The Effect of Good Corporate Governance on Firm Value with Earnings Quality as a Moderating Variable
Case Study of Banking Companies Listed on the Indonesia Stock Exchange

Gusti Eka Setiawati1*, Muhammad Ali2, Kasman Damang3.

1 PT. Intim Abadi Persada; gustieka60@gmail.com
2 Faculty of Economics and Business, Hasanuddin University; muhd.aliakatu@gmail.com
3 Faculty of Economics and Business, Hasanuddin University; kas.damang@gmail.com

* Correspondence author: gustieka60@gmail.com

Abstract
Corporate governance is a concept to improve management performance by monitoring to ensure management accountability to shareholders. Besides being able to reduce agency conflicts, corporate governance is also capable of creating added value for interested parties (stakeholders) in the form of effective protection, especially for investors in recovering their investment fairly and of high value. The purpose of this study is to analyze the effect of managerial ownership, institutional ownership, and audit committee on firm value, and to analyze whether earnings quality can moderate the influence of managerial ownership, institutional ownership, and audit committee on firm value in banking companies listed on the IDX in 2017 to 2019. The research population is banking companies listed on the IDX, with a purposive sampling technique, a total of 9 samples were obtained with the observation period 2017 to 2019. Data collection is through documentation obtained from the official website of the Indonesia Stock Exchange (IDX). Meanwhile, the data analysis technique used classical assumption test, multiple regression analysis and moderated analysis. The results of the study found that managerial ownership and institutional ownership have a positive and significant effect on firm value. The audit committee has a negative and insignificant effect on firm value. Earnings quality cannot moderate the effect of managerial ownership, institutional ownership and audit committee on firm value.

Keywords: managerial ownership; institutional ownership; audit committee; earnings quality; firm value

INTRODUCTION
Basically, investors’ assessment of a company can be assessed from the movement of the share price that is being transacted on the stock exchange. Investors are willing to buy company shares at a high price if the company really has good prospects and can provide returns according to the expected return they have issued. Many investors have difficulty predicting company value as a reference in making investment decisions. This is due to the fluctuating stock prices in the market.

One of the company's efforts to increase company value is by implementing good corporate governance. Corporate governance is a concept to improve management performance by monitoring to ensure management accountability to shareholders. Besides being able to reduce agency conflicts, corporate governance is also capable of creating added value for interested parties (stakeholders) in the form of effective protection, especially for investors in recovering their investment fairly and of high value (Putra, et al. 2019). Corporate governance consists of five important elements, namely transparency, accountability, accountability, independence and justice. According to Boediono (2005: 176), "The Corporate Governance mechanism has the ability to produce a report containing earnings information." In this study, the corporate governance mechanisms used are managerial
Managerial ownership is the percentage of shares owned by company managers and directors. In the financial statements published by the issuer, share ownership is reported in the form of a percentage, this managerial ownership is the compensation provided by the company to its employees. Meindarto and Lukiastuti (2016) who show managerial ownership has a significant effect on firm value because management will improve its performance which has an impact on increasing firm value. In research conducted by Sugianto and Julianty (2012), it is stated that managerial ownership has no effect on earnings quality because low managerial ownership is not able to have an impact on earnings quality. This indicates that the level of managerial share ownership is less capable of being a controlling mechanism and preparation of earnings reports because the lower the proportion of managerial ownership can reduce the quality of earnings.

Institutional ownership is also a corporate governance mechanism. Research by Putra and Elisabeth (2017) states that the amount of institutional ownership does not have a significant effect on company value because institutional ownership is only concerned with profit and earning profit. In research of Oktaviani, Emrinaldi, and Vince (2015) concluded that institutional ownership has an effect on earnings quality. Institutional ownership has the ability to reduce the incentives of selfish managers through intense oversight.

