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Good Corporate Governance and Firm Value with Financial Performance and Firm Size as Control Variables: An Agency Theory Perspective

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ABSTRACT

The study investigated the effects of good corporate governance [GCG] (i.e., institutional ownership, independent commissioner, and audit committee) on firm value in the Indonesian banking sector with control variables for financial performance and firm size. Using the lens of the agency theory, a quantitative research design was used in collecting data from a sample of state-owned banks listed on the Indonesia Stock Exchange for the years 2017 to 2021. A multiple linear regression analysis using a SPSS. The results show as follows: that institutional ownership, independent commissioner, and audit committee do not have an effect on the value of banking firms. By considering financial performance and firm size as control variables, it reveals that the audit committee have a significant positive effect on firm value. The independent commissioners strong correlation, and institutional ownership are mediated by financial performance and firm size. These insights offer practical implications for improving governance strategies to foster sustainable growth and value creation.