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The effect of good corporate governance and company size on firm value: Financial performance as an intervening variable

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ABSTRACT

The purpose of this study is to see whether there is an effect of the implementation of good corporate governance, firm size, and financial performance on firm value. And the results are known if the implementation of good corporate governance has a positive effect on firm value which indicates that the implementation of good corporate governance in Indonesia has a good impact on the development of firm value, in contrast to firm size and financial performance which have a negative effect on firm value, which is known if assets and profits are high. compared best with low firm value, and vice versa. On the one hand, financial performance can be an intervention variable for good corporate governance and firm size on firm value in a positive direction, which means that if firm profits can have an influence on the relationship between firm size and good corporate governance, firm value will increase. From these objectives and results, it is recommended for further researchers to explore the indicators that exist in each member to find out valid findings by reviewing various aspects.

Introduction

The development of an increasingly rapid era makes the company continue to innovate and always improve the company's performance every year. This increase can be seen from the implementation of good corporate governance (GCG) which is a separate assessment related to good or bad corporate governance. Companies that have a better company value will be an attraction for potential investors to invest in the company. In addition, high company value will also encourage high prosperity for shareholders, for that company value is important for a company. Meanwhile, according to (Feng *et al.*, 2018), company value is an important point because by looking at the value of a company, business executives and academics know whether a company is good or not because company value is the main goal of the company.

Company management is important for management in company operations, especially in the financial sector. The good and bad image of a company will be seen if the company's governance and services are in accordance with applicable regulations and do not harm the community. The financial sector is one of the companies that often experience cases, both civil and criminal cases. The number of public complaints against the company's services in the financial sector is itself a benchmark for questioning corporate governance. From these complaints, it can be shown that good corporate governance is not carried out properly in accordance with the laws and regulations so in its implementation there is a public complaint process that leads to a decrease in the value of the company. In addition to complaints, companies must also implement gratuities control.

In Article (Indonesia, 2021) 12 B Pragraph (1) of the Law, 20 of 2001 explains that what is meant by gratification is a gift in a broad sense, which includes the provision of money, goods, rebates (discounts), commissions, interest-free loans, travel tickets, lodging

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facilities, travel arrangements, free medical treatment. treatment. treatment. treatment, and other facilities. Indeed, not all gratifications are against the law, but this paragraph also explains that any gratuity to an employee or state administrator is considered a bribe if it is related to his position and is contrary to his obligations and duties. The application of anti-gratification must also be carried out by all companies, especially in the financial sector to avoid bribes or activities that are contrary to the duties and obligations of each member of the company. From the explanation of complaints, fraud, and gratuities in the financial sector. It can be seen that every year in the financial sector there are legal cases involving internal parties of the company, both in civil and criminal cases. Banking companies that get the most cases up to 100 more cases every year. This shows that banking operations in collecting public funds or other banking tasks still need attention.

Meanwhile, (Clarke, 1985), define company size as the size of a company in terms of total assets, sales, and market capitalization. These three measures are often used to identify the size of a company because the greater the assets owned by the company, the greater the invested capital. In addition, financial performance is one of the factors that need to be considered in determining investment choices because in financial performance it can be seen that profit is seen from financial ratios which indicate that if the company's profit is high then the company's operations are going well. The company's main goal is to maximize the company's profitability, especially for shareholders. In a previous study conducted by (Wahyuni, Endang Ernawati, S.E. and Dr. Werner R. Murhadi, S.E., 2013), which showed that there was an influence between firm size on firm value, (Budiharjo, 2020), examining the effect of firm size on financial performance shows that firm size has no effect on financial performance. Meanwhile, (Agustina and Ardiansari, 2019), (Suryaningtyas and Rohman, 2019), (Adrianingtyas, 2019), (Kartika Dewi and Abundanti, 2019) show that financial performance has no significant effect on firm value.