The existence of an audit committee in a company is very important and strategic in terms of maintaining the credibility of the financial report preparation process, ensuring the implementation of an adequate monitoring and management control system and the implementation of good corporate governance. The role of the audit committee is also very important because it will affect the quality of the company's earnings, which is one of the important information available to the public and can be used by investors to assess the company. In research Siallagan and Machfoedz (2006) state that the existence of an audit committee has a positive effect on earnings quality. The market assesses that the earnings reported by companies that form an audit committee are of better quality than those reported by companies that do not form an audit committee. Research by Rachmawati and Triatmoko (2007) explained different things that the audit committee has no effect on firm value because the existence of an audit committee is not a guarantee that the company's performance will get better. In the past ten years, the effectiveness of the audit committee within the company to oversee the financial reporting process.

One thing that can affect firm value is to improve earnings quality. According to Li (2014) in Machdar, Manurung, and Murwaningsari (2017: 309), "The quality of earnings is an important factor in determining the value of a company". According to Dechow & Dichev (2002: 36), "Companies that have good earnings quality can estimate the characteristics of the earnings process that are relevant for decision making. So, managers as company managers must be able to make an earnings report which has good quality financial reports. Good earnings quality will affect the company's value which will continue to increase. Conversely, if the quality of earnings is poor, the company value decreases. Based on the theory and research results, it appears that the direct influence of good corporate governance on firm value has not shown consistent results on the relationship between variables. This research was conducted to see whether there is an effect of good corporate governance on firm value through earnings quality.

The choice of banking companies as samples in this study was due to banking performance showing slow growth indicators throughout 2018. Quoting Indonesian banking statistics (SPI) released by the Financial Services Authority (OJK), bank lending until September 2018 reached IDR 5,120 trillion, or an increase of around 12.7% compared to the same period in the previous year. This condition reflects that the intermediation performance of the banking sector is still positive. Even so, the profits reaped by banks from lending have shrunk. OJK's SPI data shows that the average net interest margin (NIM) of banks in September 2018 was only 5.14%. This NIM position decreased from the same period in 2017 of 5.33%.
LITERATURE REVIEW

The literatures used to support this study consist of managerial ownership, institutional ownership, and audit committee independent variables. The dependent variable is firm value and earnings quality as moderating variables.

Good Corporate Governance

Corporate governance is the relationship between stakeholders that is used to determine the direction and control of a company's performance. Effective corporate governance is one that is able to align the interests of managers with shareholders so as to produce a competitive advantage for the company. OECD in Wajeeh A.I., Muneeza A. (2016: 4) defines Good Corporate Governance as follows: Corporate governance is the system by which business corporations are directed. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders, and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance. There are several corporate governance mechanisms that are often carried out in research related to their influence on firm value. Two aspects of the corporate governance mechanism will be used, namely the proportion of ownership structure (managerial ownership and institutional ownership) and the audit committee.

Managerial Ownership

Negara (2019: 50) defines managerial ownership as the amount of shares owned by management from the total shares outstanding. Managerial ownership is also defined as the proportion of shareholders from management who actively participate in corporate decision making, such as directors and commissioners (Wahidahwati, 2002).

Institutional Ownership

Institutional ownership is share ownership by the government, financial institutions, legal entities, foreign institutions, trusts and other institutions at the end of the year (Shien et al. in Ira, 2010: 18). Rachmawati and Triatmoko (2007: 7-8) state that in relation to the monitoring function, institutional investors are believed to have the ability to monitor management actions better than individual investors.

Audited Committee

Bradbury et al, in Suaryana, (2007: 3) revealed that in addition to increasing the credibility of financial reports, the audit committee is also in charge of reviewing the accounting policies adopted by the company, assessing internal control, reviewing external reporting systems and compliance with regulations.

