term profit opportunities, it is necessary to research the gap that individual ownership decision-making can influence top management to be more relevant in reducing the importance of political connections which will have an impact on company value. findings from Muthoni et al. (2018) that retail ownership affects company performance.

Auditcommittees can reduce agency conflicts and get optimal monitoring in detecting fraudulent financial reporting arising from the scope of managers and shareholders.The results ofIheyen (2021)audit committee are significant to company value. in this research, the role of the oversight audit committee in the process of implementing good governance so can affect company value. The existence of a research gap to know that this research has found there may be an optimal number of audit committees from management may be a factor affecting company value.

Audit quality is a reliable source of accounting information which is reflected in improving performance to ensure investor confidence in estimating company value to reduce agency conflicts as a guarantee that financial statements have been audited fairly, besides that relationship built between auditors and clients who are not professionally committed will result in poor performance quality impact on company value. Results of previous studies Wijaya (2020) stated that audit quality significantly affects company value. previous studies Shubita (2021) state the client period has no significance on company value. it is expected that audit quality is an external party of the company that can help the company in better bookkeeping so that it becomes the added value for investors that can affect the value of the company. The research gap is needed to find out audit quality that the company has good quality audited with a reputable accounting firm is a good image for the public that can affect company value.

Investors and creditors assess the financial performance of information signals to avoid losses in investment decisions by increasing company assets will increase sales positively for improvementon increasing net income and having debt is a means for companies to develop business operations optimally which increases company value.Results bySeno and Thamrin (2020)that TATO has a significant effect on company value, Results byEndri and Fathony (2020)that ROA is significant to company value, Results byChen et al. (2021)that NPM is significant to company value.Results byBon and Hartoko (2022)that DPR is not significant to company value. TheTATO research gap is needed to determine high turnover to provide information to investors that the company has a good financial condition, while the ROA research gap to determine the company's financial target can trigger investors to increase demand for shares, the NPM research gap is to determine the company's ability to generate net profit from salesso that high net profit determines the price of its products well and carries out efficient cost control which increases company value and research gap to find out dividend announcements fundamental determinant of company value to investors that the company is in a healthy condition to make shares are highly rated on the stock exchange. Then research on TATO, ROA, NPM, and DPR as part of financial activity in conditions before dan after Covid-19 and was long used as material for investor decision-making in investment which can affect the ups and downs of company value.

Contribute to assessing the impact of economic changes in Indonesia from before and after covid 19 which has undergone several reforms in the last six years helping investors realize which companies are developing well through aspects of governance, audit quality, and financial performance that will affect company value indicating the direction of investment to avoid risk then can take advantage of the results of this study. Investors are expected to have reliable financial reports, the government is to make regulations that violate investor rights to build an active stock market that can be accessed globally.

Literature Review

Grand Theory

Agency theory is actions taken by managers to strengthen their position in the organization which is associated with opportunistic behavior so managers may need to defend the company against the opportunistic actions of principals therefore these managerial efforts to hold and maintain power may be beneficial for the company and its performance in the future. agency costs can create problems for unfavorable prospects in the future and loss of company value the need for improved financial performance and independent directors (Mallin, 2019). The signal theory describes a corporate condition that can distinguish companies with good and bad company values. signal management tries to provide relevant information that investors can use, which will later provide confidence to the public, which is supported by underlying data for the company's prospects in the future (Brigham and Houston, 2017).

Company Value

Company value is to compare stock prices between companies that aim to maximize the profit to be obtained, the manager's goal is to create market value to obtain high returns, it needs to be evaluated carefully to show that the shares are fully appreciated or maybe even too expensive or relatively low, while the value stock book shows how far the company can create a company with a value relative to the total capital invested (Robinson et al., 2020).

Governance

Domestic institutions are the number of shares owned by a country that contributes to strengthening the capital structure which is expected to increase market growth, besides that local ownership will have an impact on improving governance, thus playing a role in stabilizing the market from the uncertainty associated with consistent foreign capital flows a stable which has a positive impact on firm value (Setiany et al., 2020). A greater institutional percentage can increase long-term company profits but the public cannot monitor management efficiently so individual ownership cannot yet affect company value, results by Rohim et al. (2019) that domestic ownership significant to company value, than local ownership is a signal of internal information management decisions made is optimal or not in maximizing investor welfare.