In this study, we will analyze the same topic but with a different case study, namely in the financial sector from 2018-2020. In addition, the implementation of good corporate governance in the financial sector can be said to need special attention because in the implementation of governance it is still vulnerable to complaints, acts of gratification, and legal cases both civil and criminal from companies in the financial sector. which is feared to have an impact on the value of the company. On the other hand, the size of the company must be considered because the size of the company will affect the value of the company, and company profits will indirectly have an impact on increasing the value of the company. measuring good corporate governance in the company and the Ln indicator of total assets for the variable size of the company. For the financial performance variable, the researcher uses return on equity (ROE) to explain the company's profit which has an impact on the value of the company in the future, and uses the Price to book value (PBV) indicator to measure the value of the company. company. The selection of these indicators is motivated by legal cases experienced by companies in the financial sector.

Literature Review

Theoretical and Conceptual Background

Agency Theory

Agency theory is the relationship between agency as a form of agreement where the owner hires people or managers to manage activities in the company. Principals are shareholders or investors, and agents are managers who carry out the company's management functions. The main point of agency correlation is the differentiation of functions between investors and company management. (Pratiwi, 2016). Agency theory will encourage all parties (shareholders, managers, and creditors to always try to maximize shareholder wealth or company value (share price) (Mardiyanto, 2009).

The value of the company

(Maddatung, 2019) firm value is the investor's perception of the company's success in relation to stock prices. Meanwhile, according to (Hoje Jo, Maretno A. Harjoto, 2012), revealing company value is the company's performance seen through the stock price formed by supply and demand in the capital market which is able to reflect the public's assessment of the company's performance in real terms. The existence of a company's assessment of a company can be of value to the company where investors will prefer to invest in companies that have high company values.

Good Corporate Governance

(Sutedi, 2012), Good Corporate Governance is a process and structure used by corporate organs that is used to increase the success and accountability of the company to realize long-term shareholder value while taking into account the interests of other stakeholders, in accordance with laws and regulations. and values. of ethics. Meanwhile, according to the Decree of the Minister of SOEs No. Kep-117/M-MBU/2002 dated July 31, 2002, concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises, namely "A process and structure used by members of SOEs to improve business success and corporate accountability as the basis for realizing shareholder value in the long term, long term but still taking into account the interests of other stakeholders, in accordance with laws and regulations and ethical values.

Company size

Company size is a scale that classifies company size according to certain indicators, such as total assets and market capitalization. According to (Jogiyanto, 2000) company size states that asset size is used to measure company size, asset size can be measured as the logarithm of total assets. Meanwhile, to calculate the total value of asset, (Asnawi, 2005) suggests that the total value of assets is usually very large compared to other financial variables, for this reason, the asset variable can be in the form of asset logs or assets in a company.

Company Financial Performance

Corporate finance (corporate finance) is the scope or area of finance related to investments made by the company (capital budgeting), the company's capital structure (capital structure), or company funding (Ahmad Rodoni, 2014). According to (Ahmad Rodoni, 2014), the main purpose of corporate finance is to maximize shareholder wealth or increase firm value. The increase in stock prices reflects market confidence in the company's good prospects in the future (Mardiyanto, 2009).

Research and Methodology

In this study, the population from the financial sector listed on the Indonesia Stock Exchange for the 2018-2020 period. There are 99 companies that become the population of this study. The sampling technique used was purposive sampling. According to (Sodik, 2015), the purposive sampling method is a technique of selecting samples with certain criteria or special selections carried out. The sampling criteria in this study are:

Table 1: Sampling criteria

No.	Criteria	Total
1.	Companies in the financial sector listed on the Indonesia Stock Exchange and always reporting annual reports from 2018-2020.	99
2.	Financial sector companies on the IDX that did not make a profit from 2018 to 2020.	(35)
3.	Companies that do not experience legal problems, both civil and criminal, in a row from 2018 to 2020. Number of samples in the study	(29)
Number of samples in the study		35

Source: Data retrieved in 2022.