Firm Value

Firm value is the main goal of the company to increase the company's success in terms of share prices. According to Gitman (2006: 352), "The value of the firm is the actual value per share that will be received if the company's assets are sold according to the share price". A high stock price determines a high firm value and can improve company performance. According to Husnan(2000: 7), "The value of the firm is the price a prospective buyer is willing to pay if the company is sold or it can be interpreted as the market price of the company itself". Enterprise value (EV) or firm value (firm value) is an important concept for investors, because it is an indicator for the market to assess the company as a whole. From the various definitions above, it can be concluded that firm value is the value that shows the company's performance and determines the company's future prospects related to stock prices. The company's high share price is due to the company's ability to create profits so that it can attract investors and increase the company's success.
Earning Quality

Earnings quality is profit that can be used to make an accurate assessment of current performance and can be used as a basis for predicting future performance. In addition, quality earnings are profit presented on a balance sheet basis which allows an accurate assessment of the main risks. Schipper and Vincent (2003) explain that earnings quality shows the level of closeness of reported earnings to hicks an income, which is economic profit, namely the amount that can be consumed in one period by keeping the company's ability at the beginning and end of the period to remain the same. The quality of accounting earnings is indicated by the closeness or correlation between accounting earnings and economic earnings. The profit figure will be more meaningful if the profit includes changes in prosperity and value creation as a result of economic performance or it can be interpreted that changes in accounting profit are expected to reflect changes in the company's economy. Earnings quality is defined as the difference between net income reported in profit or loss and the actual income. Profits are said to be of quality when accounting earnings have little or no perceived interference in them, so that they can reflect the real company's performance (Chandrarin, 2001). From these definitions, it can be concluded that earnings quality is earnings information that shows the true profit of a company without containing perceptions in it so that it can be used by the public and investors to assess the company. With the existence of earnings quality, it can reflect the company's financial performance so that the high quality of earnings that is owned by the company can make the decisions taken by investors are right.

Conceptual Model

![Diagram showing the relationship between Earnings Quality, Managerial ownership, Institutional Ownership, Audit Committee, and Firm Value]

Figure 1: The Conceptual Model

The hypotheses tested in this study are as follows:

H1: Managerial ownership has a positive and significant effect on firm value of banking companies listed on the IDX in 2017-2019.

H2: Institutional ownership has a positive and significant effect on firm value of banking companies listed on the IDX in 2017-2019.

H3: The audit committee has a positive and significant effect on firm value of banking companies listed on the IDX in 2017-2019.

H4: Managerial ownership has a positive and significant effect on firm value as moderated by earnings quality in banking companies listed on the IDX in 2017-2019.

H5: Institutional ownership has a positive and significant effect on firm value as moderated by earnings quality in banking companies listed on the IDX in 2017-2019.

H6: The Audit Committee has a positive and significant effect on firm value as moderated by earnings quality in banking companies listed on the IDX in 2017-2019.
RESEARCH METHOD

Location and Research Design

This research was conducted at the Indonesia Stock Exchange. This research design is a quantitative study because it uses data in the form of numbers. Based on the characteristics of the problem, research is grouped into causative research. Causative research is research that aims to determine the causal relationship between variables through hypothesis testing. This study examines the effect of the relationship between corporate governance mechanisms (with the proxies for Managerial Ownership, Institutional Ownership and Audit Committee) on Firm Value and Earnings Quality as a Moderation Variable.

Population or Samples

The population in this study are banking companies listed on the Indonesia Stock Exchange in 2017-2019. Meanwhile, to determine the number of samples, a purposive sampling technique was used with the criteria of banking companies that have data on managerial ownership, institutional ownership, and audit committees so that a total sample of 9 companies was obtained with the observation period from 2017 to 2019.

<table>
<thead>
<tr>
<th>No</th>
<th>Effect Code</th>
<th>Name of The Issuer</th>
<th>Periods</th>
<th>Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AGRO</td>
<td>Bank Rakyat Indonesia Agromiaga</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>ARTO</td>
<td>Bank Artos Indonesia Tbk.</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>BBKP</td>
<td>Bank BukopinTbk.</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>BBNI</td>
<td>Bank Negara Indonesia (Persero)</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>BBRI</td>
<td>Bank Rakyat Indonesia (Persero)</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>BDMN</td>
<td>Bank Danamon Indonesia Tbk.</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>BNGA</td>
<td>Bank CIMB NiagaTbk.</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>NISP</td>
<td>Bank OCBC NISP Tbk.</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>SDRA</td>
<td>Bank Woori Saudara Indonesia 1</td>
<td>2017 - 2019</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>27</td>
</tr>
</tbody>
</table>

Source: www.idx.co.id (Data Processed, 2020)

Data Collection Method

The data collection technique used is the documentation method, namely secondary data collection activities such as financial reports, annual financial reports and company financial data that meet the sampling criteria listed on the IDX 2017-2019. Data obtained through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id.

