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Research Paper

The Effect of Good Corvorate Governance and Enterprise Risk Management on Company Value with Financial Performance as a Moderating Variables

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ABSTRACT: *This study aims to examine the effect of good corporate governance and enterprise risk management on firm value with financial performance as a moderating variable. This study uses a quantitative approach. The research was conducted at consumer goods sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the period 2017-2019. Data were obtained using purposive sampling, namely 44 companies that meet the sampling criteria. Data were analyzed using multiple linear regression methods and Moderated Regression Analysis (MRA) methods. The results of the study found that the implementation of GCG which is proxied by managerial ownership, has no effect on firm value, but the audit committee and board of directors have an effect on firm value. ERM has a effect on firm value. while, financial performance as measured by return on assets does not moderate managerial ownership and audit committee on firm value, but financial performance as measured by return on assets moderate the board of directors on firm value. Furthermore, financial performance moderates the ERM variable towards firm value.*

KEYWORDS: *Good Corporate Governance, Enterprise Risk Management, Firm Value, Financial Performance.*

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I. INTRODUCTION

The progress of a capital market is one indicator of measuring the progress of a country's economy. Many factors influence this movement, one of which is by looking at the value level of a company. Increasing company value is one way for companies to overcome competition in an increasingly competitive world. Company value is a certain condition that has been achieved by the company as a reflection of public trust in the company (Ross et al., 2013).

In running a business, a company will be faced with a situation that shows that the company's value will increase or even decrease. The fluctuation of share prices in the capital market is an interesting case related to the ups and downs of the value of the company itself. Thus, based on several cases related to the ups and downs of the company value index, it is a very important aspect in maintaining the condition of a company. Wijaya and Nanik (2015:47) company value is the investor's perception of a company associated with stock prices. A high share price indicates a high company value. The higher the company value, the more prosperity of a company will be. This increase can provoke the interest of capital market players, especially potential investors, to invest in the company (Suryantini and Arsawan, 2014).

Many factors influence firm value, namely: funding decisions, dividend policy, investment decisions, capital structure, company growth, and company size (Mahendra et al., 2012). In this research, the factors that influence company value are good corporate governance (GCG), enterprise risk management (ERM) and financial performance in a company.

The National Committee for Governance Policy or KNKG (2006) defines good corporate governance as a pillar of a market economic system related to trust in both the companies that carry it out and the business climate of a country. The implementation of good corporate governance (GCG) encourages the creation of healthy competition and a conducive business climate. Nugrahadi (2010: 5) The Indonesian Institute For Corporate Governance (IICG) adds that the implementation of good corporate governance (GCG) is expected to provide various benefits such as regaining the trust of national and international investors and creditors, adapting public sector reforms, meeting global standards, Minimizing the cost of preventing the abuse of authority by managers by reducing the risks faced by investors, increasing the value of company shares and enhancing the company's image.

The agency theory perspective is the basis used to understand corporate governance issues. The existence of separation of ownership by the principal and agent in an organization tends to cause agency conflicts between the principal and the agent (Jensen and Meckling, 1976). Corporate governance is related to how investors believe that managers will provide benefits for investors, confident that managers will not embezzle or invest into projects that are not profitable due to the funds or capital invested by investors (Sheifer and Vishny, 1997:100).

Previous research on the effect of good corporate governance (GCG) on firm value has yielded different results. As the results of research conducted by Syafitri et al. (2018) who concluded that good corporate governance (GCG) has a significant positive effect on firm value. Mutmainah (2015) concluded that good corporate governance (GCG) has no effect on firm value. This difference is due to the fact that good corporate governance (GCG) practices in companies are implemented, but the implementation is still not fully implemented by the company in accordance with the principles of GCG or it can be said that GCG practices are carried out by companies only for formality as fulfillment of company obligations in regulations determined by the government so that the implementation of GCG has not been carried out optimally. Investors also consider that GCG practice is not a factor that can be taken into consideration in appreciating company value.

