# GOVERNANCE, RISK, AND COMPLIANCE (GRC), DIVIDEND POLICY, AND DEBT POLICY AS ACCENTUATION OF FIRM VALUE IN THE BANKING FINANCIAL SERVICES SECTOR

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***Abstract*** : *Increasingly high business competition requires companies to maintain a competitive advantage to be able to maintain the value of the company. This study aims to analyze the effect of governance, risk, and compliance (GRC), dividend policy, and debt policy on firm value in conventional banking companies listed on the IDX in 2017-2021. This research is quantitative. Data analysis techniques used descriptive statistical analysis, classical assumption tests, and hypothesis testing. The results show that managerial ownership, credit risk, independent board of commissioners, and dividend policy do not affect firm value. Institutional ownership, liquidity risk, and debt policy affect firm value. Managerial ownership, institutional ownership, credit risk, liquidity risk, independent board of commissioners,*

*Keywords* : ***Governance, Risk, and Compliance (GRC), Dividend Policy, Debt Policy, Firm Value.***

| Received | Revised | Accepted |
|---|---|---|
| 2023-08-02 | 2024-03-20 | 2024-03-25 |

## 1. INTRODUCTION

Competition in the business world is increasingly high, making companies required to be able to maintain a competitive advantage to maintain the value of the company. All sectors including banking are required to maintain public trust by showing good performance (Fana & Prena, 2021. The fact that financial sector in 2022 strengthened by around 2% with the main driver of the index of banking issuers, which mostly rose, including BBNI (4.41%), BBCA (3.35), and BMRI (1.29%) which means that they show good performance which has an impact on high firm value (Muhammad, 2023).

The long-term goal of the company is to maximize the value of the company, where the value of the company is a perception from investors to the achievement of the company related to stock prices. The high or low value of a company is one of the determining factors for investors' investment in the company. (Sari, 2020). The higher the value of the company will increase the value of the company's shares so that shareholder value will increase which is reflected in the high return on investment (Apriantini, Widhiastuti, & Novitasari, 2022).

Companies in operating are required to be responsible to stakeholders. This perception is in line with stakeholder theory which says that companies must be able to provide benefits to stakeholders (Susadi & Kholmi, 2021). Companies are also required to be able to provide information about the condition and performance of the

company, which is in line with a signal theory that says that companies must convey information related to the company used as a signal by shareholders (Sari, 2020). These two theories show that companies must be accountable to stakeholders that have an impact on company valuations (Apriliani, Gusmiarni, & Hidayati, 2023).

The company's assessment can be influenced by the company's performance, one of which is the implementation of Governance, Risk (risk management), and Compliance. GRC are the three main pillars of a company that are mutually sustainable and are aimed at making all company activities run effectively and efficiently (Maulana & Iradianty, 2022). Research conducted by Kembaren & Yosege (2022), shows that GRC affects firm value.

Governance in this study is proxied through managerial ownership and institutional ownership. Managerial ownership is the proportion of shares owned by managers, while institutional ownership is the proportion of shares owned by an institution. Research conducted by Kurniawan & Ayik (2020) states that managerial ownership and institutional ownership affect firm value. However, it is different from the research of Laksono & Andayani (2022) which states that managerial ownership and institutional ownership do not affect firm value.

The risk in this study is proxied through credit risk and liquidity risk. Credit risk is the risk related to the fulfillment of obligations by the debtor to the bank, while liquidity risk is the risk related to the fulfillment of obligations by the bank related to funding. Research conducted by Pitasari & Baehaki (2020) states that credit risk and liquidity risk affect firm value. However, it is different from Kansil, Rate & Tulung's research (2021), which states that credit risk and liquidity risk do not affect firm value.

Compliance in this study is proxied through an independent board of commissioners. The independent board of commissioners are members of the board of commissioners who have no relationship with the directors, the board of commissioners, or the bank. Research conducted by Evonia & Sapari (2022) states that an independent board of commissioners affects firm value. However, it is different from the research of Haris, Guritno & Widyastuti (2022) which states that the board of independent commissioners does not affect firm value.

Company policy is also a factor in company valuation including dividend policy and debt policy. Dividend policy is a decision regarding the distribution of profits as dividends or as retained earnings, while debt policy is a decision regarding the use of debt as a source of funding (Siringo-Ringo, Herawati, & Arnova, 2023). Research by Ardiani, Hermuningsih & Kusumawardani (2021) states that dividend policy and debt policy affect firm value. However, it is different from Rahma & Arifin's research (2022) which states that dividend policy and debt policy do not affect firm value.

The results of previous research show inconsistencies in the results thus creating research gaps and opportunities for further research which provides empirical evidence regarding the problem. The hope in this study is that GRC, dividend policy, and debt policy affect firm value.

## 2. THEORY AND METHODS

### 2.1 Signal Theory

The signal theory says that companies must provide information about the company to external parties, to be used as signals to minimize information asymmetry (Andrian, 2021). The information submitted is used as a signal by stakeholders for company assessment (Sari, 2020).

## 2.2 Stakeholder Theory

Stakeholder theory explains that companies do not operate for personal gain but can benefit stakeholders. Stakeholder theory explains that the treatment of stakeholders can have an impact on the sustainability of a company (Susadi & Kholmi, 2021).

