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The Influence of Good Corporate Governance, Risk, Profitability, Capitalization, Leverage, and Liquidity on Company Value in the Banking Industry Sector Listed on the Indonesia Stock Exchange in 2022-2025

Vivi Nandalita^{1*}, Elen Puspitasari²

¹Universitas Stikubank, Semarang, Indonesia, vivinandalita0021@mhs.unisbank.ac.id

²Universitas Stikubank, Semarang, Indonesia, elenpuspita@edu.unisbank.ac.id.

*Corresponding Author: vivinandalita0021@mhs.unisbank.ac.id¹

Abstract: This study examines the effect of Good Corporate Governance (GCG), risk, profitability, capital adequacy, leverage, and liquidity on firm value in banking companies listed on the Indonesia Stock Exchange during 2022–2025. Firm value is measured using Price to Book Value (PBV), while GCG, risk, profitability, capital adequacy, leverage, and liquidity are proxied by CGPI, NPL, ROA, CAR, DAR, and LDR, respectively. This quantitative study uses secondary data from annual reports, with samples selected through purposive sampling. The data were analyzed using multiple linear regression with SPSS. The results show that profitability, capital adequacy, and leverage have a positive and significant effect on firm value, whereas GCG, risk, and liquidity have no significant effect. These findings indicate that investors place greater emphasis on profitability, capital strength, and debt management in assessing firm value.

Keywords: Good Corporate Governance, Risk, Profitability, Capital Adequacy, Leverage, Liquidity, Firm Value.

INTRODUCTION

The banking industry plays a very strategic role in driving national economic growth through its financial intermediation function. Banks serve as institutions that collect funds from those with excess funds and channel them back to those in need, thereby contributing to maintaining financial system stability and increasing investment activity.(Margolang et al., 2021).

Furthermore, a healthy banking sector is crucial for supporting the smooth operation of the financial system and the economy as a whole. Therefore, corporate value is a key indicator for assessing the success of banking performance, particularly for companies listed on the capital market. Corporate value reflects investors' perceptions of the company's future prospects and management's ability to manage resources effectively and efficiently.(Handayani et al., 2023).

Furthermore, the Financial System Stability Committee (KSSK) stated that Indonesia's financial system stability remains intact, but global risks such as the global economic slowdown, financial market volatility, and geopolitical tensions remain threats that require vigilance. Therefore, strengthened policy coordination and the implementation of good corporate governance and effective risk management in the sector are necessary. (Komite Stabilitas Sistem Keuangan, 2025).

Corporate value is one of the main indicators investors use to assess a company's success. High corporate value is often closely linked to high share prices. (Tiara Ramadhan, Afrah Junita, 2022). An increase in company value provides a positive signal regarding future growth potential, which ultimately increases the stock price. In addition to stock price, company value can be measured using Price to Book Value (PBV). According to (Brigham, Eugene F; Houston, 2011) PBV is a financial ratio that compares the share price to the book value per share. A high PBV ratio reflects a greater level of shareholder wealth, indicating that the company has successfully achieved one of its objectives. This suggests that PBV can be used to evaluate shareholder wealth.

The phenomenon that occurs in the banking sub-sector companies listed on the Indonesia Stock Exchange, the PBV value shows interesting dynamics, especially when comparing state-owned banks and private banks. The state-owned bank, represented by PT Bank Mandiri (Persero) Tbk, showed a PBV value of 1.88 in 2022 and increased to 2.11 in 2023. However, this value experienced a significant decline to 1.49 in 2024 and decreased again to 1.43 in 2025. On the other hand, the private bank, represented by PT Bank Central Asia Tbk, had a much higher PBV value, namely 4.86 in 2022, then slightly decreased to 4.78 in 2023, again decreased to 4.43 in 2024, and experienced a sharper decline to 3.25 in 2025.

Table 1. PBV Value of Banking Companies

No.	CODE	YEAR	PBV
1	BMRI	2022	1.88
		2023	2.11
		2024	1.49
		2025	1.43
2	BBCA	2022	4.86
		2023	4.78
		2024	4.43
		2025	3.25

Source: www.indoprimer.com

Based on the data in Table 1. two main phenomena are evident. First, there is a downward trend in the PBV of both banks after 2023, indicating a weakness in the company's value from a market perspective. Second, there is a consistent valuation gap between state-owned and private banks, with private banks tending to have higher company values. This indicates that investors place a higher value on private banks than on state-owned banks. This difference is due to various factors such as operational efficiency, financial stability, and corporate governance quality.