Quon et al. (2012:263) defines Enterprise risk management (ERM) as a management process that requires companies to identify and assess risks that may affect the value of the company collectively, and implement strategies at the company-wide level to manage these risks.

Despite these views, Sprčić et al. (2014:664) argues that the global financial crisis has focused on the identification, analysis and proper management of business risks because inadequate risk research has been identified as one of the main factors for financial failure or difficulty of a large number of organizations around the world. Therefore, inadequate risk management has become a matter of broader social interest, resulting in recommendations from the Organization for Economic Co-operation and Development (OECD) and the European commission on necessary changes to the existing risk management system. ERM is considered to reduce the risk of failure of the company as a whole and thus improve performance which has an impact on increasing firm value.

Signaling theory underlies this research, where information is an important element for investors because it contains notes or images of the past, present and future about the survival of the company. Investors need complete, accurate, relevant and timely information as analytical capital in making investment decisions. Companies usually publish information to stakeholders or investors that can be received as positive news (good news) or negative news (bad news). This information is what investors respond to and encourages an increase or decrease in stock trading volume, which in turn will drive company value higher or vice versa (Khumairoh et, al.: 2016).

Previous research on Enterprise Risk Management (ERM) on firm value gave different results, such as the results of research conducted by Devi et al. (2017) found that the ERM disclosure can be used as a positive signal to encourage an increase in firm value. Iswajuni et al. (2018) who concluded that Enterprise Risk Management (ERM) has a significant positive effect on firm value. However, in contrast to research conducted by Arifah and Wirajaya (2018), it is concluded that the disclosure of Enterprise Risk Management (ERM) has a negative and significant effect on firm value.

Financial performance as a moderating variable for the influence of Good Corporate Governance (GCG) and Enterprise Risk Management (ERM) on firm value. This is because based on the company's financial aspects, each company in a period will report all of its financial activities in the form of financial summaries or financial reports. This report is important information relating to the condition of the company and is also the basis for assessing company performance (Prasojo, 2015: 60). Winda and Andono (2013: 3) Hopefully GCG is one of the steps that can be taken in improving company management with the aim of good company performance. Likewise, Hoyt and Liebenberg (2011), the application of ERM can provide financial and non-financial information to outsiders about the company's risk profile.

Research on financial performance as a moderating variable has been done before, such as; Permatasari and Gayatri's research results (2016) show that financial performance (profitability) moderates the effect of GCG on firm value, which indicates that good GCG implementation causes managers to be more transparent in managing the company and factory control will be stronger. This research is in line with that conducted by Kurniati et al. (2018) concluded that financial performance moderates the effect of good corporate governance (GCG) on firm value. Meanwhile, Mariani and Suryani (2018) regarding risk management, show the results that financial performance (profitability) is not able to moderate the effect of enterprise risk management (ERM) disclosure on firm value.

II. STATEMENT OF THE PROBLEM

Based on the description above, the problem to be investigated can be formulated in the form of questions as follows:

1. Does the implementation of good corporate governance (GCG), which is proxied by managerial ownership, audit committee, and board of directors, have an effect on firm value?
2. Does enter price risk management (ERM) affect firm value?
3. Is the implementation of good corporate governance (GCG) which is proxied by managerial ownership, audit committee, and board of directors that affect firm value with financial performance as a moderator?
4. Does enter price risk management (ERM) affect firm value with financial performance as a moderator?

III. LITERATUR REVIEW

A. Agency Theory

Agency theory is used in the discussion of problems related to this research, namely the perspective of agency theory is the basis used to understand corporate governance issues. The existence of separation of ownership by the principal and agent in an organization tends to cause agency conflicts between the principal and the agent (Jensen and Meckling, 1976). Corporate governance is related to how investors believe that managers will provide benefits for investors, confident that managers will not embezzle or invest into projects that are not profitable due to the funds or capital invested by investors (Sheifer and Vishny, 1997:100).