Foreign institutions are the number of shares owned by foreign business entities that contribute to strengthening the capital structure which has an impact on improving performance playing a role in technology, innovation, and broad insights that have a positive impact on companies so that they contribute to good company performance and consistently increase company value (Kartika and Utami, 2019). Findings made by Tangke et al. (2021)state that foreign institutions affected company value. ownership of foreign institutions can monitor management performance thereby reducing agency costs. this is an information signal that the experience of foreign ownership, will certainly be of interest to stakeholders, especially investors in investing their capital.

Individual shares owned by individuals above 5% do not include managerial shares whereas having low share ownership individual ownership can control agency conflicts between institutional ownership and company management (Munandar and Fathoni, 2021) The findings made by Utomo et al. (2019) state that individual ownership affects company value. individual shares as a signal of information that low share ownership influences the company's business trends to increase company value.

The audit committee for control of management activities is responsible for overseeing management in compliance and financial reporting regulations. Audit committee understands financial reports well according to financial accounting standards, its role is to review reports and make recommendations at the annual meeting about better company policy decisions, besides encouraging management to run efficiently to increase company value (Whittington and Pany, 2016). The existence audit committee that is considered useful includes a nomination committee, audit scope, internal system, and audit results that can provide investors with a good view of companies that optimize company value. Found in line with agency theory, which is expected to handle disputes between management and auditors that contribute to detecting fraudulent financial reporting that can affect company value. Findings made by Iheyen (2021)state that the accounting and financial expertise audit committee significant effect on company value, and audit committee expertise is a positive signal for designing investment strategies for investors.

Audit Quality

High audit quality can reduce agency costs with the transparency and credibility it provides to the market where big 4 audit firms have a good reputation than big 4 non-audit firms which will have a sizeable impact on stock market prices that affect company value (Nkiru et al., 2022). The auditor's long tenure is indeed the case not impairing audit quality creating an understanding the of client's business can reduce the likelihood of reporting misstatements. Besides that, a long audit period client and the auditor can harm the auditor's performance in an attitude of independence. the findings by Izukwe and Jeroh (2022) that audit tenure is not significant to company value. while the findings from Yolandita and Cahyonowati (2022) that audit size is significant to company value, then the audit period does not have a large impact on company value. On the other hand, a large audit company will improve company performance through financial records, so the existence of audit quality can predict the future as a signal in determining investment decisions for market participants.

Financial Performance

Financial performance helps identify company strengths and weaknesses in the decision-making process, good financial performance can reduce agency costs, and encourage management to disclose more detailed financial reports as information signals before making investments (Kieso et al., 2019). Asset turnover is the company's activity in managing its funds, besides that it generates fast turnover sales that can generate every rupiah invested in the company. Conversely, slow asset turnover indicates that the assets owned are too large compared to the ability to sell them, to maximize shareholder wealth which gives confidence to investors to invest their capital, providing signal information about the company's prospects for user financial statements. Results by Salim and Prasetia (2022)state that TATO significantly affects company value. ROA measures management's ability to perform efficiently in managing its assets to obtain profits within a certain period, besides having an important role in the survival of the company the in future, investors will take advantage of the company's growth opportunities. Results by Bon and Hartoko (2022)state that ROA significantly affects company value. Net profit margin is the company's ability to generate high profits so capital market investors need to know the company's ability to generate profits which can later be assessed whether the company is profitable or not affects the company's value Results by Wahyuni and Gani (2022) stated that NPM significantly affects company values. Dividends represent a future investment decision so investors are looking for a halal investment. that managers must manage their dividend policy effectively to avoid conflicts of interest affecting company value. Results by Bataha et al.

(2023) stated that DPR significantly affects company values. Therefore, an increase in financial performance will lead to an increase in company value.

Hypothesis

Researchers want to describe thinking logically about the problem as the theory used and the relationship between variables, which reflects the phenomenon studied.