Data Analysis Method

The analytical methods used are:

Multiple Linear Regression

Analysis Regression analysis is a study of the dependence of the dependent variable with one or more independent variables (Ghozali, 2011: 95). The purpose of this analysis is to determine the magnitude of the effect of managerial ownership, institutional ownership, and the audit committee on firm value together using the multiple regression equation as follows:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \varepsilon \]  

Information:
- \( Y \): Firm Value
- \( A \): Constants
- \( b_1, b_2, b_3 \): Regression coefficients
- \( X_1, X_2, X_3 \): Interaction of managerial ownership, institutional ownership, and audit committee
\( \varepsilon \) : Disturbing variable

**Moderated Regression Analysis (MRA)**

Moderated Regression Analysis (MRA) or interaction test is a special application of linear multiple regression where the regression equation contains an element of interaction (multiplication of two or more independent variables) with the following equation (Liana, 2009: 93):

\[
Y = a + b_1X_1 + b_2X_2 + b_3X_1X_2 + \varepsilon \tag{2}
\]

The multiplication variable between \( X_1 \) and \( X_2 \) is also called the moderate variable because it describes the moderating effect of the \( X_2 \) variable on the relationship \( X_1 \) and \( Y \). While the variables \( X_1 \) and \( X_2 \) are the direct effects of variables \( X_1 \) and \( X_2 \) on \( Y \).

**EMPIRICAL RESULTS**

**Descriptive Statistics**

Descriptive statistical analysis describes or describes the number of samples of observations, the variables studied, the mean, maximum value, minimum value and standard deviation as shown in the following table:

<table>
<thead>
<tr>
<th>Table 2. Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variables</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Managerial (X1)</td>
</tr>
<tr>
<td>Institutional (X2)</td>
</tr>
<tr>
<td>Audit committee (X3)</td>
</tr>
<tr>
<td>Firm Value (Y)</td>
</tr>
<tr>
<td>Earnings Quality (Z)</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
</tr>
</tbody>
</table>

Source : Secondary Data Processed (SPSS Statistics 25)

The data show that the minimum value of managerial ownership is 0.000 and a maximum of 0.015 with a mean value of 0.00088 and a standard deviation of 0.002887. It can be seen that managerial ownership in a company is still very small, so that the sense of belonging of the manager is still lacking in supporting good corporate governance. For institutional ownership, the minimum value is 0.061 and maximum 1.106 with a mean of 0.57648, this shows that 57.65% of the company's shares are owned by institutional parties. The audit committee has a minimum value of 3 and a maximum of 5 with a mean value of 3.59 and a standard deviation of 0.694 which indicates that the audit committee of the sample company has met the criteria for good corporate governance because it has an audit committee of more than 3. Firm value has a minimum value of 0.298 while the maximum value is 3.023 with a mean value of 1.22263. This shows that the sample companies have a fairly high firm value. Discretionary accruals have a minimum value of 0.000 and a maximum of 0.217 with an average of 0.03306 which indicates that the earnings quality proxied by discretionary accruals has good earnings quality because the average value is positive.