Jensen and Meckling (1976) added that management as the controlling party of the company that has more information than the general public and shareholders will act with full awareness to take various actions or determine company decision making that can benefit themselves. Iswajuni et al. (2018) stated that agency theory can lead to “managerial delinquency” because of the difference in interests between principal and agent. This behavior is related to the actions of each party motivated by personal interests. This conflict of interest is called an agency problem, which in turn leads to information asymmetry between investors and management.

B. Signaling Theory

Signaling theory is used in the discussion of problems related to this research, namely because information is an important element for investors because it contains notes or descriptions of the past, present and future regarding the survival of the company. Investors need complete, accurate, relevant and timely information as analytical capital in making investment decisions. Companies usually publish information to stakeholders or investors that can be received as positive news (good news) or negative news (bad news). This information is what investors respond to and encourages an increase or decrease in the volume of stock trading, which in turn will drive company value higher or vice versa (Khumairoh et al., 2016). Dewa et al. (2014) added that the signal can be in the form of promotion or other information stating that the company is better than other companies.

Jogiyanto (2000: 392) states that information published as an announcement will provide a signal for investors in making investment decisions. When information is announced, investors will analyze the information as a good signal (good news) or a bad signal (bad news). If this information is a good signal for investors, there will be an increase in share trading volume which will have an impact on the high stock prices in the capital market as a reflection of the company's value. A high stock price makes the value of the company high, and can increase market confidence not only in the company's current performance but also in the future. Signaling theory explains the reasons why companies present information to the public. Signaling theory assumes that there is information asymmetry between managers and investors or potential investors, where managers are considered to have information that is not owned by investors or potential investors. Thus, signaling theory proposes how a company should provide signals to users of financial reports.

C. Stakeholder Theory

Mardikanto (2014) states that stakeholder theory describes the stronger the corporate relationship, the stronger the corporate business will be, and vice versa. Strong relationships between stakeholders are the foundation of trust, respect and cooperation. Stakeholder theory is a strategic management concept with the aim of helping corporations strengthen relationships with groups and develop competitive advantage.

The company must maintain relationships with its stakeholders, especially stakeholders who have power over the availability of resources used for the company's operational activities. One of the company's strategies to maintain relationships with stakeholders is by disclosing accountability reports that inform company performance (Ghozali and Chariri, 2007).

D. Good Corporate Governance

The presence of the National Committee for Corporate Governance Policy (KNKCG) in 1999 or now known as the National Committee on Governance (KNKG) since 2004, through the Decree of the Coordinating

Minister for Economic, Finance and Industry to recommend national GCG principles. The National Guidelines for Good Cororate Governance were first introduced in 1999, and have been revised in 2001 and 2006 (OJK Roadmap for Indonesian Corporate Governance, 2014).

Andypratama and Mustamu (2013) state that GCG is a set of regulations that regulate the relationship between shareholders, company managers, creditors, government, employees, and internal and external stakeholders related to the rights and obligations of a system. who controls the company with the aim of creating added value for all interested parties (stakeholders).

Nugrahadi (2010) stated that in Indonesia itself, the concept of good corporate governance was driven by the economic crisis that hit Indonesia and other countries in the Southeast Asian region in 1998. This crisis was not only caused by macroeconomic factors but also due to weak implementation of corporate governance. existing in these countries, such as weak laws, accounting standards and financial audits that are not yet established, as well as under regulated capital markets, weak supervision by commissioners, and neglect of minority rights. In addition, the implementation of corporate governance increases the risk of investing which has implications for the low interest of investors or creditors in channeling investment.

1. Managerial Ownership

Syafitri et al. (2018:119) states that managerial ownership is the number of shares owned by company management who actively participates in decision making in a company. Agency conflicts often occur in a company. One way to minimize agency conflicts in the company is by aligning management interests with the company's shareholders, namely by means of managerial ownership (insider ownership).

2. Audit Committee

Onasis and Robin (2016:4) state that the audit committee is an effort to improve the way the company is managed, especially the way to supervise company management, because it will become a liaison between company management and the board of commissioners and other external parties. Sutedi (2012:161) states that the audit committee has a function to assist the board of commissioners to improve the quality of financial reports, create a climate of discipline and control that can reduce the chance of irregularities in company management, increase the effectiveness of both the internal audit (SPI) and external audit functions identify matters requiring the attention of the Board of Commissioners and the Board of Supervisors.