H1: Domestic institutions affect company value
H2: Foreign institutions affect company value
H3: Individual ownership affects company value
H4: Audit committee affects company value
H5: Audit size affects company value
H6: Audit tenure affects company value
H7: Total asset turnover affects company value
H8: Return on assets affects company value
H9: Net Profit Margin affects company value
H10: Dividend Payout Ratio affects company value

Research

The research method that is used is quantitative data designed to collect events and situations by testing hypotheses from the relationship of the dependent, independent, and control variables. Dependent on the price proxy for book value. While independently used by local institutions, foreign institutions, individual ownership, audit committees, audit size, audit tenure, TATO, ROA, NPM, and DPR. In addition to using control variables, namely current assets and foreign ownership to control variables that are suspected of having a positive effect on the relationship. sourced from the annual report of each company and a summary of stock prices through the official IDX website with research objects using the manufacturing sector listed on the IDX. Using sampling on companies distributing dividends during the 2016-2021 period with the criteria including (1) Manufacturing on the IDX for the 2016-2021 period. (2) For manufacturers that distribute final dividends during the 2016-2021 period. (3) Manufacturing has full annual reports and closing stock price data to measure the variables in these results.

Analysis Tools

Our research uses Panel Data Regression Analysis which uses the time dimension. This research involves observing a certain period (time series) and several companies using the General Least Squared (GLS) estimation method to obtain efficient and stable relevant results using the application Eviews 12. Analysis as follows: $Y\ (PBV) = \beta^1 ID_{X1} + \beta^2 IF_{X2} + \beta^3 IND_{X3} + \beta^4 AC_{X4} + \beta^5 AS_{X5} + \beta^6 AT_{X6} + \beta^7 TATO_{X7} + \beta^8 ROA_{X8} + \beta^9 NPM_{X9} + \beta^{10} DPR_{X10} + \beta^{11} CR_{C1} + \beta^{12} FO_{C2} + e$
where e is the residual, i = the amount of data processed by the company, and t = year.

Operational Variable

The operational variable that explains the formula for independent variables, dependent variables, and control variables are as follows:

Table 1. Operational Variables

variable	Formula	Source	Scale
(Y)	Price Per Share: Book Value Per Share	(Kipliyah and Hakimah, 2021)	Ratio
(X1)	Total shareholder percentage by domestic institutional	(Abedin et al., 2022)	Ratio
(X2)	Total shareholder percentage by foreign institutional	Setiany et al. (2020)	Ratio
(X3)	Total shareholder percentage by foreign & domestic individual	(Utomo et al., 2019)	Ratio
(X4)	firms audited by Big 4 = 1 not firms audited by Big 4 = 0	(Abba and Sadah, 2020)	Nominal
(X5)	Number of audit firm periods with clients	(Aca et al., 2020)	Interval
(X6)	AuditCommittee Finance and Accounting Expertise / Total Number of Audit Committee	(Azam and Wang, 2021)	Ratio
(X7)	Total Sales: Total Assets	(Luu, 2021)	Ratio
(X8)	Total Profit: Total Assets	(Ferriswara et al., 2022)	Ratio
(X9)	Net Profit / Net Sales	(Mulyadi et al. (2020)	Ratio
(X10)	DPS / EPS	(Salim and Aulia, 2021)	Ratio
(C1)	Total Current Asset / Current Liabilities	Qi et al. (2022)	Ratio
(C2)	Total shareholder percentage by foreign	(Ryu et al., 2021)	Ratio

Results

Descriptive Statistical

Descriptive data analysis was used to describe the research data results consisting of the minimum, the maximum, mean, and standard deviation of each variable studied.

