

## GOVERNANCE AND FINANCIAL PERFORMANCE EFFECTS: MODERATING ROLE OF FIRM SIZE

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### ABSTRACT

This study examines the influence of financial performance, audit committee effectiveness, and institutional ownership on firm value, with firm size acting as a moderating variable, in mining companies listed on the Indonesia Stock Exchange during 2022–2024. This period reflects the post-commodity price peak normalization phase, characterized by heightened market volatility and increasing pressure on corporate valuations. Financial performance is proxied by Net Profit Margin (NPM), audit committee effectiveness by the frequency of audit committee meetings, institutional ownership by the proportion of institutional shareholdings, and firm value by Price to Book Value (PBV). Using a quantitative research design, this study analyzes balanced panel data from 54 mining firms, resulting in 162 firm-year observations, and applies Moderated Regression Analysis (MRA) using EViews 12. The findings indicate that NPM and audit committee effectiveness have a significant positive effect on PBV, suggesting that profitability and active oversight enhance market valuation, while institutional ownership does not significantly affect firm value. Furthermore, firm size weakens the relationship between NPM and PBV, implying that the marginal impact of profitability on valuation declines as firms grow larger; however, firm size does not moderate the effects of audit committee effectiveness and institutional ownership. These results support Stewardship Theory and provide practical implications for corporate management and institutional investors in optimizing governance and financial strategies under post-boom commodity market conditions.

**Keywords:** *Company Value, Financial Performance, Audit Committee, Institutional Ownership, Company Size.*

### ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh kinerja keuangan, efektivitas komite audit, dan kepemilikan institusional terhadap nilai perusahaan dengan ukuran perusahaan sebagai variabel moderasi pada perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2022–2024. Periode ini merepresentasikan fase normalisasi pasca puncak harga komoditas yang ditandai dengan meningkatnya volatilitas pasar dan tekanan terhadap valuasi perusahaan di Indonesia. Kinerja keuangan diproksikan dengan Net Profit Margin (NPM), efektivitas komite audit diukur melalui frekuensi rapat komite audit, kepemilikan institusional diukur berdasarkan proporsi kepemilikan saham institusi, dan nilai perusahaan diproksikan dengan Price to Book Value (PBV). Penelitian ini menggunakan pendekatan kuantitatif dengan data panel seimbang dari 54 perusahaan pertambangan sehingga diperoleh 162 observasi firm-year. Analisis dilakukan menggunakan Moderated Regression Analysis (MRA) dengan bantuan perangkat lunak EViews 12. Hasil penelitian menunjukkan bahwa NPM dan efektivitas komite audit berpengaruh positif dan signifikan terhadap PBV, yang mengindikasikan bahwa profitabilitas dan pengawasan yang aktif mampu meningkatkan valuasi pasar perusahaan, sedangkan kepemilikan institusional tidak berpengaruh signifikan terhadap nilai perusahaan. Selain itu, ukuran perusahaan terbukti memperlemah pengaruh NPM terhadap PBV, yang berarti bahwa dampak marjinal profitabilitas terhadap valuasi menurun pada perusahaan yang lebih besar, namun ukuran perusahaan tidak memoderasi pengaruh komite audit dan kepemilikan institusional. Temuan ini mendukung Stewardship Theory serta memberikan

*implikasi praktis bagi manajemen dan investor institusional dalam mengoptimalkan strategi tata kelola dan kinerja keuangan pada sektor pertambangan Indonesia.*

**Kata Kunci:** Nilai Perusahaan, Kinerja Keuangan, Komite Audit, Kepemilikan Institusional, Ukuran Perusahaan.

## INTRODUCTION

Firm value constitutes the fundamental objective underlying the establishment of every corporation, as it reflects the level of trust successfully built in the eyes of investors and the broader market over time. Conceptually, enterprise value represents the total value of a company's equity combined with its debt obligations, net of available cash (MAPPI, 2018; Brigham & Houston, 2020). In capital market practice, firm value is closely associated with shareholder wealth maximization and is commonly proxied by Price to Book Value (PBV), which compares market price with book value and captures investor expectations regarding future profitability and growth (Apriantini et al., 2022). A consistently high PBV indicates that the market is willing to pay a premium for the company's assets due to confidence in its future performance. Conversely, a declining PBV signals deteriorating investor sentiment and skepticism about the firm's capacity to generate sustainable returns. Therefore, management bears strategic responsibility for optimizing firm value through effective financial management, transparent reporting, and sound governance practices.

Despite this objective, maximizing firm value is often confronted by complex internal and external challenges. This phenomenon is particularly evident in Indonesia's capital market, where public companies frequently experience substantial valuation pressures due to operational, environmental, regulatory, and macroeconomic factors. In the mining sector, for example, public resistance to mining activities, environmental concerns, and regulatory transitions have created negative sentiment that directly influences investor perception. Corporate actions such as acquisition processes, contract renegotiations, and ownership restructuring have also generated valuation volatility. These governance and regulation-related dynamics demonstrate how quickly firm value can erode when market confidence weakens. Thus, firm value is not solely determined by financial performance but also by how effectively companies manage governance risks and stakeholder expectations.