3. Board of Directors

The board of directors is required by the Limited Liability Company Law to carry out their duties in good faith and with full responsibility, for the benefit of the company. The duties and responsibilities of the board of directors are as an organ, which is the responsibility of fellow members of the board of directors to the company. The board of directors is fully responsible for the management of the company. Each member of the board of directors is fully and personally responsible if he is guilty or negligent in carrying out his duties. The Directors are not individually responsible to the company. This means that any action taken or taken by one or more members of the board of directors will bind the other members of the board of directors.

E. Enterprise Risk Management

The Committee of Sponsoring Organizations (COSO) in 2004 stated that Enterprise Risk Management is a process that is influenced by management, the board of directors, and other personnel that are carried out in determining strategy and covering the organization as a whole, designed to identify events that have the potential to affect organization, and manage risk, and provide adequate assurance regarding the achievement of organizational goals.

Iswajuni et al. (2018) added that Enterprise Risk Management (ERM) is considered to reduce the risk of failure of a company as a whole, and thus can increase company performance and value. Fahmi (2015: 2) risk is a form of uncertainty about something that will happen later (future) with decisions made based on various considerations at this time. Companies cannot avoid risks, so it is necessary to take steps to anticipate risks. Companies can pay attention to the risks that may occur, both in the internal and external context of the organization, and anticipate risk treatment if these risks become reality. As for those that become scarce, it is called Enterprise Risk Management (ERM).

F. Firm Value

Hermuningsih (2013) states that a company is an organization that combines and organizes various resources with the aim of producing goods and or services for sale. In addition, in this case it can affect the value of a company. Hemastuti (2014) adds that firm value is an investor's perception of a company which is often associated with stock prices. Making the company value high is the desire of the company owners, because a high value can show the prosperity of the shareholders. The theory that underlies company value is Freeman's (1983) stakeholder theory which states that a company is not only responsible for its shareholders, but shifts to the social community, hereinafter referred to as social responsibility. Thus, the responsibility of the company, which was originally only measured only in the economic indicators of the financial statements, now has to shift by considering stakeholder factors, both internal and external.

G. Financial Performance

Fahmi (2012:2) states that financial performance is an analysis carried out to see the extent to which a company has implemented proper and correct financial implementation rules. For example, by making a financial report that meets the standards and provisions in SAK (Financial Accounting Standards) or GAAP (General Aceptep Accounting Pricing), and others.

Fajrin and Laily (2016) state that elements of the company's financial performance are elements that are directly related to the measurement of company performance that is presented in the income statement, net income is often used as a performance measure or part of the basis for other measures. By measuring financial performance, it can be seen the prospects for the company's financial growth and development. The company is said to be successful when the company has achieved a certain predetermined performance. Measurement of financial performance can be measured using ratio analysis. Ratio analysis can reveal the relationship as well as become the basis for comparison that shows conditions or trends that cannot be detected if you only look at the components of the ratio itself.

Fajrin and Laily (2016) added that there are 5 (five) analytical techniques that can be used in assessing financial performance, namely as follows.