**Main Results**

**Multiple Linear Regression**

<table>
<thead>
<tr>
<th>Table 3. Multiple Linear Regression</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>Managerial (X1)</td>
</tr>
<tr>
<td>Institutional (X2)</td>
</tr>
<tr>
<td>Audit committee (X3)</td>
</tr>
<tr>
<td>F-value</td>
</tr>
<tr>
<td>R Square</td>
</tr>
</tbody>
</table>

Source : Secondary Data Processed (SPSS Statistics 25).
T-Test

Based on the results of the calculations as shown in the table, the following equation is obtained:

\[ Y = 0.221 + 170.465 \times X_1 + 1.122 \times X_2 + 0.057 \times X_3 \]

The following is an explanation of the equation model:

The constant (a) has a regression coefficient of 0.221, meaning that if the managerial ownership (X1), institutional ownership (X2), and audit committee (X3) variables are considered zero, there is an increase in firm value (Y) of 0.221 or 22% in listed banking companies on the IDX during 2017-2019.

**Managerial Ownership Variables**

The managerial ownership variable has a regression coefficient of 170.465, meaning that every increase in the managerial ownership variable of 1%, there will be an increase in firm value by 170%, assuming other variables are considered constant. The significance of the managerial ownership variable is 0.000 or 0% < \( \alpha = 5\% \), then H1 decision can be taken or the first hypothesis is accepted so that partially managerial ownership has a significant effect on firm value.

**Institutional Ownership Variables**

The institutional ownership variable has a regression coefficient of 1.122, meaning that every 1% increase in the institutional ownership variable will increase firm value by 1%, assuming other variables are considered constant. The significance of institutional ownership variable is 0.001 or 1% < \( \alpha = 5\% \), then H2 decision can be taken or the second hypothesis is accepted so that partially institutional ownership has a significant effect on firm value.

**Audit Committee Variables**

The audit committee variable has a regression coefficient of 0.057, which means that every 1% increase in the institutional ownership variable will increase firm value by 6%, assuming other variables are considered constant. The significance of the audit committee variable is 0.702 or 70% > \( \alpha = 5\% \), so the H3 decision can be taken or the third hypothesis is rejected so that partially the audit committee does not have a significant effect on firm value.

F-Test

Anova test or F test yields an F-value of 20,545 greater than the F-table= 3.01, with a probability value of 0.000 < \( \alpha = 5\% \) or 0.05 then it can be decided that the hypothesis is accepted so that the regression model can be used to predict Y or it can be said that the variables X1, X2, X3 simultaneously affect Y.

**Coefficient of Determination**

The R-square value is 0.728. This means that 73% of the dependent variable firm value (Y) can be explained by independent variables, namely managerial ownership (X1), institutional ownership (X2), and audit committee (X3) while the remaining 27% is explained by other variables not included in the this research model.

**Moderated Regression Analysis (MRA)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression Coefficients</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial (X1)</td>
<td>163.837</td>
<td>5.553</td>
<td>.000</td>
</tr>
<tr>
<td>Institutional (X2)</td>
<td>.876</td>
<td>3.116</td>
<td>.005</td>
</tr>
<tr>
<td>Audit committee (X3)</td>
<td>.067</td>
<td>.499</td>
<td>.623</td>
</tr>
<tr>
<td>Earnings Quality (Z)</td>
<td>2.823</td>
<td>2.427</td>
<td>.024</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed (SPSS Statistics 25).
From the SPSS calculation, it can be concluded that the effect of the moderating variables is as follows:

**Earnings Quality on the Effect of Managerial Ownership on Firm Value**

In the results of the moderation test I (table 4), it can be seen that the value of t-value = 5.553 > t table = 1.711 with a significance of 0.000 < 0.05, which means that managerial ownership has a positive effect on firm value. While the results of the moderation test II (table 5) show that the variable X₁ * Z (the interaction between managerial ownership and earnings quality variables) has a value of t-value = 2.052 > t-table = 1.711 with a significance of 0.054 > 0.05 (not moderated). This means that the existence of earnings quality (moderating variable) will not be able to strengthen the influence of the managerial ownership variable (X₁) on firm value (Y).