The mining industry holds a strategic position in Indonesia's economy, contributing significantly to Gross Domestic Product (GDP). According to Statistics Indonesia (BPS, 2024), the mining and quarrying sector reached its highest GDP contribution at 12.54% in 2022, driven by extraordinary global commodity price increases. However, this contribution declined to 9.15% in 2024, reflecting the normalization of commodity prices and reduced global demand. This macroeconomic shift was largely triggered by the sharp correction in coal prices, which fell from record highs exceeding USD 400 per ton at the end of 2022 to approximately USD 123–150 per ton by the end of 2024 (Trading Economics, 2024). The boom-to-normalization transition created significant pressure on mining companies' revenues, profitability, and ultimately their market valuations.

The impact of commodity price volatility was directly transmitted to the stock market. During the 2022 commodity boom, mining stocks significantly supported the Composite Stock Price Index (IDX Composite). However, following the price correction, many mining issuers experienced substantial declines in share prices and market capitalization. Empirical observation shows that the average PBV of selected mining companies dropped drastically from above 2.0 in 2022 to below 1.0 in 2024. A PBV ratio below one indicates that the market values the company lower than its book value, reflecting pessimism regarding its ability to generate future economic benefits. This sustained contraction in valuation during 2022–2024

underscores a structural vulnerability in the sector and raises critical questions regarding which internal corporate factors can mitigate external shocks and preserve firm value.

In this context, financial performance becomes a central determinant. Profitability, often measured by Net Profit Margin (NPM), signals the firm's efficiency in generating net income from revenues and managing operational costs. Strong profitability is expected to provide positive signals to investors and enhance valuation. Several studies document a significant positive relationship between financial performance and firm value (Harahap et al., 2020; Santosa et al., 2020; Kusuma & Sari, 2025). However, other empirical findings report insignificant effects (Dewi & Muchran, 2023; Valencia, 2025), suggesting that profitability alone may not fully explain valuation dynamics, particularly in industries exposed to commodity cycles. This inconsistency reveals a research gap requiring further examination within the mining sector during periods of price normalization.

Beyond financial performance, corporate governance mechanisms are essential in maintaining investor trust. The audit committee plays a pivotal role in overseeing financial reporting processes, ensuring transparency, and strengthening internal control systems. An effective audit committee enhances the credibility of financial statements and reduces information asymmetry between management and shareholders. Empirical evidence from Indonesian listed companies indicates that audit committee effectiveness can positively influence firm value (Ghani et al., 2023; Saragih & Tampubolon, 2023). Nevertheless, other studies find insignificant or negative relationships (Ferjanaan & Natalylova, 2023; Mirnayanti & Rahmawati, 2022), arguing that the existence of an audit committee does not automatically guarantee effective oversight if it functions merely as a formal compliance mechanism. These contradictory results indicate that governance effectiveness may depend on contextual or structural conditions.

Institutional ownership is another governance-related factor that may influence firm value. Institutional investors are generally perceived as sophisticated monitors capable of disciplining management and supporting long-term strategic decisions. Prior studies show that institutional ownership positively affects firm value (Attarit, 2023; Mardjono et al., 2025). However, other research reports insignificant or even negative effects (Sari & Wulandari, 2021; Ermanda & Puspa, 2022), suggesting that institutional investors may face limitations in influencing managerial decisions or may align more closely with management interests rather than minority shareholders. These mixed findings further reinforce the presence of unresolved empirical gaps.

Considering these inconsistencies, firm size emerges as a relevant moderating variable. Larger firms typically possess greater asset bases, stronger financial resilience, broader access to capital markets, and higher public visibility. These characteristics may strengthen or weaken how financial performance and governance mechanisms translate into market valuation. For instance, profitability improvements in large firms may produce diminishing marginal effects on PBV due to structural complexity, while governance mechanisms may be perceived differently across firm scales. Despite its theoretical relevance, limited studies have specifically examined the moderating role of firm size within the context of Indonesia's mining sector during the post-commodity boom transition.