The decline in PBV, despite relatively stable banking performance, indicates that company value is influenced not only by internal factors such as profitability, but also by external factors such as macroeconomic conditions, interest rates, and market sentiment. Furthermore, the differences in characteristics between state-owned and private banks also influence investor perceptions. State-owned banks have a dual role as business entities and development agents, often facing policies that are not entirely profit-oriented. This can increase the perception of risk in the eyes of investors. Conversely, private banks tend to focus more on

efficiency and profitability, thus being considered more stable and having more promising prospects.

Therefore, a high PBV value for private banks reflects strong investor confidence in their performance and good corporate governance. Conversely, a lower PBV value for state-owned banks indicates that the market tends to place a more conservative valuation. This indicates that factors such as good corporate governance, risk, profitability, capitalization, leverage, and liquidity play a significant role in determining a company's value.

Thus, the discrepancy and decline in PBV in the banking sector indicate a gap between company performance and market value. Therefore, further research is needed to analyze the factors influencing company value in the banking sector listed on the Indonesia Stock Exchange.

This study examines the influence of internal factors on company value in the banking sector listed on the Indonesia Stock Exchange during the 2022-2025 period. Several factors can influence company value, including Good Corporate Governance, Risk, Profitability, Capitalization, Leverage, and Liquidity. Good Corporate Governance is a crucial factor influencing company value, particularly in the banking sector. Good corporate governance (GCG) implementation can increase investor confidence and minimize conflicts of interest between management and shareholders. Therefore, GCG is a crucial factor in increasing company value.

In this study, GCG was assessed using the Corporate Governance Perception Index (CGPI) compiled by (IICG, 2025). CGPI is an index that evaluates quality. The results of previous research conducted by (Salamah & Komara, 2025) stated that GCG has a positive effect on company value. However, the research results differ from (Adi et al., 2026) (Tiara Ramadhan, Afrah Junita, 2022), (Andra Galang Nugraha, Taufik Maulid, 2022) that GCG does not have a significant effect on company value.

Based on this phenomenon, it can be concluded that the implementation of Good Corporate Governance plays a significant role in influencing company value, but this influence remains unstable. Therefore, research on the impact of GCG, as measured by the Corporate Governance Perception Index (CGPI), on company value in the banking sector on the Indonesia Stock Exchange is crucial to obtain more definitive and empirical results.

The second factor, risk, affects company value. Credit risk is generally measured using the Non-Performing Loan (NPL) ratio. Previous research has shown that (Tiolensa Kristina Situmorang, Indah Cahya Sagala, Sucitra Dewi, 2025) states that risk has a significant negative influence on company value. However, different research results were obtained. (Masita Wahyuni Asih et al., 2024) indicates no significant influence on company value. This indicates that risk has not yet produced stable results in influencing company value.

The third factor, profitability, influences company value. Return on assets (ROA) is used to assess a company's ability to generate profits or gains by utilizing its assets. If profitability levels continue to rise, this indicates a company's track record of generating positive investor sentiment, which can lead to higher share prices when demand increases (Dewi, 2024). Results of previous research (Lusia Destika Gidus, 2025) stated that profitability has a positive effect on company value. This research is in line with research conducted by (Nirmala & Mildawati, 2023), (Syahrani et al., 2023). However, different results were obtained (Adi et al., 2026), (Andra Galang Nugraha, Taufik Maulid, 2022), (Reli Hepi Evendi, 2023), And (Wahyuningrum & Sunarto, 2023) that profitability has no effect on company value. This indicates that a company's ability to generate profits is not always positively responded to by the market.

The fourth factor, capital, influences company value. The capital adequacy ratio (CAR), often referred to as the Capital Adequacy Ratio (CAR), reflects a bank's ability to cover the risk of losses from its activities and its ability to fund its operations. Like other companies, banks have capital available for operational purposes. Previous research generally indicates

that CAR has a positive and significant effect on company value.(Liho et al., 2025),(Marcellino V. Wangarry, Joubert B. Maramis, 2023)This shows that the higher the level of capital adequacy, the higher investor confidence in the bank's performance.