Table 2. Descriptive statistical results

	N	Min	Max	Mean	Std. Dev
PBV	222	0.189	78.298	5.205	9.596
DI	222	0.001	0.985	0.519	0.308
FI	222	0.000	0.941	0.337	0.306
IND	222	0.000	0.856	0.090	0.155
AC	222	0.000	1.000	0.606	0.253
QS	222	0.000	1.000	0.621	0.486
AT	222	1.000	6.000	3.153	1.676
TATO	222	0.138	3.157	1.040	0.534
ROA	222	-0.199	0.446	0.093	0.081
NPM	222	-0.111	0.384	0.093	0.073
DPR	222	-1.681	3.455	0.449	0.383
CR	222	0.605	10.479	2.571	1.805
FO	222	0.000	0.941	0.337	0.306

Source: Data processed (2023)

PBV has a min value of 0.189, a max value of 78.298, and an average value lower than a deviation of 5.277<9.867, which means that PBV is said to be bad having a high gap between the highest and lowest for the last 6 years and the average sample taken has a good company value.

Domestic institutions have a min value of 0.001, a max value of 0.985, and the mean is greater than the deviation, namely 0.519>0.308, which means that DI is said to be good because there has been no gap for the last 6 years, so the average company has a large majority of shares in DI. Foreign institutions have a min value of 0.000, a max value of 0.941, and the mean is greater than the deviation, namely 0.090<0.155, which means that FI is said to be bad having a high gap between the highest and lowest for the last 6 years, so the average majority share company is quite low on FI. Individual ownership has a min value of 0.000, a max value of 0.856, and the mean is greater than the deviation, namely 0.337>0.306 which means that IND is said to be good because there has been no gap for the last 6 years, so the average majority share company has the lowest IND. The audit committee has a min of 0.000, and a max value of 1.000, and the mean which is greater than the deviation is 0.606> 0.253 which means that AC is said to be good because there has been no gap for the last 6 years, so the average AC who is a financial expert and finance in the company is quite high. Audit size has a min value of 0.000, a max value of 1.000, and the mean which is greater than the deviation is 0.621> 0.486 which means AS is said to be good because there have been no gaps for the last 6 years, so the average company trusts big4 audit more to help the company's credibility. The tenure audit has a min value of 1,000, and a max value of 6,000, and the mean which is greater than the deviation is 3,153>1,676 which means AT is said to be good because there has been no gap for the last 6 years. then the average audit period is around 3-4 years working with clients. Total asset turnover has a min value of 0.138, a max value of 3.157, and the average deviation is greater than 1.040> 0.534 which means TATO is said to be good because there has been no gap for the last 6 years, the average manufacturing sector has good sales. Return on assets has a min value of -0.199, a max value of 0.446, and the mean which is greater than the deviation is 0.093>0.081 ROA is said to be good because there has been no gap for the last 6 years. the average manufacturing sector has a fairly good ROA. Profit Margin has a min score of -0.111, a max value of 0.384, and the mean which is greater than the deviation is 0.093>0.073 which means that the NPM is said to be good because there has been no gap for the last 6 years. the average profit of the manufacturing sector is according to standards.

The dividend payout ratio has a min score of -1.681 a max value of 3.455, and the mean which is greater than the deviation is 0.449>0.383 which means that the DPR is said to be not performing well because of a gap in the last 6 years. then the average - average manufacturing sector has a fairly good dividend presentation. Current assets have a min value of 0.605, and a max value of 10.479, and the mean which is greater than the deviation is 2.571> 1.805. CR can be concluded well because there have been no gaps for the last 6 years. then the average manufacturing sector has a fairly good CR. foreign ownership has a min value of 0.000, a max value of 0.941, and the mean is greater than the deviation, namely 0.337> 0.306, which means that FO is said to be good because, in the last 6 years, there has been no gap, so the average share of the majority of companies is quite low in FO.

Classical Assumptions Test

Table 3. Multicollinearity Results

Variable	Coefficient Variance	Uncent... VIF	Centered VIF
C	35.26789	135.2730	NA
DI	21.98390	30.68378	7.969425
FI	25.67061	20.38054	9.190073
IND	27.91008	3.614262	2.584453
AC	4.745535	7.857450	1.161326
AS	1.613433	3.846879	1.455576
AT	0.096307	4.705592	1.032955
TATO	2.867363	15.04516	3.131390
ROA	249.1003	14.68914	6.307572
NPM	238.7710	13.01987	4.977660
DPR	2.140784	2.861219	1.202747
CR	0.230957	9.580964	2.875862
FO	24.42574	14.77016	2.612361

Source: Data processed (2023)

Testing the classical with the panel data regression approach does not all have to be tested. We only need to use multicollinearity and heteroscedasticity. In addition, normality is not an absolute requirement, and autocorrelation is only used for time series (Basuki and Prawoto, 2017)as follows. The results show that the seven independent variables have a VIF value lower than 10. This means that they are free from multicollinearity problems for the period 2016 to 2021. In addition, the heteroscedasticity test shows a significance value greater than 0.05. So it was concluded that there were no symptoms of heteroscedasticity in the regression model.