Accordingly, the novelty of this research lies in its contextual and methodological contributions. First, it focuses on the 2022–2024 period, representing the post-commodity price peak normalization phase, during which mining companies faced declining profitability, stock price corrections, and sustained PBV contraction. Second, it integrates financial performance, audit committee effectiveness, and institutional ownership within a comprehensive framework to explain firm value dynamics in a commodity-dependent

emerging market. Third, it introduces firm size as a moderating variable to address prior empirical inconsistencies and to examine whether company scale alters the impact of profitability and governance on valuation. By concentrating specifically on mining companies listed on the Indonesia Stock Exchange during a period of macroeconomic transition, this study provides updated and contextually grounded empirical evidence, thereby contributing to the literature on firm value determinants under conditions of economic normalization and sectoral volatility.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Stewardship Theory

Stewardship theory, rooted in psychology and sociology, explains situations in which managers act as stewards who prioritize the interests of owners and the organization rather than pursuing self-interest (Donaldson & Davis, 1991; Jide et al., 2025). Unlike agency theory, stewardship theory assumes that managers are intrinsically motivated to align their actions with collective goals and long-term organizational success. When differences in interests arise, stewards tend to cooperate rather than create conflict, as they perceive alignment with owners' objectives as rational and beneficial. The theory emphasizes a strong relationship between organizational success and owner satisfaction, arguing that by optimizing company performance, management simultaneously protects and maximizes organizational wealth. Managers are therefore encouraged to act in the long-term interests of shareholders, as sustained performance and firm value enhancement ultimately provide reputational and economic rewards (Pathiraja et al., 2022).

### Financial Performance on Company Value

Financial performance measured by Net Profit Margin (NPM) reflects how effectively a company utilizes its resources to generate profitability. From the perspective of Stewardship Theory, superior financial performance represents a direct manifestation of managerial commitment, responsibility, and intrinsic motivation as stewards dedicated to maximizing organizational value. A high NPM is not merely an indicator of operational efficiency; it also signals alignment and collaboration between management and shareholders built upon trust. Strong profitability demonstrates management's capability to realize long-term strategic objectives, thereby strengthening stakeholder confidence in the company's sustainability. Consequently, improvements in NPM are expected to enhance firm value through stewardship mechanisms that emphasize collective commitment, transparency, and long-term performance orientation. Empirical evidence supports this relationship. Studies by Kusuma and Sari (2025), Raharjo and Muhyarsyah (2021), and Santosa et al. (2020) find that financial performance has a significant positive effect on firm value. Their findings indicate that higher profitability, as reflected in NPM, attracts investor interest by signaling financial stability and promising growth prospects. Moreover, strong financial performance reduces perceived investment risk, which can increase stock prices and ultimately enhance firm value.

### Audit Committee on Company Value

The audit committee functions as a strategic partner to management acting as stewards of the organization. Its role in ensuring the accuracy of financial reporting, overseeing external audits, and strengthening corporate governance mechanisms is viewed as a form of collaborative support rather than mere control. Within the framework of Stewardship Theory, the audit committee is designed not to constrain management, but to empower it by fostering transparency, accountability, and ethical standards. An effective audit committee creates an environment where trust and goal alignment between management and shareholders can flourish. By safeguarding the integrity of financial information and reinforcing governance

quality, the audit committee enables managers to make more responsible and informed decisions, ultimately promoting sustainable long-term firm value. From a stewardship perspective, therefore, the audit committee contributes to firm value by enhancing collaboration and reinforcing managerial commitment to sound governance practices. Empirical studies support this view. Research conducted by Sari and Akbar (2025), Aasri et al. (2025), Lestari and Setiany (2023), and Kusnawan et al. (2023) provides evidence that the existence and effectiveness of the audit committee positively influence firm value. These studies suggest that audit committees characterized by high integrity, relevant expertise, and professional competence improve the quality and credibility of financial reporting. Such professionalism strengthens investor confidence, reduces information asymmetry, and increases the attractiveness of the company's shares, thereby enhancing firm value.

### **Institutional Ownership on Company Value**

The proportion of institutional ownership plays an important role in enhancing firm value from the perspective of Stewardship Theory. Within this framework, institutional ownership is viewed as a form of strategic support that fosters long-term partnership relationships based on trust between institutional investors and management. Rather than functioning solely as a monitoring mechanism, institutional investors provide resources, expertise, legitimacy, and strategic guidance that empower managers (stewards) to innovate, take strategic initiatives, and make decisions oriented toward long-term value creation. This partnership-based relationship builds a strong foundation of collaboration, where management feels supported and trusted to optimize corporate performance. Consequently, institutional ownership contributes to firm value through mentoring and empowerment functions that strengthen managerial capacity and reinforce collective commitment to sustainable value creation for all stakeholders. Empirical evidence supports this argument. Studies conducted by Saputri (2025), Holly et al. (2023), Juliana et al. (2023), and Attarit (2023) demonstrate that institutional ownership has a significant effect on firm value. These findings suggest that institutional investors enhance governance quality by increasing oversight and encouraging more prudent managerial decision-making. With stronger supervision and strategic involvement, management actions tend to be more disciplined and aligned with shareholder interests, ultimately improving firm value.