The fifth factor, namely leverage, affects the company's value. According to(Erfanudin & Rahayu, 2023) Leverage can be measured using, among other things, the Debt-to-Asset Ratio (DAR). The higher a company's DAR, the greater the risk of creating opportunities to maximize its value through borrowed funding. This finding is consistent with previous research.(Adi et al., 2026)states that leverage has a positive effect on company value. However, the results of research conducted by(Riani & Setyabudi, 2024),(Syahid Hidayat & Zulkarnain, 2025),(Andra Galang Nugraha, Taufik Maulid, 2022)states that leverage has no effect on company value.

Liquidity in this study is proxied using the Loan-to-Deposit Ratio (LDR), a ratio that indicates a bank's ability to channel third-party funds into credit. An optimal LDR reflects the effectiveness of a bank's intermediation function and can improve company performance and value. Previous research has shown that LDR is related to company value.(Claudia Natasya P. et al., 2024). In addition, research (Dwi Novita Sari, 2025; Marcellino V. Wangarry, Joubert B. Maramis, 2023; Nurhalisa et al., 2025; Sabna Aprila & Elen Puspirasari, 2021; Syahrani et al., 2023) also found that liquidity has a positive effect on firm value.

Based on the background described in relation to the phenomenon, this study aims to test and analyze indicators that reflect company value in the banking industry sector listed on the Indonesia Stock Exchange in 2022-2025 with the title The Influence of Good Corporate Governance, Risk, Profitability, Capital, Leverage and Liquidity on Company Value in the Banking Industry Sector Listed on the Indonesia Stock Exchange in 2022-2025.

Literature Review

Signaling theory

Signaling Theory:(Spence, 1973)Signaling theory explains that signaling is a signal that the information owner, or sender of the information, is trying to provide relevant information regarding financial reports that are used by recipients, especially investors, to increase shareholder value. The positive side of signaling theory is that it can differentiate between companies that provide good information and companies that do not have good information, thus increasing company value.

Agency theory

Agency theory explains the relationship between shareholders, who are often known as principals, and company management, who are known as agents. According to(Jensen, Michael C. and Meckling, 1976) An agency relationship arises from an agreement or contract between a principal and an agent to perform services in the principal's best interest. This relationship presents a problem of information asymmetry, a condition where managers have more information about the company's condition and prospects than shareholders.

METHOD

This quantitative study targeted financial sector companies in the banking industry listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period. The population comprised all banking companies listed on the IDX, while the sample was selected using a purposive sampling technique based on the criteria of listed companies publishing complete annual reports during the observation period. The data used were secondary quantitative data obtained from annual reports and company financial reports on the official IDX website (www.idx.co.id) and other relevant sources. The research variables used to measure company value are Price to Book Value (PBV), Good Corporate Governance is measured by Corporate

Governance Perception Index (CGPI), risk is measured by Non-Performing Loan (NPL), profitability is measured by Return on Assets (ROA), capital is measured by Capital Adequacy Ratio (CAR), Leverage is measured by Debt to Assets Ratio (DAR), and liquidity is measured by Loan to Deposit Ratio (LDR). Data were analyzed using multiple linear regression with SPSS after testing the classical assumption test. Hypothesis testing was conducted using the F test, t test, and coefficient of determination (R^2).

RESULTS AND DISCUSSION

Instrument Testing

Descriptive Statistical Analysis

Table 2. Results of Descriptive Statistical Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Standard Deviation
GCG	180	0	2	,87	,511
RISK	180	-2.90	6.33	1,1511	1.15742
PROFITABILITY	180	-10.85	11.43	1.3327	2,40432
CAPITAL	180	10.10	283.38	40,7049	32.48674
LEVERAGE	180	-17.13	115.79	70,3900	25,33883
LIQUIDITY	180	20.53	527.91	96,3382	52.99682
COMPANY VALUES	180	,27	48.69	1,7622	3,80914
Valid N (listwise)	180				

Source: Data processed with SPSS version 25 (2026)

Table 2. presents descriptive statistics including minimum, maximum, mean, and standard deviation values for a total of 48 companies with 180 observation data throughout the observation period (2022-2025).

The risk variable proxied using Non-Performing Loan (NPL) shows an average value of 1.1511 and has a standard deviation of 1.15742. The minimum value of -2.90 was found at Bank Amar Indonesia Tbk in 2023. The average NPL is quite low indicating that the sample banks demonstrated the ability to maintain credit quality at a fairly good level throughout the study.