**Earnings Quality on the Effect of Institutional Ownership on Firm Value**

In the results of the moderation test I (table 4), it can be seen that the value of t-value = 3.116 > t table = 1.711 with a significance of 0.005 < 0.05, which means that institutional ownership has a positive effect on firm value. While the results of the moderation test II (table 5) show that the X₂ * Z variable (the interaction between institutional ownership and earnings quality variables) has a value of t-value = -1.760 > t-table = 1.711 with a significance of 0.094 > 0.05 (not moderated). This means that the existence of earnings quality (moderating variable) will not be able to strengthen the effect of institutional ownership (X₂) on firm value (Y).

**Earnings Quality on the Effect of the Audit Committee on Firm Value**

In the results of the moderation test I (table 4) it can be seen that the value of t-value = 0.499 < t table = 1.711 with a significance of 0.623 > 0.05, which means that the audit committee has no effect on firm value. While the results of the moderation test II (table 5) show that the X₃ * Z variable (the interaction between the audit committee variable and earnings quality) has a value of t-value = 0.783 < t-table = 1.711 with a significance of 0.443 > 0.05 (not moderated). This means that the existence of earnings quality (moderating variable) will only weaken the effect of the audit committee variable (X₃) on firm value (Y).

**DISCUSSION**

Based on the results of statistical tests, managerial ownership has a positive and significant effect on firm value in banking companies listed on the Indonesia Stock Exchange for the 2017-2019 period. This shows that the larger the share portion owned by the manager of the company, the greater the value of the company. Negara (2019: 50) also reveals that managerial ownership is the amount of shares owned by management of the total shares outstanding. Therefore, shares owned by company managers play an important role in the success of the company which is often associated with the share price or total shares outstanding.

Institutional ownership has a positive and significant effect on firm value in banking companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The results of this study are also supported by Sari (2015) because the high institutional ownership of shares can have an influence on the financial reporting process so that it can give positive reactions to potential
investors in assessing companies. High institutional ownership will increase supervision of the company. This high level of supervision will minimize the level of fraud committed by management which can reduce the value of the company.

With respect to the audit committee, the variable has a negative and insignificant effect on firm value in banking companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The results of this study are also supported by Rachmawati and Triatmoko (2007) that the number of members of the audit committee does not determine the quality level of the audit committee in the company so that it will determine the level of success of a company. The audit committee is responsible for overseeing financial reports, external auditing, and observing the internal control system. If the function of the audit committee can be achieved, the transparency of management accountability can be trusted so that investor confidence will increase.

In this study, it can also be seen that earnings quality as a moderating variable cannot moderate the influence of managerial ownership, institutional ownership, and audit committee on firm value. The earnings quality of a company can be seen from the company's financial statements. Financial reports published by companies are a source of basic information for external parties in making decisions. The test results of this study are the same as the research researched by Sari (2015) and Ulfa (2019) which states that earnings quality is not a moderating variable between managerial ownership, institutional ownership, audit committee and firm value.

CONCLUSION

Based on the results of the analysis and previous discussion, it can be concluded that overall managerial ownership has a positive and significant effect on the value of companies listed on the IDX in 2017-2019. It can be indicated that the greater the managerial ownership, the more the firm value will increase. Institutional ownership has a positive and significant effect on the value of banking companies listed on the IDX in 2017-2019. It can be indicated that the greater the institutional ownership, the more the firm value will increase. The audit committee has a negative and insignificant effect on the value of banking companies listed on the IDX in 2017-2019. This shows that the greater the number of audit committees will cause the company value to decrease. Earnings quality cannot moderate the effect of managerial ownership on firm value. Earnings quality cannot moderate the effect of institutional ownership on firm value. Earning quality cannot moderate the effect of the audit committee on firm value, so that the presence or absence of earnings quality will not affect the effect of the audit committee on firm value. Therefore it is suggested for investors to use the implementation of Good Corporate Governance as a consideration in making investment decisions because it is evident that the two variables, namely managerial and institutional ownership, have an effect on firm value. Based on the research results, the audit committee has a positive but insignificant effect. Therefore, companies must also pay attention to the quality of the audit committee according to their competencies so that they can work more effectively so that the company can gain the trust of investors.

REFERENCE


Good Corporate Governance.