### **Company Size Moderates the Effect of Financial Performance on Company Value**

Firm size is not only positioned as an independent variable but also has the potential to function as a moderating variable that can strengthen or weaken the relationship between financial performance and firm value. The relationship between financial performance commonly proxied by profitability and firm value is not always direct, as it may be influenced by contextual factors, one of which is firm size. Firm size, generally measured by total assets or the natural logarithm of total assets, reflects the company's resource capacity, operational stability, and access to external financing. Larger firms tend to have greater business diversification, stronger reputations, and higher investor confidence, which may cause the market to respond more positively to profitability improvements compared to smaller firms. However, prior empirical findings show inconsistent results across sectors. Elisabeth (2025) found that in the banking industry, firm size strengthens the effect of profitability on firm value, although it does not moderate the influence of public ownership. Similarly, Reschiwati et al., (2020) confirmed in the manufacturing sector that firm size strengthens the relationship between profitability and stock price, but does not moderate the effect of liquidity. In contrast, research conducted in the property and real estate sector by Fernanda et al. (2025) revealed that firm size does not moderate the relationship between profitability and firm value, arguing

that both large and small firms share the same primary objective of maximizing shareholder wealth.

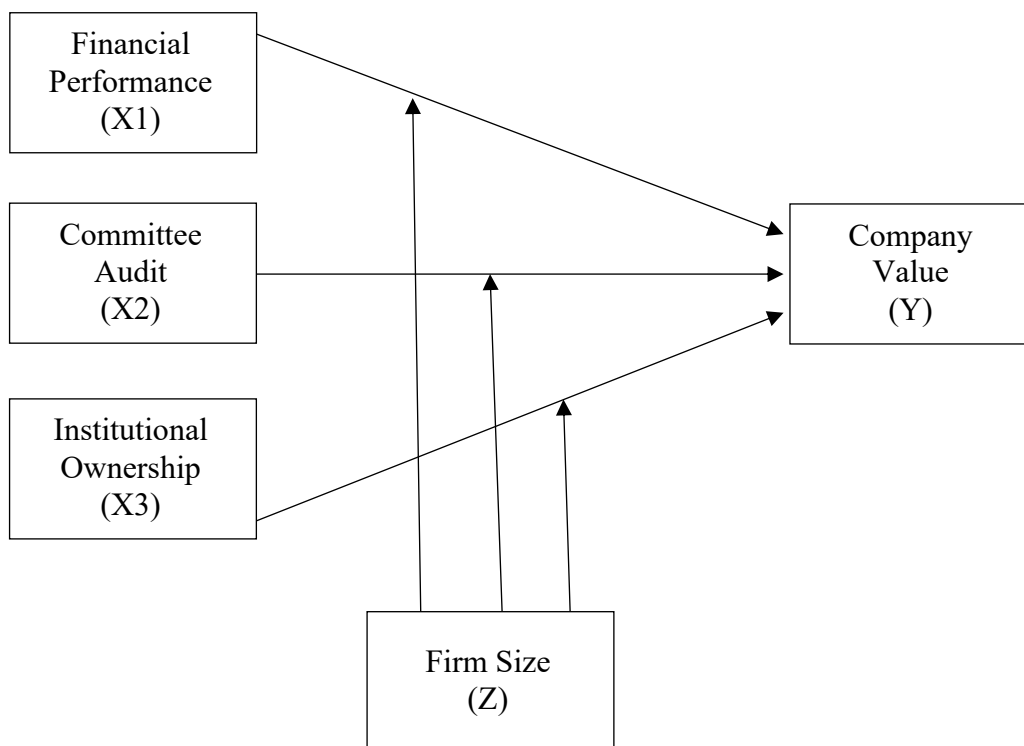
### **Company Size Moderates the Effect of Audit Committee on Company Value**

From the perspective of stewardship theory, managers and boards of directors act as stewards who are committed to prioritizing the interests of shareholders and the organization. Within this framework, firm size may moderate the effect of the audit committee on firm value. In larger firms, the availability of resources, more established empowerment structures, and higher levels of professionalism enable the audit committee to function more optimally as a strategic partner to management. Audit committee meetings in large firms tend to have broader and more systemic impacts, thereby strengthening their positive influence on firm value. In contrast, in smaller firms, the capacity and scope of the audit committee's impact are generally more limited. Transparency and accountability in financial reporting, which is expected to enhance investor confidence and ultimately increase firm value. Empirical evidence provides mixed results regarding the moderating role of firm size. Sari and Akbar (2025) provide evidence that firm size strengthens the effect of the audit committee on firm value in LQ45 companies in Indonesia. Conversely, Kristanti and Mulya (2024) report different findings, concluding that firm size weakens the relationship between the audit committee and firm value when acting as a moderating variable. Similarly, Hidayat et al. (2025), in their study of the property and real estate sector in Indonesia, find that firm size does not significantly moderate the relationship between the audit committee and firm value.