The profitability variable measured by Return on Assets (ROA) shows an average value of 1.3327 and a standard deviation of 2.40432. The minimum value of -10.85 was held by Bank Aladin Syariah Tbk in 2022. The significant difference between the minimum and maximum values indicates variations in the bank's ability to utilize its assets to generate profits during the study period.

The capital variable, proxied by the Capital Adequacy Ratio (CAR), has an average value of 40.7049 and a standard deviation of 32.48674. The minimum value is 10.10 and the maximum value is 283.38. The high variation in CAR indicates differences in banks' ability to provide capital to cover business risks during the study period.

The Leverage variable measured through the Debt to Asset Ratio (DAR) shows an average value of 70.3900 with a standard deviation of 25.33883. The minimum value is -17.13 at Krom Bank Indonesia Tbk for 2025, while the maximum value is 115.79 at Bank of India Indonesia Tbk in 2025. The fairly high average Leverage shows that operational activities in the banking sector still depend heavily on funding sources originating from liabilities or third-party funds.

The liquidity variable, measured through the Loan to Deposit Ratio (LDR), showed an average of 96.3382 with a standard deviation of 52.99682. The average, which is close to 100%, indicates that the banking companies in the sample generally had a fairly good ability to channel third-party funds into credit during the study period.

Meanwhile, company value, measured using Price to Book Value (PBV), showed an average value of 1.7622 and a standard deviation of 3.80914. The minimum value was 0.27 and the maximum was 48.69. An average PBV value exceeding one indicates that the market generally gives a positive assessment to the banking companies included in the study sample.

Table 3. Results of Descriptive Statistical Analysis of Dummy Variables

Good Corporate Governance Predicate				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Trusted	37	20.2	20.6
	Trusted	130	71.0	92.8
	Quite Trustworthy	13	7.1	100.0
	Total	180	98.4	100.0
Missing	System	3	1.6	
Total		183	100.0	

Source: Data processed with SPSS version 25 (2026)

Variables *Good Corporate Governance* in this study, the GCG variables were measured using dummy variables, which were differentiated based on the Corporate Governance Perception Index (CGPI) categories: very trustworthy, trustworthy, and moderately trustworthy. The frequency of the GCG variables is shown in Table 3. The results of the descriptive statistical analysis of the dummy variables show that not all banks received the same CGPI rating each year. Some banks received ratings of moderately trustworthy, trustworthy, or very trustworthy, resulting in variations in GCG scores throughout the observation period.

Based on the analysis of the frequency distribution of variables *Good Corporate Governance* (GCG) of the 180 observations used in the study, there are 130 observations or 72.2% that are classified as trusted category, 37 observations or 20.6% are in the very trusted category, and 13 observations or 7.2% are in the fairly trusted category. This finding indicates that the majority of companies that are the subjects of the study have implemented corporate governance in the trusted category. In addition, the total trusted and very trusted categories reached 92.8%, indicating that the majority of banks in this study have implemented the principles of Good Corporate Governance well.

Normality Test

Table 4. Normality Test Results Before Transformation

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		180
Normal Parameters ^{a,b}	Mean	,0000000
	Standard Deviation	3.73049795
Most Extreme Differences	Absolute	,272
	Positive	,272
	Negative	-,265
Test Statistics		,272
Asymp. Sig. (2-tailed)		,000 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data processed with SPSS version 25 (2026)

Based on Table 4. the results of the normality test before transformation are known that the Asymp. Sig. (2-tailed) value is 0.000, which means it is smaller than the significance level of 0.05 ($0.000 < 0.05$). Thus, the residual data in the regression model is not normally distributed, so the normality assumption is not met. In statistics, data that is not normally distributed can be transformed, SPSS data transformation is an effort made with the main aim of changing the scale of the original data size into another form so that the data can meet the assumptions underlying various analyses (Ghozali. 2013). The results after data transformation using the Natural Logarithm (LN) method and using SPSS version 25 can be seen in Table 5. the results of the normality test after transformation:

Table 5. Results of Normality Test After Transformation		
One-Sample Kolmogorov-Smirnov Test		
	Unstandardized Residual	
N		122
Normal Parameters ^{a,b}	Mean	,0000000
	Standard Deviation	,72595310
Most Extreme Differences	Absolute	,079
	Positive	,079
	Negative	-,054
Test Statistics		,079
Asymp. Sig. (2-tailed)		,058 ^c
a. Test distribution is Normal		
b. Calculated from data.		

