ABSTRACT

This study aims to analyze the effect of Good Corporate Governance (GCG) and Leverage on firm value, as well as to examine the moderating role of Firm Size in those relationships among financial companies listed on the Indonesia Stock Exchange for the period 2019–2024. GCG is proxied through three board characteristics dimensions, namely Board Size, Independent Board, and Board Gender Diversity, while firm value is measured using Tobin's Q ratio. This study employs unbalanced panel data from 32 financial companies selected through purposive sampling, yielding 164 observations over six years. Firm Age is included as a control variable to control for the influence of company maturity on firm value. The analytical methods used are the Fixed Effect Model (FEM) with Driscoll-Kraay Standard Errors, and Moderated Regression Analysis (MRA) to test the moderating effect of Firm Size.

The results indicate that Board Size, Independent Board, and Board Gender Diversity have no significant effect on firm value. Meanwhile, Leverage has a significant negative effect on firm value, consistent with the predictions of Trade-off Theory. The control variable Firm Age also shows no significant effect on firm value. Regarding the moderating role, Firm Size is found not to moderate the relationship between Board Size and firm value nor the relationship between Independent Board and firm value, but is proven to strengthen the effect of Board Gender Diversity on firm value and to weaken the negative impact of Leverage on firm value. These findings confirm that Firm Size is a fundamental contextual variable in explaining the dynamics of the relationship between corporate governance, Leverage, and firm value in Indonesia's financial sector.

Keywords: Good Corporate Governance, Board Size, Independent Board, Board Gender Diversity, Leverage, Firm Size, Firm Age, Firm Value, Tobin's Q.