Based on the sampling criteria, it can be seen that there are 35 companies in the financial sector. financial statements from the Indonesia Stock Exchange that meet the sampling criteria. The operational definition of the variable can be in the form of an explanation of the variable description used by the researcher using the researcher's own language, with the aim of facilitating understanding of the variables used. The variables in this study are the independent (exogenous) variables, namely the Good Corporate Governance (GCG) variable and the Firm Size variable. While the dependent variable (endogenous) is the firm value variable and the intervening variable is the company's financial performance. Analysis of research data using descriptive statistics and inferential statistics were tested through path analysis to determine the relationship of each research variable. According to (Sarwono, 2012), path analysis is an analytical technique used to determine the inherent causal relationship between variables arranged in a temporary order by using the path coefficient as a value to see the magnitude of the influence of the independent variable (exogenous), and the dependent variable (endogenous). The choice of path analysis method is based on the consideration that this research is on latent variables formed by formative indicators and the influence of intervening variables. Outer Model through validity and reliability tests as well as the Inner Model.

Result and Discussion

Descriptive statistics

The descriptive analysis obtained in the study includes the minimum, maximum, mean and standard deviation values.

Table 2: Descriptive Statistical Results

Variable	Minimum	Maximum	Mean	Std. Deviation
Good Corporate Governance (CGI)	5699.000	9355.000	7338.429	977.944
Company Size (SIZE)	670.000	3028.000	1934.714	437.107
Company Financial Performance (ROE)	0.000	2610.000	268.981	588.529
Firm Value (PBV)	2.000	510.000	135.190	104.413

Source: SmartPLS Output Results, 2022.

Inferential Statistical Results

Outer Model (Measurement Model)

As for the results of calculations that have been carried out through path analysis, it can be seen that the relationship between path analysis includes direct and indirect path analysis. The calculation of the outer model can be known through validity and reliability tests to determine the relationship between variables and indicators used. The results of these calculations include:

Validity Test

Convergent Validity

Table 3: Convergent Validity Test Results

Variable	Indicator	Loading Factor	Description
Good Corporate Governance	CGI	1,000	Valid
Company Size	Total Assets	1,000	Valid
Company Financial Performance	ROE	1,000	Valid
The value of the company	PBV	1,000	Valid

Source: SmartPLS Output Results, 2022.

Based on the table above, it is known that the value of the loading factor indicates that each variable gets a value of 1,000, which means that the value is higher than the reference for the calculation of the loading factor, which is 0.7. Thus, it shows that each of the indicators used can be said to be valid and the variables used such as good corporate governance, company size, company financial performance, and company value are related to each other.

Discriminant Validity

Table 4: Discriminant Validity Test Results

Variable	AVE	$\sqrt{AVE}$	Description
Good Corporate Governance	1,000	1,000	Valid
Ukuran Perusahaan	1,000	1,000	Valid
Kinerja Keuangan Perusahaan	1,000	1,000	Valid
Nilai Perusahaan	1,000	1,000	Valid

Source: SmartPLS Output Results, 2022.

Based on the above calculation, it is known that the Average Variant Extracted (AVE) value is 1,000 which indicates that the data used in this study is valid because the Average Variant Extracted (AVE) value is greater than 0.7.

Reliability Test

This reliability test can be known by looking at the value of Cronbach's Alpha and Composite Reliability. To see whether the variables used are reliable or unreliable, it can be seen that the Cronbach's Alpha value can be said to be reliable if the value is above 0.6 while the Composite Reliability measurement must be above 0.7 to be said to be reliable.

Table 5: Reliability Test Results

Variable	Cronbach Alpha	Composite Reliability	Description
Good Corporate Governance	1,000	1,000	Reliable
Company Size	1,000	1,000	Reliable
Company Financial Performance	1,000	1,000	Reliable
The value of the company	1,000	1,000	Reliable

Source: SmartPLS Output Results, 2022.

Based on the table above, it is known that the value of Cronbach's Alpha and Composite Reliability of each variable has a value of 1,000 which indicates that the value is higher than 0.6 and 0.7, which means that the research indicators used in these variables can be said to be reliable for research.

A. Inner Model (Structural Model)

The inner model test is used to evaluate the structural model of the variables used. The inner model by being evaluated using the value of R2 can be seen as follows:

Table 6: Results of the Structural Model (Inner Model)

Variable	R-Square	Adjusted R-Square
Company Financial Performance	0,034	0,015
The value of the company	0,080	0,052

Source: SmartPLS Output Results, 2022.