Source: Data processed with SPSS version 25 (2026)

Based on Table 5. the results of the normality test after transformation show that the number of observations (N) used for testing is 122 data. The results of the One-Sample Kolmogorov-Smirnov Test show an Asymp.Sig. (2-tailed) value of 0.058. This value is higher than the significance level of 0.05 ($0.058 > 0.05$) so it can be stated that the residual data after transformation is normally distributed.

Classical Assumption Test

Multicollinearity Test

Table 6. Multicollinearity Test Results							
Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-1,361	,923		-1,475	,143		
GCG	-,271	,402	-,058	-,675	,501	,954	1,048
RISK	-,050	,067	-,073	-,749	,455	,748	1,338
PROFITABILITY	,151	,067	,222	2,254	,026	,739	1,353
CAPITAL	,345	,147	,244	2,351	,020	,663	1,509
LEVERAGE	,139	,065	,199	2,143	,034	,832	1,201
LIQUIDITY	-,103	,204	-,053	-,506	,614	,665	1,503

Source: Data processed with SPSS version 25 (2026)

Based on Table 6. the results of the multicollinearity test show that the independent variables have a Tolerance value of more than 0.10 and a VIF value of less than 10. All VIF values are even in the range of 1 to 2, which indicates that the relationship between the independent variables is quite low. The results show that all independent variables have a Tolerance value of more than 0.10 and a VIF value of less than 10. All VIF values are even in the range of 1 to 2, which indicates that the relationship between the independent variables is quite low.

Thus, the regression model in this study is free from indications of multicollinearity. This condition indicates that the variables Good Corporate Governance (GCG), Risk, Profitability, Capitalization, Leverage, and Liquidity are able to indicate that there is no high correlation between the independent variables, so that each variable can explain the dependent variable independently and does not affect the accuracy of the regression model estimates.

Heteroscedasticity Test

Table 7. Heteroscedasticity Test Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	,923	2,149		,429	,670
GCG	-1,488	,924	-,223	-1,610	,114
RISK	,134	,077	,245	1,741	,088
PROFITABILITY	,138	,085	,242	1,623	,112
CAPITAL	-,446	,250	-,415	-1,785	,081
LEVERAGE	-,002	,279	-,001	-,006	,995
LIQUIDITY	,321	,264	,257	1,215	,231

a. Dependent Variable: ABS_RES

Source: Data processed with SPSS version 25 (2026)

Based on the test results contained in the Table 7. The results of the heteroscedasticity test, the Good Corporate Governance (GCG) variable shows a significance value of 0.114; Risk of 0.088; Profitability of 0.112; Capitalization of 0.081; Leverage of 0.995; and Liquidity of 0.231. Each independent variable shows a significance value higher than 0.05.

These results indicate that no independent variables have a significant influence on the absolute value of the residual. Thus, the residual variance tends to be stable across observation levels, indicating no signs of heteroscedasticity in the regression model. This indicates that the residual distribution is relatively consistent and unaffected by variations in the values of the independent variables, making the regression model suitable for further analysis and hypothesis testing.

Autocorrelation Test

Table 8. Autocorrelation Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	,420a	,177	,134	,74465	2,127

a. Predictors: (Constant), Ln_X6_LIQUIDITY, Ln_X2_RISIKO, Ln_X1_GCG, Ln_X5_LEVERAGE, Ln_X3_PROFITABILITY, Ln_X4_CAPITAL
b. Dependent Variable: Ln_Y_COMPANY VALUE

Source: Data processed with SPSS version 25 (2026)

The results of the autocorrelation test can be seen in Table 8. Based on the test results, the Durbin-Watson (DW) value was obtained as 2.127. At a significance level of 5% with 122 observations (n) and 6 independent variables (k), the upper limit (dU) and lower limit (dL) values were obtained based on the Durbin-Watson table. The Durbin-Watson value of 2.127 is between dU and 4-dU ($dU < DW < 4-dU$). This indicates that the regression model does not experience autocorrelation, either positive or negative autocorrelation. In addition, the Durbin-Watson value approaching 2 indicates that the residuals between observations are independent and uncorrelated. Thus, it can be concluded that the regression model in this study is free from autocorrelation symptoms, thus fulfilling one of the classical assumptions of regression and is suitable for further analysis.