1. Profitability Ratio
2. Liquidity Ratio
3. Solvency Ratio
4. Aktivity Ratio
5. Rentability Ratio

IV. FRAMEWORK HYPOTHESIS

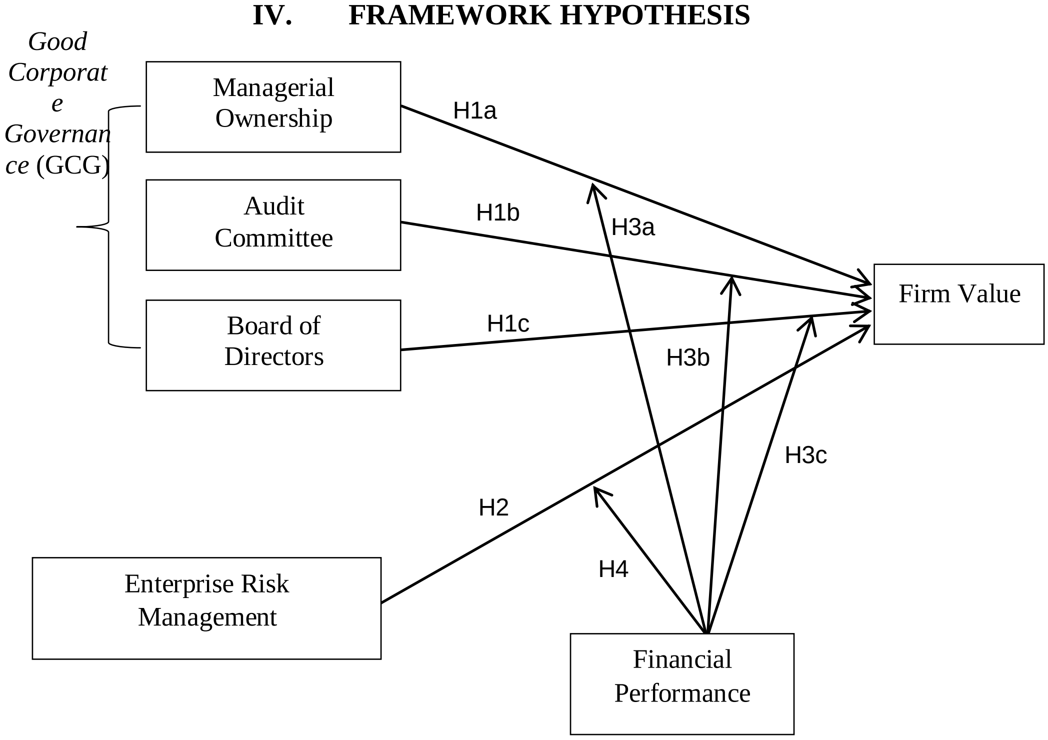

Figure 1: Conceptual Framework

H1a : Managerial ownership affects company value.
H1b : Audit Committee Affects Company Value.
H1c : Board of Directors Influences Company Value.
H2 : Enterprise risk management has an effect on firm value.
H3a : Financial performance moderates good corporate governance which is proxied by managerial ownership of firm value.
H3b : Financial performance moderates good corporate governance as proxied by the audit committee on firm value.
H3c : Financial performance moderates good corporate governance as proxied by the board of directors on firm value.
H4 : Financial performance moderates enterprise risk management on firm value.

V. RESEARCH METHODOLOGY

A. Population and Sample

The population as research objects used in this study are manufacturing companies listed on the Indonesia Stock Exchange. The sample used in this study is a consumer goods industry sector company listed on the Indonesia Stock Exchange for the 2017-2019 period. By using the sampling technique, namely purposive sampling. Obtained a sample of 44 companies in the consumer goods industry for the observation period of 3 years. So that the number of observation data is 132 data.

B. Types and Sources of Data

The type of data used in this research is quantitative data. The data source used in this study is secondary data, namely data obtained from other parties, such as company annual reports. The data in this study can be obtained through www.sahamok.com, edusaham.com, www. Yahoo. Finance.com, Kompas Newspaper, Bisnis Indonesia, and JSX Monthly Statistics issued by the IDX, as well as through the IDX official website, namely www.idx.co.id.