Heteroscedasticity Results

Table 4. Heteroscedasticity Results

Panel Period Heteroskedasticity LR Test
Equation: UNTITLED
Specification: PBV C DI FI IND AC AS AT TATO ROA NPM DPR C...
Null hypothesis: Residuals are homoskedastic

	Value	df	Probability
Likelihood ratio	33.50833	37	0.6335

Source: Data processed (2023)

Regression Data Panel

Table 5. Data Panel Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	9.234270	(36,173)	0.0000
Cross-section Chi-square	238.011815	36	0.0000

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	21.802407	12	0.0398

Source: Data processed (2023)Source: Data processed (2023)

The results of this study require a panel data regression selection test by going through the Chow test, Hausman test, and Lagrange Multiplier test. In addition, the estimating model that was chosen twice was the Fixed Effect Model which was used as the best equation model for this research.

Hypothesis Results

Table 6. Test Results F and R^2

R-squared	0.877400	Mean dependent var	11.44912
Adjusted R-squared	0.843384	S.D. dependent var	9.891391
S.E. of regression	3.720305	Sum squared resid	2394.436
F-statistic	25.79361	Durbin-Watson stat	1.653182
Prob(F-statistic)	0.000000		

Source: Data processed (2023)

In this case, the results of the F test were obtained with a value of 25.793 at a significance of 0.00. The conclusion that this model results can be made. Then these independent regressions (governance, audit quality, and financial performance) affect the dependent (company value), using controls (CR and FO). The R square value obtained is 0.87. The result is a variation in the firm value of 87%. The remaining 12% are factors from outside the variables studied.

Table 7. Test Results T

Variable With Control

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.269999	1.629397	-0.165705	0.8686
DI	2.172301	1.121808	1.936428	0.0494
FI	-8190.084	2488.315	-3.291417	0.0012
IND	-7.201390	1.760708	-4.090054	0.0001
AC	0.478667	0.672359	0.711922	0.4775
AS	1.676530	0.571692	2.932574	0.0038
AT	-0.216198	0.039252	-5.507966	0.0000
TATO	0.971914	0.443485	2.191540	0.0297
ROA	17.58192	4.173932	4.212317	0.0000
NPM	-5.820852	3.924886	-1.483062	0.1399
DPR	-0.527750	0.181427	-2.908885	0.0041
CR	0.060304	0.072328	0.833764	0.4056
FO	8189.280	2488.273	3.291150	0.0012

Non-Variable Control

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.641445	1.190859	2.218101	0.0278
DI	1.834196	0.915074	2.004425	0.0466
FI	-0.713003	0.913951	-0.780132	0.4364
IND	-7.910824	1.596495	-4.955118	0.0000
AC	0.829169	0.705842	1.174723	0.2417
AS	1.530862	0.490525	3.120861	0.0021
AT	-0.139603	0.035960	-3.882145	0.0001
TATO	0.867414	0.481178	1.802690	0.0732
ROA	16.80438	4.274000	3.931768	0.0001
NPM	-6.917566	3.920763	-1.764342	0.0794
DPR	-0.477904	0.175648	-2.720806	0.0072

Source: Data processed (2023)Source: Data processed (2023)

The analysis has been to prove the hypothesis with empirical evidence that by adding control variables the results have a positive impact on foreign institutions and total asset turnover. then the results of the t-test concluded that domestic institutions, foreign institutions, individual ownership, audit size, audit tenure, TATO, ROA, and DPR can be used as tools to assess price to book value in the manufacturing sector, whereas audit committees and NPM cannot be used as tools to assess price to book value in the manufacturing sector. So from previous research, there were inconsistent results which were explained by differences in scope and methodological approaches to investigate the phenomenon being studied, besides that research, was not alwaysusing grand theory. The reason for using a theoretical approach is that researchers need a clear idea of what information is important to collect in analyzing the causes or influences that underlie the observed phenomenon, while the reason for not using an approach is that they are concerned that with a theoretical approach, extreme problems will arise when conducting discussions.