### **Company Size Moderates the Effect of Audit Committee on Company Value**

The theoretical framework underlying this study assumes that managers and institutional shareholders, as parties with long-term interests in the company, act as stewards who are trustworthy and oriented toward achieving collective organizational goals. Within this perspective, institutional ownership is expected to enhance monitoring effectiveness and strategic decision-making, thereby increasing firm value. In this context, firm size is considered a moderating variable that may strengthen stewardship mechanisms. Larger firms generally possess more substantial resources, more sophisticated governance structures, and broader disclosure practices, enabling institutional shareholders to perform their monitoring and strategic roles more effectively. As a result, the positive impact of institutional ownership on firm value is expected to be stronger in larger firms. Empirical evidence regarding this moderating role, however, remains inconclusive. Dihadjo (2023) supports the moderation hypothesis, finding that firm size positively and significantly moderates the relationship between institutional ownership and firm value. The study suggests that larger firms are better able to reduce information asymmetry and improve transparency, thereby strengthening the capacity of institutional investors to carry out their stewardship role. In contrast, Agustina and Willim (2025) report different findings, concluding that firm size does not significantly moderate the relationship between institutional ownership and firm value. This inconsistency indicates that the moderating function of firm size may not be universally applicable, but rather contingent upon contextual factors such as industry characteristics, ownership structure, and regulatory environment. Therefore, further empirical investigation is required to better understand how stewardship dynamics operate across different organizational settings.

Based on the theoretical review and prior empirical findings, this study develops a conceptual framework that examines the effects of financial performance, audit committee, and institutional ownership on firm value, with firm size acting as a moderating variable. Grounded in stewardship theory, firm size is expected to strengthen or weaken these relationships. The research framework is presented in the following figure.



**Figure 1. Research Framework**

Source: Author, (2026)

Based on the background, research problems, research objectives, and theoretical explanations described above, the hypotheses of this study are formulated as follows:

H1: Financial Performance has a positive effect on Company Value.

H2: Audit Committee has a positive effect on Company Value.

H3: Institutional Ownership has a positive effect on Company Value.

H4: Firm Size moderates the effect of Financial Performance on Company Value.

H5: Firm Size moderates the effect of Audit Committee on Company Value.

H6: Firm Size moderates the effect of Institutional Ownership on Company Value.

## METODE PENELITIAN

This study employs a quantitative approach with a causal research design aimed at examining the effect of financial performance, audit committee, and institutional ownership on firm value, with firm size acting as a moderating variable. The object of this research is firm value proxied by Price to Book Value (PBV), while financial performance is measured using Net Profit Margin (NPM), the audit committee is measured by the frequency of audit committee meetings, institutional ownership is measured by the percentage of institutional shareholding, and firm size is measured using the natural logarithm of total assets. The study focuses on mining companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The mining sector was selected due to its significant contribution to the Indonesian economy and the availability of relevant financial data during the observation period.

The population of this study consists of 85 mining companies listed on the IDX between 2022 and 2024. The sampling technique used is purposive sampling based on specific criteria, namely excluding companies that conducted an IPO during the observation period to ensure data completeness, companies categorized under special monitoring status to avoid financial distress bias, and companies without institutional ownership as they do not meet the variable

requirements. Based on these criteria, 54 companies were selected as the final sample, resulting in 162 firm-year observations over three years.

**Table 1. Measurement Variable**

Variable	Formula	Scale	References
Company Values	$PBV = \text{Price per Share} / \text{Book Value per Share}$	Ratio	Djaja (2024:359)
Financial Performance	$NPM = \text{Net Income} / \text{Sales}$	Ratio	Eugene F. Brigham & Ehrhardt (2020:104)
Audit Committee	$\Sigma \text{ Frequency of Audit Committee Meetings}$	Ratio	Peraturan Otoritas Jasa Keuangan (2015:2)
Institutional Ownership	$IO = \text{Shares Owned by Institutions} / \text{Total Shares}$	Ratio	Yeni et al. (2024:78)
Company Size	$\text{Size} = \text{Ln (Natural Logarithm of Total Assets)}$	Ratio	Afma & Prasetyo (2025)

**Table 2. Sample Criteria**

Sample Criteria	Quantity
Mining Companies Listed on the Indonesia Stock Exchange in 2022 - 2024	85
Companies IPO in 2022 - 2024	(10)
The company is under "special monitoring"	(16)
Companies that are not owned by the institution	(5)
Number of Samples	54
Number of Research Data Analysis Units ( 54 x 3 years)	162

Source: IDX Data Processed, (2026)

This research utilizes secondary data obtained from annual reports and financial ratio summaries published on the official IDX website and the respective company websites. The research instrument used is documentation, and the data collection process was conducted by identifying, recording, and extracting relevant financial and governance information into a structured spreadsheet format for analysis. All variables are measured using a ratio scale.