C. Variable Measurement

1. Good Corporate Governance (GCG)

In this study, the proxies for good corporate governance are as follows.

a. *Managerial Ownership*

Managerial ownership is ownership of shares owned by the manager, which means the manager is also a shareholder (Syafitri et al. (2018).

$$\mathbf{KM} = \frac{\textbf{Total Manajerial Shares}}{\textbf{Number of Shares Outstanding}}$$

b. *Audit Committee*

The audit committee is a committee that works professionally and independently formed by the board of commissioners with the task of assisting and strengthening the function of the board of commissioners or the supervisory board in carrying out the supervisory function in the implementation process of corporate governance in the company (Syafitri et al. (2018)

$$KA = In \sum Members\ of\ the\ audit\ committee$$

c. *Board of Directors*

The board of directors is a group of directors known to the president director. The board of directors acts as an agent or manager of a company whose position is fully responsible for the company's operational activities (Syafitri et al. (2018).

$$DD = In \sum Members\ of\ the\ Board\ of\ Directors$$

2. Enterprise Risk Management (ERM)

Enterprise Risk Management (ERM) is a management process for identifying and assessing risks and implementing broad corporate strategies in managing the risks faced by a company in order to build an effective risk management strategy. The measurement of ERM uses dummy variables, with a value of 1 for companies that implement ERM and a value of 0 for companies that do not implement ERM. ERM disclosure is carried out by searching in the company's annual report for the same phrase as the following word; Risk Management "," Chief Risk Officer "," Risk Management Committee "," Risk Committee "," Strategic risk management "," Consolidated risk management "," Holistic risk management ", and" Integrated risk management ”(Iswajuni et al: 2018).

3. Firm Value

Firm value is the investor's perception of the company's success rate as assessed by its share price (Syafitri et al. (2018).

$$Tobin's\ Q = \frac{(Market\ Value\ of\ Equity + Liability)}{Total\ Assets}$$

4. Financial Performance

Financial performance is an analysis carried out to see the success of an organization or company in managing and controlling its resources. Meanwhile, profitability is the company's ability to generate profits (Iswajuni et al. (2018). In this study, measurement of financial performance can be done using Return On Assets (ROA).

$$ROA = \frac{Profit\ Before\ Tax}{Total\ Assets}\ X\ 100\%$$

VI. HYPOTHESIS TESTING

A. Hypothesis Testing Model 1

To determine the effect of disclosure of Good Corporate Governance (GCG) and Enterprise Risk Management (ERM) mechanisms on firm value, multiple regressions are used. Based on the processed data, the following analysis results are obtained.

1. Determinant Test (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.489[a]	0.239	0.212	,68950

a) Predictors: (Constant), Eterprise Risk Management, Board of Directors, Managerial Ownership, Audit Committee

Based on the model summary table above, the amount of R Square shows a value of 0.239 or 23.90%. This means that the firm value variable is affected by 23.90% by the GCG and ERM mechanisms while the remaining 76.10% is influenced by other variables outside the independent variables studied in this study.

2. t Test (Partially)

Model		Unst. Coefficients		Stand. Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,507	,454		-3,319	,001
	Managerial Ownership	-,277	,322	-,072	-,860	,392
	Audit Committee	,419	,157	,232	2,662	,009
	Board of Directors	,055	,027	,177	2,045	,043
	Eterprise Risk Management	,609	,182	,281	3,350	,001

a. Dependent Variable: Firm Value

Based on the table above, the following linear regression equation is produced.

$Y = -1,507 - 0,277X_{1\text{-}1} + 0,419X_{1\text{-}2} + 0,055X_{1\text{-}3} + 0,609X_2 + e$ ……………………………...……………….. (1)

In addition, to test the hypothesis of the effect of the independent variable on the dependent variable, a partial test (t test) is carried out as follows:

a) In hypothesis testing model 1 (t test) it can be seen that managerial ownership shows a significance value of 0.392> 0.05 with a regression coefficient value of -0.277, which means that good corporate governance which is proxied by managerial ownership has no effect on firm value at the 95% level of confidence with these results, then **H1a rejected.**
   Managerial ownership has no effect on firm value. This explains that the average number of shares owned by managers indicates a low number of managerial ownership. In addition, some companies do not have managerial ownership. In line with the research of Sukirni (2012), Damayanti and Suartana (2014), Gozal, et, .al. (2018), Poluan and Wicaksono (2019), Africa and Purba (2019) which show that the presence of managerial ownership is expected to align the interests of management and shareholders, so as to achieve

high company value. However, in fact, low managerial ownership causes the manager to have other interests that do not reflect the overall goals of the company.