Based on the table above, it is known that the R-Square value of the company's financial performance variables described using return on equity (ROE) of 0.34% and 0.66% can be explained using other variables outside of this study. In addition, the firm value variable which is explained using the price book value (PBV) indicator can be explained by 0.80% and 0.20% can be explained by other variables outside of this study.

Hypothesis Testing

As for the results of data processing carried out through Boostrapping path analysis in SmartPLS, it can be seen that it is related to direct or indirect effects between research variables. The influence relationship is as follows:

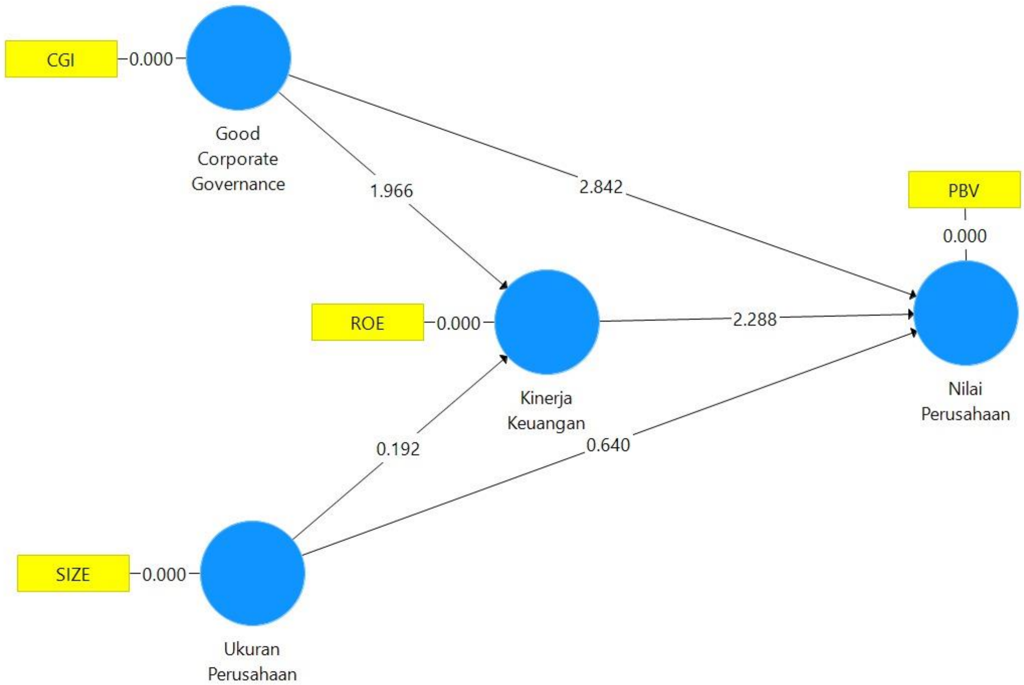

Figure 2: PLS Bootstrapping Output; *Source:* SmartPLS Output Results, 2022.

From the picture of the relationship between these variables, it can be seen the path coefficients carried out using path analysis testing using SmartPLS bootstrapping, it can be seen through the table that has been summarized below:

Table 7: Hypothesis Testing Results

Influence	**Original Sample (O)**	**Sample Average (M)**	**Standard Deviation (STDEV)**	**T Statistics (| O/STDEV |)**	**P Values**
Good Corporate Governance -> Corporate Value	0,225	0,224	0,079	2,842	**0,004**
Good Corporate Governance -> Financial Performance	-0,185	-0,188	0,094	1,966	**0,046**
Company Size -> Firm Value	-0,064	-0,060	0,100	0,640	**0,508**
Company Size -> Financial Performance	-0,016	-0,009	0,082	0,192	**0,843**
Financial Performance -> Firm Value	-0,111	-0,113	0,048	2,288	**0,014**
Good Corporate Governance -> Financial Performance -> Corporate Value	0,020	0,020	0,013	1,626	**0,105**
Company Size -> Financial Performance -> Firm Value	0,002	0,001	0,009	0,185	**0,853**

Source: *SmartPLS Output Results*, 2022.