Multiple Linear Regression Analysis

Table 9. Results of Multiple Linear Regression Analysis Test

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-1,361	,923		-1,475	,143
GCG	-,271	,402	-,058	-,675	,501
RISK	-,050	,067	-,073	-,749	,455
PROFITABILITY	,151	,067	,222	2,254	,026
CAPITAL	,345	,147	,244	2,351	,020
LEVERAGE	,139	,065	,199	2,143	,034
LIQUIDITY	-,103	,204	-,053	-,506	,614

a. Dependent Variable: Ln_Y_COMPANY VALUE

Source: Data processed with SPSS version 25 (2026)

Based on the results of the processed data in Table 9. the results of the multiple linear regression analysis test, the regression equation formula used in this study is as follows:

$$PBV = \alpha + \beta_1 GCG + \beta_2 NPL + \beta_3 ROA + \beta_4 CAR + \beta_5 DAR + \beta_6 LDR + \varepsilon$$

$$PBV = -1,361 - 0,271GCG - 0,050NPL + 0,151ROA + 0,345CAR + 0,139DAR - 0,103LDR + \varepsilon$$

Based on the regression equation, it can be interpreted that:

1. The constant value of -1.361 indicates that if the variables of Good Corporate Governance (GCG), Risk, Profitability, Capital, Leverage, and Liquidity are considered constant or have a value of zero, then the Company Value has a value of -1.361.
2. The Good Corporate Governance (GCG) regression coefficient of -0.271 indicates that every 1% increase in GCG, assuming other variables remain constant, will decrease the Company's Value by 0.271. This relationship is negative.

3. The Risk regression coefficient value of -0.050 indicates that every 1% increase in Risk, assuming other variables remain constant, will decrease the Company's Value by 0.050. This relationship is negative.
4. The profitability regression coefficient of 0.151 indicates that every 1% increase in profitability, assuming other variables remain constant, will increase firm value by 0.151. This relationship is positive.
5. The Capital regression coefficient value of 0.345 indicates that every 1% increase in Capital, assuming other variables remain constant, will increase Firm Value by 0.345. This relationship is positive.
6. The Leverage regression coefficient value of 0.139 indicates that every 1% increase in Leverage, assuming other variables remain constant, will increase Firm Value by 0.139. This relationship is positive.
7. The Liquidity regression coefficient value of -0.103 indicates that every 1% increase in Liquidity, assuming other variables remain constant, will decrease the Company's Value by 0.103. This relationship is negative.

Thus, from the regression coefficient value, it can be seen that the variables Profitability, Capital, and Leverage have a positive influence on Company Value, while the variables Good Corporate Governance (GCG), Risk, and Liquidity have a negative influence on Company Value.

Model Testing

F Statistical Test

Table 10. Results of the F Statistical Test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13,694	6	2,282	4,116	,001 ^b
	Residual	63,768	115	,555		
	Total	77,462	121			

a. Dependent Variable: Ln_Y_COMPANY VALUE

b. Predictors: (Constant), Ln_X6_LIQUIDITY, Ln_X2_RISIKO, Ln_X1_GCG, Ln_X5_LEVERAGE, Ln_X3_PROFITABILITY, Ln_X4_PERMODALAN

Source: Data processed with SPSS version 25 (2026)

Based on the test results presented in Table 10. an F-value of 4.116 was obtained with a significance level of 0.001. This significance value is below the set significance level of 5% ($0.001 < 0.05$), thus indicating that the variables of Good Corporate Governance (GCG), risk, profitability, capitalization, leverage, and liquidity have a significant effect on company value.

Coefficient of Determination Test (R^2)

Table 11. Results of the Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	,420 ^a	,177	,134	,74465
a. Predictors: (Constant), Ln_X6_LIQUIDITY, Ln_X2_RISIKO, Ln_X1_GCG, Ln_X5_LEVERAGE, Ln_X3_PROFITABILITY, Ln_X4_CAPITAL				
b. Dependent Variable: Ln_Y_COMPANY VALUE				

Source: Data processed with SPSS version 25 (2026)

Based on the analysis results presented in Table 11. shows the results of the coefficient of determination test, which obtained an Adjusted R Square value of 0.134, or 13.4%. These results indicate that the variables of Good Corporate Governance (GCG), risk, profitability, capitalization, leverage, and liquidity are able to explain 13.4% of the variation in company value in the banking industry sector listed on the Indonesia Stock Exchange in 2022-2025, with the remaining 86.6% explained by other variables not included in the regression model.