b) In hypothesis testing model 1 (t test) it can be seen that the audit committee shows a significance value of 0.009> 0.05 with a regression coefficient value of 0.419 which means that good corporate governance proxied by the audit committee has an effect on firm value at the 95% confidence level with these results, then **H1b is accepted.**
Audit committee has an effect on firm value. This explains that the presence of an audit committee that supervises the performance of the board of commissioners will improve the quality of information between shareholders and managers, thereby helping to reduce agency problems and increase firm value. In line with the research of Rouf (2011), Obradovich and Gill (2013), Siahaan (2013), Jauhar (2014), Arifin (2017), Onasis and Robin (2016) which show that the audit committee plays a role in overseeing the financial reporting process and contributing in examining financial data so that it can be accounted for.

c) In hypothesis testing model 1 (t test)it can be seen that the board of directors shows a significance value of 0.043> 0.05 with a regression coefficient value of 0.055, which means that good corporate governance, which is proxied by the board of directors, has an effect on firm value at the 95% confidence level with these results, then **H1c is accepted.**
Board of directors has an effect on firm value. This explains that the board of directors can increase control and monitor company performance, dividend value, government policies that affect the company, which can increase company value. In line with the research of Isshaaq et al. (2009) on the Ghana stock exchange, Saiful and Husaini (2017) which show that the more board members in the company, the better the company's performance will be. Thus the company's performance will indirectly increase the stock price and the company value will increase.

d) In hypothesis testing model 1 (t test) it can be seen that enterprise risk management shows a significance value of 0.001> 0.05 with a regression coefficient value of 0.609, which means that enterprise risk management has an effect on firm value at the 95% confidence level with these results, then **H2 is accepted.**
Enterprise risk management affects firm value. This explains that with a better risk management in a company it also determines the level of investor confidence which then has an impact on increasing company value. Investror believes that enterprise risk management disclosure is one of the relevant information in predicting the sustainability of a company.
The results of this study are in line with the results of research by Hoyt and Liebenberg (2011) on insurance companies in America, Bertinetti et al. (2013) on companies in Europe, Devi et al. (2017), Murtini (2018) and Iswajuni et al. (2018) also stated that enterprise risk management has an effect on firm value. Better risk management with the implementation of enterprise risk management also determines the level of investor confidence. Enterprise risk management as a basis for investment appraisal causes stakeholders to assess the level of risk and uncertainty and the company also shows that the company has a better commitment to risk management.

B. Hypothesis Testing Model 1

To determine the moderated effect of the implementation of Good Corporate Governance (GCG) and Enterprise Risk Management (ERM) in firm value, moderated regression analysis (MRA) is used. Based on the processed data, the following analysis result are obtained.

1. Determinant Test (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.807[a]	0.651	0.623	0.47711

a. Predictors: (constant), ERM_Z, KM_Z, Boar of Directors, Audit Committee, Enterprise Risk Management, Managerial Ownership, DD_Z, Financial Performance, KA_Z

Based on the table above, the result of the coefficient of determination R Square in the model show a value of 0,651 or 65,10%. This means that the financial performace variable as a moderating variable, the relationship between independent variables on firm value is influenced by 65,10%. While the remaining 34,90% is influenced by other variables outside of this study.

2. T Test (Partially)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,032	,347		-,091	,928
	KM . Z	,066	,040	,116	1,652	,101
	KA . Z	-,019	,011	-,928	-1,762	,081
	DD . Z	,011	,002	1,079	4,980	,000
	ERM. Z	,040	,019	,560	2,126	,036

a. Dependent Variable: Firm Value

Based on the table above, the linear regression equation is obtained as follows:

$Y = -0{,}032 + 0{,}066X_{1\text{-}1}.Z – 0{,}019X_{1\text{-}2}.Z + 0{,}011X_{1\text{-}3}.Z + 0{,}040X_2.Z + e$ ……….……………………….…...…..(2)