From the results of tests that have been carried out using SmartPLS bootstrapping, it can be seen that the test results are as follows:

First Hypothesis Testing (H1)

The first hypothesis states that Good Corporate Governance has a positive effect on firm value. The results of the bootstrapping calculation show that the Good Corporate Governance variable has a T-statistic value of 2.842 and a p-value of 0.004 with an original sample of 0.225, while the t-table has a value of 1.70. The results show that from the first hypothesis the t-table and p-value are less than 0.05, which means that the Good Corporate Governance variable directly has a positive and significant effect on firm value, so the first hypothesis is accepted.

Testing the second hypothesis (H2)

The second hypothesis states that Good Corporate Governance has a positive effect on the company's financial performance. The results of the boostrapping calculation show that the Good Corporate Governance variable has a T-statistic value of 1.966 and a p-value of 0.046 with the original sample of -0.185, while the t-table has a value of 1.70. The results show that from the second hypothesis the t-table and p-value are less than 0.05, which means that the Good Corporate Governance variable directly has a significant and negative effect on the company's financial performance, then the second hypothesis is accepted.Third Hypothesis Testing (H3)

The third hypothesis states that firm size has a positive effect on firm value. The results of the boostrapping calculation show that the firm size variable has a T-statistic value of 0.640 and a p-value of 0.508 with the original sample of -0.064, while the t-table has a value of 1.70. The results show that from the third hypothesis the t-table and p-value are greater than 0.05, which means that the firm size variable has no direct effect on firm value, so the third hypothesis is rejected.

Fourth Hypothesis Testing (H4)

The fourth hypothesis states that the size of the company has a positive effect on the company's financial performance. The results of the boostrapping calculation show that the firm size variable has a T-statistic value of 0.192 and a p-value of 0.843 with the original sample of -0.016, while the t-table has a value of 1.70. The results show that from the fourth hypothesis the t-table and p-value are greater than 0.05, which means that the firm size variable has no direct effect on the firm's financial performance, so the fourth hypothesis is rejected.

Testing the fifth hypothesis (H5)

The fifth hypothesis states that financial performance has a positive effect on firm value. The results of the boostrapping calculation show that the financial performance variable has a T-statistic value of 2.288 and a p-value of 0.014 with the original sample of -0.111, while the t-table has a value of 1.70. The results show that from the second hypothesis the t-table and p-value are smaller than 0.05, which means that the financial performance variable directly has a significant effect on the company's financial performance with a negative direction, then the fifth hypothesis is accepted.

Testing the sixth hypothesis (H6)

The sixth hypothesis states that Good Corporate Governance has an indirect effect on firm value with financial performance as an intervening variable. The results show that the Good Corporate Governance variable through the financial performance variable has a T-statistic value of 1.505 and a p-value of 0.105 with an original sample of 0.020, while the t-table has a value of 1.70. The results show that from the sixth hypothesis the value of t-table and p-value is greater than Good Corporatear than 0.05, which means that financial performance has no indirect effect with an insignificant relationship to the relationship of good corporate governance to firm value, then the sixth hypothesis rejected.

Testing the seventh hypothesis (H7)

The seventh hypothesis states that firm size has an indirect effect on firm value with financial performance as the intervening variable. The results show that the firm size variable through the financial performance variable has a T-statistic value of 0.166 and a p-value of 0.868 with the original sample of 0.002, while the t-table has a value of 1.70. The results show that from the seventh hypothesis the t-table and p-value are greater than 0.05, which means that financial performance does not have an indirect effect on the relationship between firm size and firm value, so the seventh hypothesis is rejected.

Intervening/Mediation Test

Intervening test or mediation is used to determine the path relationship of each variable, this intervening test uses the Sobel test which is carried out using free statistical calculation software for sobel test version 4.0 to test the relationship between good corporate governance and company value with financial performance as an intervening variable and measure. company value on the value of the company with financial performance as an intervening variable can be seen from the results of the following data processing:

The relationship between good corporate governance and firm value with financial performance as an intervening variable.