Discussion

Domestic institution variable with a significant value of 0.049. In this case, DI is positive and significant to company value. besides DI has more relevant thoughts in managing governance which has an impact on increasing corporate value. According to Santoso and Muda (2020)domestic institutions are significant to company value, according to Setiany et al. (2020)that domestic institutions are not significant to company value. DI needs to be considered in investment decisions because it has a more dominant positive impact on firm value. This finding is in line with the agency theory that DI can contribute to company progress and can reduce agency costs with effective supervision, while the findings of this theory show that DI can increase company capital to finance business operations and reduce external loans.

Foreign institution variables with a significant value of 0.001. In this case, FI is negative and significant to company value, besides that FI has limitations in the scope of the company which makes investors' perceptions reduce company value. AccordingtoYeh(2020),foreign institutional investors are significant to Tobin, according toTani and Soewignyo (2022)that foreign ownership is not significant to company value. foreign capital explains good business prospects which have an impact on the company's financial health. This finding is in line with the agency that FI provides greater access to resources and expertise in management in access to capital markets, while in line with the signal theory that FI brings positive signals to transfer experience to board members in managing funds impacting company value, in making decisions and aligning the problems of majority shareholders with management, and in line with the signal theory that influencing management can impact market interest ininvest.

Individual ownership variable with a significant value of 0.000. In this case, IND is negative and significant to firm value, IND tends to invest while the company creates investors' perceptions of lowering firm value. According to Utomo et al. (2019), individual ownership is significant to Tobin, according to Venusita and Agustia (2021) family ownership is not significant to company value. This finding is in line with the agency theory that ID uses discretion in making decisions and aligning the problems of the majority shareholder with management, and in line with the signal theory that can influence management to impact market interest in investment.

Audit committee variable with a significant value of 0.477. In this case, AC is positive and not significant to company value, AC makes good use of his expertise to make investors' perceptions of increasing firm value.According to Ermia and Triyanto (2021),AC has no significant company value, and according toRusli et al. (2020),AC has a significant company value. This finding is not in line with the agency theory explaining AC in the company yetmaximizing its role results in less effective corporate business and signal theory is not in line with explainingunfavorable due to the high background of the audit committee which does not show high integrity which makes reconsideration of investing. That AC has not encouraged the manufacturing sector to increase company value requires more research to understand the impact of global investors.

Audit size variable with a significance value of 0.003, that AS has a positive and significant on company value, so the audited company's financial statements from the Big 4 have an impact on increasing firm value. Findings by Alsmairat et al. (2018)that AS has a significant effect on company value. and findings Abba and Sadah (2020)that AS is not significant to company value, where audit size makes financial reports more reliable and adds integrity to certain parties in limiting interest behavior. In line with agency theory, it can avoid fraudulent practices by agents or stakeholders, while in line with the signal theory that quality audit services can be an image to the public and investors.