In addition, to test the hypothesis of the moderating variable the influence of the independent variable on the dependent variable, a partial test (t test) was carried out as follows:

a) In hypothesis testing model 2 (t test) it can be seen that managerial ownership shows a significance value of 0.101> 0.05 with a regression coefficient value of 0.040. The audit committee shows a significance value of 0.081> 0.05 with a regression coefficient value of -0.019, which means that financial performance as measured by return on assets does not moderate the effect of good corporate governance as proxied by managerial ownership and audit committee on firm value at the level of trust. 95% with these results, then **H3a and H3b is rejected.**
Financial performance does not moderate the effect of good corporate governance as proxied by managerial ownership and audit committee on firm value. This explains that when investors feel safe and confident in accountability, disclosure of information and the implementation of corporate governance, then profitability is unable to influence investors' decisions or initiatives. This study is in line with the research of Thohiri (2011) Sausan et al. (2015) and Puspaningrum (2017).

b) In hypothesis testing model 2 (t test) it can be seen that the board of directors shows a significance value of 0.000> 0.05 with a regression coefficient value of 0.011, which means that financial performance as measured by return on assets moderates the effect of good corporate governance as proxied by the board of directors on firm value at the level of confidence 95 % with these results, then **H3c is accepted.**
Financial performance moderates the influence of good corporate governance as proxied by the board of directors on firm value. This explains that the more the number of directors in a company, the management supervision at the company is high and can affect or increase the value of the company with profitability. The existence of profitability will strengthen the influence on firm value. This research is in line with Permatasari and Gayatri's research. (2016) and Muttaqin et al. (2019).

c) In hypothesis testing model 2 (t test) it can be seen that enterprise risk management shows a significance value of 0.036> 0.05 with a regression coefficient value of 0.040, which means that financial performance as measured by return on assets moderates the effect of enterprise risk management on firm value at the 95% confidence level with these results. , then **H4 is accepted.**
Financial performance moderates the effect of enterprise risk management on firm value. This explains that the wider the company discloses the management of the risks that may or have occurred in the company, it is able to affect the value of the company both at companies that have high profitability and when the company has low profitability.
The results of this study are also in line with Wahyuni and Oktavia's (2020) research which states that profitability moderates enterprise risk management on firm value. The more widely the company discloses risk management, the higher the quality of the company in providing transparency and completeness of information regarding the risk profile to external parties or other stakeholders. The existence of high profitability makes the market place a high value on the company. In this case, profitability is supported by the company's ability to manage risk. If the company is able to manage risk well and is supported by good profitability, it will increase company value.

VII. DISCUSSION

This study includes independent variables, namely the application of Good Corporate Governance (X1) which is proxied by Managerial Ownership, the Audit Committee, and the Board of Directors. Furthermore, Corporate Risk Management (X2). The independent variable affects firm value (Y) as the dependent variable. The financial performance (Z) as a moderating variable is the effect of the independent variable on the dependent variable.

1. Good corporate governance mechanism that is proxied by managerial ownership is not significant to firm value. Meanwhile, the audit committee and the board of directors have a significant effect on firm value. This means that the greater the managerial ownership in the shareholder structure, the more prone to actions being more concerned with managers than for shareholders. Meanwhile, the presence of an audit committee that supervises the performance of the board of commissioners and improves the quality of information between shareholders and managers can help reduce agency problems and increase firm value. The board of directors can increase control and monitor company performance, dividend value, government policies that affect the company, which can increase company value.
2. Enterprise risk management has a significant effect on firm value. This means that better risk management in a company will determine the level of investor confidence.
3. Financial performance is not able to moderate the relationship between good corporate governance and firm value. This is because the low profitability rate of return on assets will stimulate stakeholders in assessing the company's ability to return on investment and sales. Even though the company has a high GCG score, if the company has low profits, stakeholders will also assess the quality of the company's prospects.
4. Financial performance moderates the relationship between enterprise risk management and firm value. This means that the wider the company discloses the management of the risks that may or have occurred in the company, it is able to affect the value of the company both at companies that have high profitability and when the company has low profitability.

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