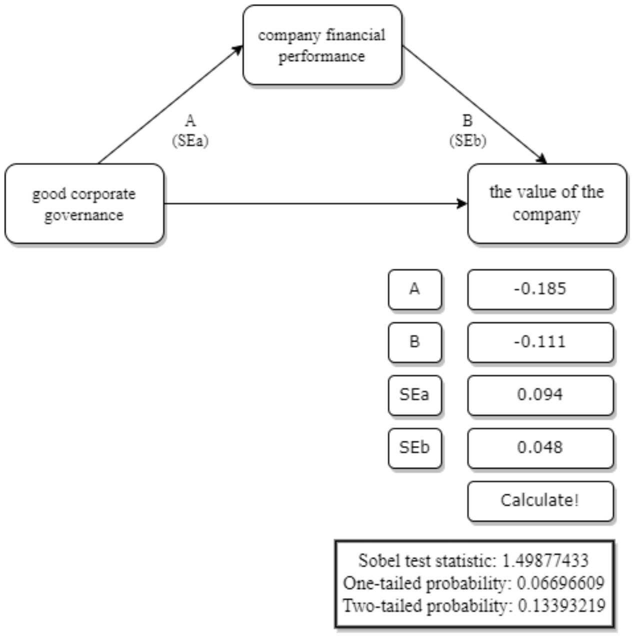

Figure 3: Sobel Test Results 1; *Source:* Sobel Test Output Results Version 4.0, 2022.

Based on the results of the intervening calculation above, it is known that the Sobel statistic shows the number 1.49877433 for the relationship between good corporate governance and firm value, the results show the t-table value of 1.70 so that the Sobel value is smaller than the t-table value and the one-tailed probability value shows 0.06696609 > 0, 05 so it can be concluded that financial performance cannot mediate the effect of good corporate governance variables on firm value

1. The relationship between firm size and firm value with financial performance as an intervening variable

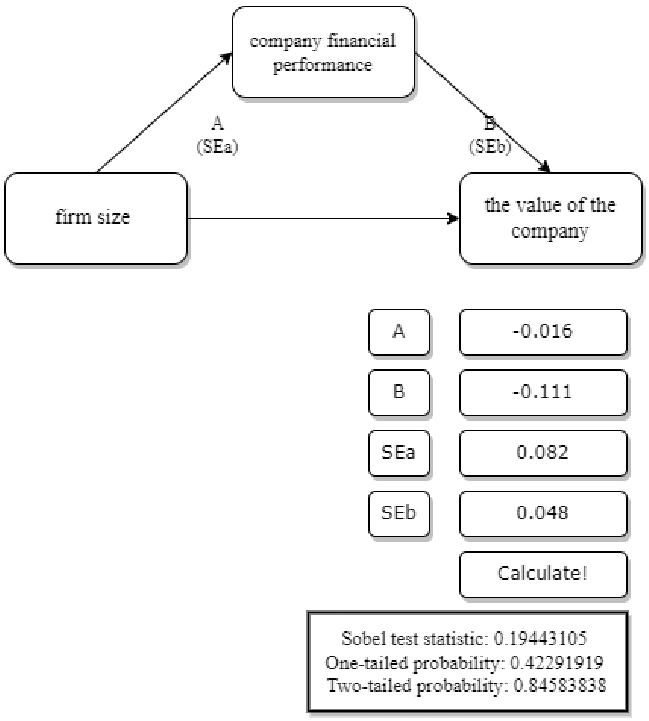

Figure 4: Sobel Test 2 Test Results; *Source:* Sobel Test Output Results Version 4.0, 2022.

Based on the results of the intervening calculation above, it is known that the Sobel statistic shows the number 0.19443105 for the relationship between firm size and firm value, the results show an at-table value of 1.70 so that the Sobel value is smaller than the t-table value and the one-tailed probability value shows 0.42291919 > 0.05 so it can be concluded that financial performance can't be an intervening variable the effect of firm size on firm value.