Hypothesis Testing

Based on the results of the t-test in Table 9, the results of the multiple linear regression analysis test can be concluded as follows:

1. The Influence of Good Corporate Governance (GCG) on Company Value

Based on the t-test results on H1, the Good Corporate Governance (GCG) variable has a regression coefficient value of -0.271 with a significance value of 0.501. Because the significance value is greater than 0.05 ($0.501 > 0.05$), GCG does not have a significant effect on the Company's value and is rejected.

2. The Influence of Risk on Company Value

Based on the t-test results on H2, the Risk variable has a regression coefficient value of -0.050 with a significance level of 0.455. This significance value is greater than 0.05 ($0.455 > 0.05$), so the risk does not have a significant effect on company value and is rejected.

3. The Influence of Profitability on Company Value

Based on the results of the t-test on H3, the Profitability variable obtained a regression coefficient value of 0.151 with a significance value of 0.026. Because the significance value is smaller than 0.05 ($0.026 < 0.05$), profitability has a positive and significant effect on the company's value.

4. The Influence of Capital on Company Value

Based on the results of the t-test on H4, the Capital variable has a regression coefficient value of 0.345 with a significance value of 0.020. This significance value is smaller than 0.05 ($0.020 < 0.05$), so capital has a positive and significant effect on the company's accepted value.

5. The Effect of Leverage on Company Value

Based on the t-test results on H5, the Leverage variable has a regression coefficient value of 0.139 with a significance value of 0.034. Because the significance value is smaller than 0.05 ($0.034 < 0.05$), leverage has a positive and significant effect on the company's value.

6. The Effect of Liquidity on Company Value

Based on the t-test results on H5, the Liquidity variable has a regression coefficient value of -0.103 with a significance value of 0.614. Because the significance value is greater than 0.05 ($0.614 > 0.05$), liquidity does not have a significant effect on company value and is rejected.

Discussion

The Influence of Good Corporate Governance (GCG) on Company Value

Based on the t-test results, the Good Corporate Governance (GCG) variable obtained a regression coefficient value of -0.271 with a significance level of 0.501. A significance value greater than 0.05 indicates that Good Corporate Governance has no effect on firm value, so the first hypothesis (H1) is rejected. The results of this study do not fully support agency theory or signaling theory because the implementation of GCG in the banking industry tends to comply with regulatory requirements and is therefore not a differentiating factor in increasing firm value. The results of this study are in line with (Adi et al., 2026) and (Andra Galang Nugraha, Taufik Maulid, 2022) which state that GCG has no significant effect on firm value. Thus, Good

Corporate Governance as measured using the Corporate Governance Perception Index (CGPI) has not been able to increase firm value.

The Influence of Risk on Company Value

Based on the t-test results, the risk variable has a regression coefficient of -0.050 with a significance value of 0.455. This significance value is greater than 0.05, indicating that risk does not significantly affect firm value, and the second hypothesis (H2) is rejected. A negative regression coefficient indicates that increasing risk tends to decrease firm value, but this effect is not significant. Risk in this study is proxied by Non-Performing Loans (NPL). Based on signaling theory, information about risk should be a signal for investors, but in the banking sector, this information has not been able to significantly influence investor assessments. This condition is suspected because the banking industry has a strict risk monitoring and management system so that the risks that occur can still be controlled. The results of this study are in line with (Tiolensa Kristina Situmorang, Indah Cahya Sagala, Sucitra Dewi, 2025) and (Syahrani et al., 2023) where risk does not significantly affect firm value.

The Influence of Profitability on Company Value

Based on the t-test results, the profitability variable has a regression coefficient value of 0.151 with a significance level of 0.026. A significance value smaller than 0.05 indicates that profitability has a positive and significant effect on firm value, thus the third hypothesis (H3) is accepted. Profitability is proxied using Return on Assets (ROA), which describes a company's ability to utilize all its assets to generate profits. The results of this study support signaling theory, which states that high profitability provides a positive signal to the market regarding a company's health and good prospects. These results are in line with (Gustina Hidayat, Azhar Affandi, 2025; Lusia Destika Gidus, 2025; Marsifa, Hari Gursida, 2025; Pratama Hendra, Kadek Adi Gama, Agus Wahyudi Salasa Astiti, 2024; Syahrani et al., 2023; Tiara Ramadhan, Afrah Junita, 2022) who found that profitability has a positive effect on firm value.