The data analysis technique applied in this study is panel data regression, as the dataset combines cross-sectional data (companies) and time-series data (2022–2024). Statistical processing is conducted using EViews 12 software. The analysis includes descriptive statistics to describe the characteristics of the data, panel data model selection procedures, and hypothesis testing using t-tests for partial effects, F-tests for simultaneous effects, and the coefficient of determination ( $R^2$ ) to assess explanatory power. This approach enables the study to determine the magnitude and significance of the relationships among the variables as well as the moderating role of firm size on firm value.

## RESULT AND DISCUSSION

Descriptive statistical analysis provides an overview of each variable used in this study. The results present the minimum, maximum, mean, median, and standard deviation values for each variable, as shown in the Table 3 below.

**Table 3. Descriptive Analysis**

	CV	FP	AC	IO	FS
Mean	2,25	13,10	8,59	77,59	15,62
Maximum	26,49	117,27	80,00	79,28	18,94
Minimum	0,21	-52,12	1,00	2,00	11,29

	CV	FP	AC	IO	FS
Std. Dev.	3,86	20,06	10,95	21,67	1,79
Observations	162	162	162	162	162

Source: Data Processing Eviews 12, (2026)

The descriptive statistics show that the average firm value (PBV) of the sample is 2.25%, which is lower than the average mining industry PBV of 3.90% (S&P Capital IQ). The PBV ranges from a minimum of 0.21% to a maximum of 26.49%, with a standard deviation of 3.86%, indicating substantial variation in market valuation across companies and years. Financial performance, proxied by Net Profit Margin (NPM), records an average of 13.10%, exceeding the industry average of 10.68%. However, the NPM range is extremely wide, from -52.12% to 117.27%, with a high standard deviation of 20.06%, reflecting significant heterogeneity in profitability, likely influenced by commodity price fluctuations during the observation period. The audit committee variable, measured by the frequency of meetings, shows an average of 8.59%, with values ranging from 1.00% to 80.00% and a standard deviation of 10.95%, indicating considerable differences in governance intensity among firms. Institutional ownership averages 77.59%, with a minimum of 2.00% and a maximum of 99.99%, while the standard deviation of 21.67% suggests moderate variation in ownership structures. Meanwhile, firm size, measured by the natural logarithm of total assets, has an average of 15.62%, ranging from 11.29% to 18.94%, with a relatively low standard deviation of 1.79%, indicating relatively stable variation in company scale within the sample. Overall, the descriptive results demonstrate substantial variability across financial performance, governance practices, ownership concentration, and firm size, which may contribute differently to firm value during the 2022–2024 period.

**Table 4. Model Selection**

Testing	Prob	Information
Chow	0.286	CEM
Hausman	0.314	REM
Langrange Multiplier	0.335	CEM

Source: Data Processing Eviews 12, (2026)

Based on Table 4 (Model Selection), the Chow test produces a probability value of 0.286, which is greater than 0.05, indicating that the Common Effect Model (CEM) is more appropriate than the Fixed Effect Model (FEM). Furthermore, the Hausman test shows a probability value of 0.314 ( $> 0.05$ ), suggesting that the Random Effect Model (REM) is preferable to the Fixed Effect Model. However, the Lagrange Multiplier test results in a probability value of 0.335 ( $> 0.05$ ), meaning that the Common Effect Model (CEM) is more suitable than the Random Effect Model. Based on these three model selection tests, the Common Effect Model (CEM) is determined to be the most appropriate panel data regression model for this study.

**Table 5. Hypothesis Result**

Interaction Variables	Coefficient	t-Statistic	T-table	Prob	Calculation > Table /P- Value < $\alpha$ (0.05)	Decision
C	1.519	1.341	1.976	0.182		-
FP -> CV	0.015	3.056	1.976	0.003	Significant positive	Accepted

Interaction Variables	Coefficient	t-Statistic	T-table	Prob	Calculation > Table /P-Value < $\alpha$ (0.05)	Decision
CA -> CV	0.002	2.034	1.976	0.044	Significant positive	Accepted
IO -> CV	-0.009	-2.170	1.976	0.032	Negative significance	Accepted
FS*FP -> CV	-0.005	-2.119	1.976	0.036	Negative significance	Accepted
FS*CA -> CV	-0.001	-1.073	1.976	0.285	Insignificant	Rejected
FS*IO -> CV	-0.002	-0.681	1.976	0.497	Insignificant	Rejected
R-Square				0.131	Low	
F-Statistics				0.000	Simultantly	

Source: Data Processing Eviews 12, (2026)

Based on the regression results presented in the table above, financial performance (FP) has a positive and significant effect on company value (CV), as indicated by a coefficient of 0.015, a t-statistic of 3.056 which exceeds the t-table value of 1.976, and a probability value of 0.003 which is lower than 0.05. This result confirms that higher profitability significantly increases company value, thus H1 is accepted. Similarly, the audit committee (CA) shows a positive and significant effect on company value with a coefficient of 0.002, a t-statistic of 2.034 ( $> 1.976$ ), and a probability value of 0.044 ( $< 0.05$ ), indicating that more intensive audit committee meetings contribute positively to company value; therefore, H2 is accepted.