Discussion

The Effect of Good Corporate Governance on Company Value

Based on the results obtained in hypothesis testing, it is explained that good corporate governance has a positive and significant effect on firm value so that the first hypothesis can be accepted. (Newell and Wilson, 2002), revealed that good corporate governance practices can increase firm value, financial performance, reduce the risk that the board may take by making decisions that tend to benefit themselves, and in general can increase the level of investors. confidence. However, in practice sometimes there are still many employees and management who deny the mandate so that the level of cases in the company is increasing. It was stated that the company still had to manage its operations as well as possible in accordance with the mandate given previously. The results of this study are in line with research (Agustina and Ardiansari, 2019), (Pratiwi and Rahayu, 2015), (Fatoni, 2020), and (Situmorang and Simanjuntak, 2019), which show that good corporate governance has a significant positive effect on the value of the company. Thus, it can be seen that the implementation of good financial performance will be in line with the increase in company value because according to investors, companies that are able to maximize the implementation of good corporate governance will be able to provide prosperity for shareholders.

The Effect of Good Corporate Governance on the Company's Financial Performance

Based on the results obtained in testing the second hypothesis, it explains that good corporate governance has a significant effect on the company's financial performance with a negative effect so that the third hypothesis is accepted. (Amanti, 2012), states that good corporate governance can create added value because by implementing good corporate governance it is expected that the company will have good performance so that it can create added value and improve the company's financial performance. Good corporate governance cannot always be in line with the company's financial performance because even though good corporate governance has been implemented as much as possible, it is still not able to provide an increase in company profits. This study is in line with research conducted by (Andriani Tisna and Agustami, 2016), and (Susetyo and Ramdani, 2020), which have the same results regarding the effect of good corporate governance on the company's financial performance with ROE indicators showing that good corporate governance has a significant effect on performance. company finances.

The Effect of Firm Size on Firm Value

Based on the results obtained in testing the third hypothesis, it is explained that firm size has a negative and significant effect on firm value st the third hypothesis is rejected. Large company size has advantages when compared to small company size. The advantages are when the size of the company is large, the company has easy access to funds from the capital market, there is bargaining power in contracts over the company's finances and there is a scale of costs and returns that have a large impact on the company. benefits (Sawir, 2004).Currently, there are many civil and criminal cases faced by the company, these cases identified fraud committed both internally and externally by the company in carrying out its responsibilities. The size of the company makes it easier to obtain company capital which will later be used for company operations, but it turns out that companies sometimes use capital to increase company assets so that it is not in line with company value. The results of this study are in line with research (Fajartania, 2018), and (Pratiwi, 2016), which show that firm size has a negative effect on firm value. It is known that the size of the company does not have enough effect on increasing the value of the company because investors think that if the company has a large size, the company tends to set retained earnings to be greater than the distribution of dividends.

The Influence of Company Size on Company Financial Performance

Based on the results obtained in testing the fourth hypothesis, it is explained that the size of the company has a negative and insignificant effect on the company's financial performance so the fourth hypothesis is rejected. (Asnawi, 2005), suggests that the total value of assets is usually very large compared to other financial variables, for this reason, the asset variable can be in the form of asset logs or assets in a company. Total assets are able to provide an overview of the size of the company, the larger the size of a company, the bigger the company (Prasetyantoko, 2008). The number of cases faced by the company made trading not run as it should. Assets are the main problem in the occurrence of fraud. This study is in accordance with (Putra and Badjra, 2015), (Budiharjo, 2020), and (Juliana and Melisa, 2019), which show that company size has a negative and significant effect on the company's financial performance. Because the higher the size of the company, it has the ability to obtain capital, but the capital can be used by the company in increasing retained earnings for asset development, not to optimize company operations.

The Influence of Company Financial Performance on Company Value

Based on the results obtained in testing the fifth hypothesis, it explains that the company's financial performance has a significant effect on firm value with a negative influence direction and the fifth hypothesis is accepted. From this, it is known that the company's profit in financial performance will not always be in line with the increase in company value. According to (Khasanah and Sucipto, 2020), the notion of financial performance is the determination of certain measures that can measure the success of an organization or company in generating profits. Financial performance is one of the indicators used by investors in assessing a company which is reflected in the stock price on the stock exchange (Mahendra, Sri artini and Suarjaya, 2012). The distribution of dividends is a reference for investors in providing investment and will increase the supply and demand for shares which will increase the value of the company. However, good financial performance sometimes makes companies allocate profits, not for dividend distribution but to pay obligations or determine retained earnings that are higher than dividends. This study is in accordance with research (Putra and Wiagustini, 2013), and (Kartika Dewi and Abundanti, 2019), which show that profitability has a positive and significant effect on firm value.