Audit tenure with a significance value of 0.000, that AT has a negative and significant effect on company value so that the long period of cooperation between KAP and clients finds correction of misstatements that can reduce earnings quality and impact firm value. findings by (Izukwe and Jeroh, 2022)that AT is significant in company value. Findings from (Shubita, 2021)that AT is not significant to company value. The findings of Agency theory are in line with the that an audit rotation of 3 to 5 years can maintain audit integrity and reduce agency costs incurred, and signal theory is in line with that investors can see the audit relationship period from annual reports to minimize fraudulent practices.
Total asset turnover variable with a significance value of 0.029, that TATO is positive and significant to company value. Fast turnaround company management more efficiently uses its assets to generate sales has an impact on increasing company value. According to Ichsani et al. (2021) that TATO is significant to company value, and according to Jacob & Taslim (2017) that TATO is not significant to company value. This finding is in line with the signal theory that investors will perceive high TATO as a positive signal in managing assets to increase sales results to become a promising prospect for investors. whereas this is in line with the agency theory that an increase in sales encourages management to work harder in detail to maintain product quality. then TATO encourages management to be effective in increasing sales to increase investor confidence.
Return on assets variable with a significance value of 0.000, that ROA is positive and significantly to company value, company growth becomes a good business prospect for investors and shareholders has an impact on increasing company value. Findings from Aggarwal and Padhan (2017)ROA are significant to company value, and findings from Rohmawati and Shenurti (2020) ROA are not significant to company value. This finding is in line with the signaling theory that high asset returns indicate a positive prospect for profit motivating management to optimize company value. This finding is in line with the agency theory that profitability is used in retained earnings to reduce interest costs. Good ROA will encourage management to disclose financial reports in detail to increase investor confidence.
Net profit margin variable with a significance value of 0.139, that NPM is negative and not significant to company value, a decrease from year to year NPM at selling prices pegged too high will affect its competitiveness less superior causes less productive in carrying out business operations that can reduce the value of the company. Findings from Oktasari (2020)that NPM is not significant to company values, and findings from Mulyadi et al. (2020)state that NPM is significant to company value. This finding is inconsistent with the agency theory that low NPM cannot reduce agency costs and these findings are inconsistent with a signal theory that explains that low profits are caused by too high costs and set bad prices as uncertain conditions. This finding does not support some theoretical literature, such as signal theory and agency theory. More research is needed to understand the role of innovation management, where investors are not only concerned with profits in assessing a company.
Dividend payout ratio variable with a significant value of 0.004, that DPR is negative and significant to company value, high dividends paid make retained earnings less, causing less available funds in efforts to develop the business as the company's inability to create perceptions can reduce company value. Findings from Fadhilah and Kurniati (2022) that DPR is significant to company value, and findings from Bon and Hartoko (2022)state that DPR is not significant to company value. This finding is in line with agency theory which explains dividends can reduce agency conflicts caused by investors' concerns about their investment funds and is in line with a signal theory which explains thatwith greater dividends companies have high profits where investors believe the company can manage finances well. Because

dividends become one of the issues of debate among financial experts for investors in small or large amounts of dividend distribution which will later impact market shares.

Conclusion

The findings show that domestic institutions, foreign institutions, individual ownership, audit size, audit period, TATO, ROA, and DPR are significant to company value, whereas audit committees and NPM are not significant to company value, current assets, and foreign ownership aim to control between governance, audit quality, and financial performance to avoid empirical errors then most of the independent variables affect company value.

These findings help companies increase the value of the company that needs to be considered from the ownership structure to assist in monitoring management evaluations aiming to carry out transparency practices which have an impact on high company value. In addition, audit quality is used in investment decisions to help companies see from a financial perspective to increase audit rotation and period company performance to ensure auditor independence and it is advisable to use the services of a reputable auditing company. On the other hand, the presence of an ownership structure can provide advice for investors to consider investment decisions. on the other hand, investors have more confidence in big4 audit services and can provide opinions according to company conditions. Financial performance is the first step in looking at company conditions, it is necessary to pay attention to the turnover rate where low turnover indicates excessive investment in inventory has an impact on company value, in this case, high ROA there is the ability to increase stable profits from year to year in reaching business optimal points, and stable dividends show good business growth in the previous period which is the goal of investment, on the other hand, investors consider financial performance to be a good prospect for investing their capital.

For further research, it is recommended to conduct longer research to obtain relevant and reliable information regarding audit committees that cannot be seen only by accounting and finance experts because there are other things such as the size of the audit committee, conversely profitability cannot be seen only from experts, net profit margin because there are other things like gross profit margin.These findings are limited to the sample in which there may be other factors such as sustainability reports and companies conducting IPOs. In addition, limitations on the price to book value variable so that other measurements affect company value such as the price earning ratio and Tobin's Q to explain the actual state of the company later. can be used in the consideration of investors to make investments.

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