Institutional ownership (IO), however, exhibits a negative and significant effect on company value, with a coefficient of -0.009, a t-statistic of -2.170 (absolute value  $> 1.976$ ), and a probability value of 0.032 ( $< 0.05$ ). This suggests that higher institutional ownership is associated with a decrease in company value within the sample, leading to the acceptance of H3 in terms of statistical significance, although the direction of the relationship is negative.

Regarding the moderating effects, the interaction between firm size and financial performance (FS\*FP) shows a negative and significant coefficient of -0.005, with a t-statistic of -2.119 and a probability value of 0.036 ( $< 0.05$ ). This indicates that firm size significantly moderates the relationship between financial performance and company value, but in a weakening direction thus, H4 is accepted. In contrast, the interaction between firm size and audit committee (FS\*CA) has a coefficient of -0.001, a t-statistic of -1.073 ( $< 1.976$ ), and a probability value of 0.285 ( $> 0.05$ ), indicating an insignificant moderating effect. Therefore, H5 is rejected. Likewise, the interaction between firm size and institutional ownership (FS\*IO) is statistically insignificant, with a coefficient of -0.002, a t-statistic of -0.681, and a probability value of 0.497 ( $> 0.05$ ), leading to the rejection of H6.

The R-square value of 0.131 indicates that approximately 13.1% of the variation in firm value can be explained by the independent and interaction variables included in the model, suggesting relatively low explanatory power. However, the F-statistic probability of 0.000 ( $< 0.05$ ) indicates that the model is statistically significant simultaneously, meaning that all independent variables collectively influence firm value.

The empirical results support H1, indicating that financial performance, proxied by Net Profit Margin (NPM), has a positive and significant effect on firm value (PBV) in mining companies listed on the Indonesia Stock Exchange during 2022–2024. NPM reflects management efficiency in controlling operational costs and generating net income from sales.

From a Stewardship Theory perspective (Donaldson & Davis, 1991), strong profitability represents management's commitment as stewards to optimize organizational resources and safeguard shareholders' long-term interests. A consistently high NPM signals operational resilience, particularly during the post-commodity price peak period characterized by volatility and margin pressure. This finding aligns with prior studies demonstrating a positive relationship between profitability and firm value (Harahap et al., 2020; Alviansyah & Sulistiyowati, 2023; Kusuma & Sari, 2025). Empirical patterns within the sample reinforce this mechanism. For instance, PT Central Omega Resources Tbk (DKFT) and PT Cita Mineral Investindo Tbk (CITA) exhibited improvements or stability in NPM amid industry pressure, followed by relatively stable or higher PBV. This suggests that the market interprets profitability not merely as an accounting outcome but as a credible stewardship signal reflecting managerial competence and long-term sustainability.

The findings confirm H2, indicating that audit committee meeting frequency positively and significantly influences firm value. A higher frequency of audit committee meetings reflects stronger governance intensity and oversight effectiveness. The audit committee supports the board in supervising financial reporting quality, internal control systems, risk management, and regulatory compliance (Akbar et al., 2025). Under Stewardship Theory, frequent meetings demonstrate moral commitment and accountability rather than control-based monitoring. The audit committee acts as a collaborative partner strengthening transparency and investor confidence. This finding is consistent with Saragih & Tampubolon (2023), Figosutansyah (2024), Aasri et al. (2025), and Abu (2024), who confirm the positive governance role of audit committees in enhancing firm value. Empirical observations further support this result. PT Aneka Tambang Tbk (ANTM) experienced declining NPM, yet its high audit committee meeting frequency (33–45 meetings annually) helped maintain PBV stability above 1.2. Similarly, PT Bukit Asam Tbk (PTBA) maintained relatively stable PBV despite significant profitability decline, supported by intensive audit oversight. These patterns suggest that, during post-commodity downturn conditions, strong governance mechanisms mitigate market uncertainty and preserve valuation stability.

The results reject H3, as institutional ownership does not show a consistent positive impact on firm value. Although statistically significant, the relationship tends to be negative within the sample. This finding diverges from the initial assumption that institutional investors enhance firm value through monitoring and reduced information asymmetry. In the post-boom mining context, institutional investors appear more portfolio-oriented and risk-focused rather than actively engaged as long-term stewards. This behavior diverges from the stewardship framework that emphasizes long-term alignment and commitment. The result aligns with Sarjiyono & Hanifah (2025), who found that mining investors prioritize direct financial performance indicators over ownership structure. Sample evidence illustrates this inconsistency. Firms with extremely high institutional ownership, such as PT Golden Energy Mines Tbk (GEMS) and PT Vale Indonesia Tbk (INCO), experienced declining or stagnant PBV. Conversely, PT Bayan Resources Tbk (BYAN), with relatively low institutional ownership, maintained exceptionally high PBV supported by strong profitability. These findings indicate that, in cyclical industries such as mining, profitability and operational efficiency outweigh ownership concentration as value drivers.