The Influence of Good Corporate Governance on Company Value with Company Financial Performance as an Intervening Variable

Based on the results obtained in testing the sixth hypothesis, it explains that there is no indirect relationship between good corporate governance and firm value with the company's financial performance as an intervening variable with a positive and insignificant relationship direction so that the sixth hypothesis is rejected. Good Corporate Governance is an administrative mechanism to see the relationship between management, commissioners, directors, shareholders, or other stakeholders. This relationship is manifested by various rules or systems to become a framework for achieving organizational goals and the ways in which the company's performance is monitored (Fatoni, 2020), defines corporate governance as a system as the direction and control of a company. Corporate governance is part of more comprehensive company management.

In a company, shareholders give a mandate to company management to manage the company as well as possible on the basis of trust in management that management is able to manage the company properly in accordance with applicable laws and regulations. On the other hand, the company's management has a responsibility to shareholders with a mandate that has been carried out previously so that management can manage the company as well as possible, one of which is by avoiding various kinds of legal cases, both criminal and civil. the mandate is given to the management of the company as long as there are no cases committed by the company. The research that has been carried out in previous studies is in accordance with the results of the research in this study. (Fatoni and Sulhan, 2020), in their research show that financial performance cannot be an intervening variable in the indirect relationship between good corporate governance and firm value.

The Effect of Firm Size on Firm Value with Firm Financial Performance as an Intervening Variable

Based on the results obtained in testing the seventh hypothesis, it explains that there is no indirect relationship between firm size and firm value with firm financial performance as an intervening variable with a positive and insignificant relationship direction, so the seventh hypothesis is rejected. From this, it is known that having a large company size does not have an impact on increasing the value of the company, either directly on the size of the company or indirectly through the company's financial performance. Factors that affect firm value are funding decisions, dividend policy, investment decisions, capital structure, profitability, leverage, firm growth, and firm size (Setia, 2008). Large assets are an advantage for the company because large asset ownership will be in line with the high size of the company which refers to the ease of obtaining capital.

On the one hand, it is known that the ease of capital is not in line with the increase in company value caused by several things, both internal and external to the company. Companies that have a large size are not always free from legal cases in their operations, for that the company's operations are good for the convenience of the company in obtaining capital because in terms of the size of the company it must be carried out properly according to the mandate of the capital owner, even though sometimes companies actually use the capital by increasing company assets are not to optimize the company in order to increase the value of the company, as well as financial performance that has not been able to increase the value of the company. The previous research conducted by (Juliana and Melisa, 2019), (Muliana and Ikhsani, 2019), and (Widianingsih, Sadewo and Suparlinah, 2017), showed that profitability was not able to be an intervening variable from the influence of firm size on firm value. From these results, it is known that profitability, as proxied by ROE, does not have an indirect effect on the effect of firm size (SIZE) on firm value (PBV).

Conclusions

The results of our study can be concluded if the implementation of good corporate governance provides a positive direction related to increasing the value of the company so that if the implementation of good corporate governance is carried out by the company, it can increase the value of the company. Furthermore, good corporate governance has a negative effect on the company's financial performance, which identifies that if the company does not implement good corporate governance according to regulations or there is a legal case facing the company, it will provide an increase in the company's financial performance. so the direction is reversed. On the other hand, firm size on firm value by identifying asset size and return on investment has not been able to provide a significant increase in firm value so that asset size in firm size cannot identify an increase in firm value. Furthermore, the size of the company provides a negative and insignificant direction towards increasing company profits or company financial performance. The company's financial performance has a significant influence on the value of the company in a negative direction so that if the company's profit increases, the company's value will decrease, and vice versa. Financial performance as an intervening variable is not able to mediate the relationship between good corporate governance and firm size on firm value in the financial sector listed on the Indonesia Stock Exchange in 2018-2020. From this influence, it is known that there are legal cases both civil and criminal in the financial sector listed on the Indonesia Stock Exchange in 2018-2020 explaining that the implementation of good corporate governance in accordance with applicable regulations has a significant impact both in increasing company profits and increasing company value.

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