The Influence of Capital on Company Value

Based on the t-test results, the capital variable has a regression coefficient value of 0.345 with a significance value of 0.020. A significance value smaller than 0.05 indicates that capital has a positive and significant effect on firm value, thus the fourth hypothesis (H4) is accepted. Capital is proxied using the Capital Adequacy Ratio (CAR), which describes a bank's ability to provide adequate capital to cover risks arising from its operational activities. The results of this study support signaling theory, which explains that a high level of capital provides a positive signal to the market that a company has a strong financial condition and is able to face various business uncertainties. The results of this study are in line with (Marcellino V. Wangarry, Joubert B. Maramis, 2023), (Liho et al., 2025), and (Rifani Akbar Sulbahri, Luk Luk Fuadah, Yulia Saftiana, 2023) which show that capital as measured by CAR can increase firm value.

The Effect of Leverage on Company Value

Based on the t-test results, the Leverage variable has a regression coefficient value of 0.139 with a significance value of 0.034. A significance value smaller than 0.05 indicates that Leverage has a positive and significant effect on firm value, thus the fifth hypothesis (H5) is accepted. A positive regression coefficient indicates that an increase in Leverage tends to be followed by an increase in firm value. The use of effectively managed debt can help companies obtain funding sources to support operational activities and business development. The results of this study can be explained through agency theory, which states that debt can function as a

means of controlling management because the company is obliged to make regular principal and interest payments. From an investor perspective, a company's funding structure is also one of the indicators considered in assessing a company's prospects. The results of this study are in line with (Adi et al., 2026) and (Dwi Novita Sari, 2025) which show that Leverage has a positive impact on firm value. Thus, efficient debt management can provide additional financing sources for companies and support increased firm value.

The Effect of Liquidity on Company Value

Based on the t-test results, the liquidity variable has a regression coefficient value of -0.103 with a significance value of 0.614. A significance value greater than 0.05 indicates that liquidity does not significantly influence firm value, thus rejecting the sixth hypothesis (H6). Liquidity is proxied using the Loan to Deposit Ratio (LDR), which is used to measure a bank's ability to channel funds obtained from the public into loans. Based on signaling theory, high liquidity should provide a positive signal because it indicates a company's ability to meet short-term obligations. However, the results of this study indicate that liquidity data is not yet strong enough to influence investor decisions. The insignificant effect of liquidity may be due to the nature of the banking industry, which has strict supervision and regulations regarding liquidity management. The results of this study are in line with those of Marcelino V. Wangarry, Joubert B. Maramis, 2023, and Liho et al., 2025, which state that liquidity, as measured by LDR, does not significantly influence firm value.

CONCLUSION

This study was conducted to analyze Good Corporate Governance (GCG), Risk, Profitability, Capitalization, Leverage, and Liquidity on Company Value in the financial sector of the banking industry listed on the Indonesia Stock Exchange for the 2022–2025 period. Based on the results of the testing and analysis of the research findings and the discussion in the previous chapter, the following conclusions were obtained:

1. *Good Corporate Governance* (GCG) has no significant effect on company value. Therefore, corporate governance, as measured by the Corporate Governance Perception Index (CGPI), is not yet a primary factor considered by investors when assessing banking companies.
2. Risk has a negative effect and does not have a significant effect on Company Value.
3. Profitability has a positive and significant impact on firm value. Therefore, the higher a company's profit-generating ability, the higher investors' appreciation of the company, thereby increasing its value.
4. Capitalization has a positive and significant impact on company value. A strong capitalization level reflects a company's ability to manage risks and maintain financial stability, thereby increasing investor confidence.
5. *Leverage* has a positive and significant impact on company value. Effectively managed debt can support operational activities and business development, thereby increasing company value.
6. Liquidity has a negative and insignificant effect on Company Value, so the level of company liquidity has not been a primary consideration for investors in determining investment decisions in the banking sector.

Suggestions for future researchers include adding other independent variables that could potentially influence firm value, such as firm size, growth, dividend policy, ownership structure, inflation, interest rates, and other macroeconomic factors. These additional variables are expected to improve the model's ability to explain variations in firm value.

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