The analysis supports H4, showing that firm size weakens the positive relationship between NPM and PBV. Larger firms experience a reduced market response to improvements in profitability compared to smaller firms. This finding contrasts with Hanan & Hardiyanto (2024), who found a strengthening effect in the processed food industry, highlighting sectoral differences. In mining, large firms often face structural rigidity, high fixed costs, and

commodity dependence. As a result, market participants may attribute profitability gains to external commodity cycles rather than managerial excellence. From a stewardship perspective, value creation by stewards in smaller, more agile firms may be more visible and directly rewarded. Empirical evidence supports this pattern: PT Central Omega Resources Tbk (DKFT), with smaller size, experienced PBV increases following NPM improvement, while PT Aneka Tambang Tbk (ANTM), despite positive profitability, faced consistent PBV decline. This suggests that market responsiveness to profitability depends on organizational scale in volatile industries.

H5 is rejected, indicating that firm size does not moderate the relationship between audit committee activity and firm value. This suggests that governance effectiveness, as reflected by meeting frequency, operates independently of company scale. Under Stewardship Theory, managerial and oversight commitment remains intrinsic regardless of firm size. During crisis or downturn periods, external pressure homogenizes valuation criteria across firms, making adaptability and operational sustainability more critical than structural scale. This result differs from Kristanti (2025), who found moderation effects related to audit committee competence rather than meeting frequency. Empirical data reinforce the finding: both large firms such as PT Aneka Tambang Tbk (ANTM) and smaller firms like PT Alakasa Industrindo Tbk (ALKA) experienced declining PBV trends despite differing meeting intensities. Additionally, PT Bayan Resources Tbk (BYAN) maintained high PBV with relatively low audit committee meeting frequency but strong profitability. This indicates that profitability remains the dominant valuation driver during industry downturns.

The findings reject H6, indicating that firm size does not moderate the effect of institutional ownership on firm value. This contradicts Dihadjo (2023), who suggested that larger firms strengthen institutional monitoring effectiveness. From a stewardship standpoint, value creation depends on trust, commitment, and alignment rather than structural scale. In the post-commodity peak mining environment, institutional ownership regardless of firm size does not automatically translate into active stewardship behavior. Large firms such as PT Vale Indonesia Tbk (INCO) and medium-sized firms like PT Golden Energy Mines Tbk (GEMS) both experienced PBV pressure despite high institutional ownership levels. The mining sector's cyclical nature likely explains this outcome. Market valuation during downturn periods is driven more by operational efficiency and commodity price exposure than by ownership configuration. Moreover, large organizations may suffer from bureaucratic rigidity, limiting institutional investors' influence on strategic responsiveness. Thus, the moderating role of firm size appears highly contextual and less relevant in industries heavily influenced by external macroeconomic cycles.

## CONCLUSION

The findings indicate that financial performance, as reflected by Net Profit Margin (NPM), plays a crucial role in enhancing company value, demonstrating that profitability remains the primary signal appreciated by the market, particularly in the post-commodity price peak environment. Audit committee activity also contributes positively to company value, suggesting that intensive governance practices strengthen investor confidence and help maintain valuation stability amid industry pressure. In contrast, institutional ownership does not appear to directly enhance company value, as ownership concentration alone does not guarantee active monitoring or effective stewardship in the cyclical mining sector. Furthermore, firm size weakens the relationship between financial performance and company value, implying that profitability improvements in smaller firms receive stronger market appreciation compared to larger firms facing structural rigidity. However, firm size does not

significantly alter the relationship between audit committee activity or institutional ownership and company value, indicating that in volatile industry conditions, operational resilience and managerial responsiveness are more decisive than structural scale or ownership configuration. The study underscores that in the mining industry's post-boom phase, sustainable profitability and substantive governance practices are more influential determinants of firm value than formal structural characteristics.

Based on these findings, mining companies are advised to prioritize sustainable profitability through cost efficiency, operational optimization, and adaptive strategic management, as financial performance remains the most consistent driver of firm value. Management should also strengthen the substance of audit committee functions beyond formal meeting frequency, ensuring discussions focus on risk mitigation, transparency, and long-term sustainability. Institutional investors are encouraged to adopt a more active stewardship role, particularly during periods of industry volatility, to enhance long-term value creation rather than focusing solely on short-term portfolio adjustments. For regulators and policymakers, reinforcing governance quality standards in cyclical industries may help improve market confidence. Future research may expand the observation period across different commodity cycles or incorporate additional governance variables, such as board competence or managerial ownership, to provide deeper insights into value creation mechanisms in resource-based industries.

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