## 2.3 Firm Value

Firm value is the perception of investors about the company's success related to stock prices (Ayem & Tia, 2019). Tobin's Q is an indicator for measuring firm value, which compares the market value of the company's shares with the book value of the company's equity and includes elements of company debt and assets (Sari, 2020).

## 2.4 Governance, Risk, and Compliance (GRC)

G acronym, governance which is corporate governance, where corporate governance must be good, or Good Corporate Governance (GCG) (Zahrawani & Sholikhah, 2021). The GCG mechanism is proxied through the ownership structure, namely managerial ownership and institutional ownership. Managerial ownership is the proportion of shares of company managers who make managers as managers of the company and as shareholders, while institutional share ownership is share ownership owned by an institution (Febriani & Munawaroh, 2022). The ideal proportion of manager share ownership is <10% and ideal institutional ownership is >10% (Octaviana, 2023).

R acronym, the risk is the potential loss resulting from an event. Bank risks include credit risk and liquidity risk. Credit risk based on POJK No.18/POJK.03/2016 is a risk that arises due to the debtor's failure to fulfill his obligations to the bank as measured by Non-Performing Loans (NPL). The maximum credit risk is 5% (Financial Services Authority, 2016). Liquidity risk based on POJK No.18/POJK.03/2016 is a risk that arises due to the inability of a bank to fulfill its funding obligations as measured by the Loan to Deposit Ratio (LDR) (Financial Services Authority, 2016). The ideal liquidity risk according to PBI No.17/11/PBI/2015 is 78% -92% (Bank Indonesia, 2015).

C acronym, compliance is compliance with regulations, goals, and vision and mission of the company. Compliance can be proxied through an independent board of commissioners. The independent board of commissioners based on POJK No.55/POJK.03/2016 is a member of the company's board of commissioners who has no financial, management, financial to family relationships with the board of directors, the board of commissioners or the bank (Financial Services Authority, 2016). The proportion of independent commissioners according to POJK No.33/POJK.04/2014 must be at least 30% (Financial Services Authority, 2014).

## 2.5 Dividend Policy

A dividend policy is a decision regarding the distribution of company profits as dividends or as retained earnings (Siringo-Ringo, Herawati, & Arnova, 2023). Dividend policy can be measured through the Dividend Payout Ratio (DPR), which is the ratio between the amount of dividends per share to earnings per share. A healthy DPR rate ranges from 35-55% (Eklesiawati & Novyarni, 2020).

### 2.6 Debt policy

Debt policy is a decision regarding the use of debt as a source of corporate funding (Siringo-Ringo, Herawati, & Arnova, 2023). Debt policy can be measured through the Debt to Equity Ratio (DER), namely the ratio of total debt to total equity. The ideal DER size based on PMK No.169/PMK.010/2015 is 4:1 or a DER value <1.00(Minister of Finance of the Republic of Indonesia, 2015).

### 2.7 Conceptual Framework and Hypothesis Development

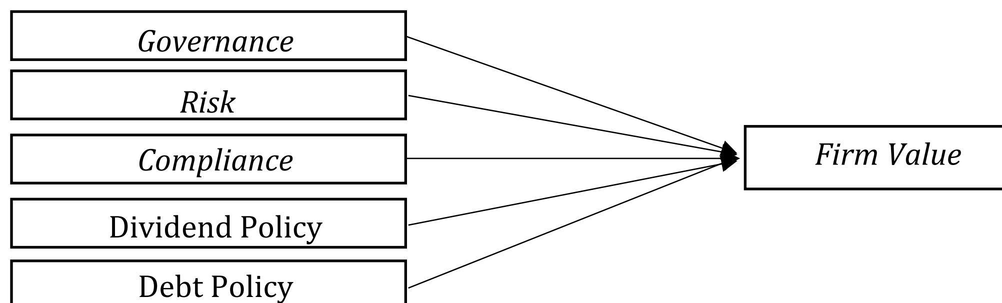


**Figure 1.** Conceptual Framework

#### 2.7.1 Governance Against Firm Value

Higher managerial ownership encourages managers to act in the interests of shareholders so that market confidence will increase so that the company's share price rises and ultimately the value of the company will increase (Marsinah, 2021). This description is supported by several research results, one of which is Fadrul, Budiyanto & Ayik (2021) stating that managerial ownership affects firm value. The hypothesis proposed is as follows:

**H1a: Managerial ownership affects firm value**

The existence of high institutional ownership can suppress the opportunistic actions of managers, and make company management run according to supervision, which means that companies can show good performance and ultimately increase investor interest so that they can create high firm value (Marsinah, 2021). This description is supported by several research results, one of which is Febriani & Munawaroh (2022) which states that institutional ownership affects firm value. The hypothesis proposed is as follows:

**H1b: Institutional ownership affects firm value**

#### 2.7.2 Risk Against Firm Value

The high non-performing loans to companies can affect a decrease in company profits which makes investor interest decrease so that the price of the company's shares also falls and ultimately the value of the company will decrease (Andrian, 2021). This description is supported by several research results, one of which is Yuliati & Zakaria (2020) which states that credit risk affects firm value. The hypothesis proposed is as follows:

**H2a: Credit risk affects firm value**

High liquidity risk can increase non-performing loans and low liquidity risk indicates that the company has lost the opportunity to earn profits so that

the quality of the company's performance decreases and investor interest decreases because they perceive the company's value to be at a low level (Yuliati & Zakaria, 2020). This description is supported by several research results, one of which is Mawarti, Negoro & Syah (2022) which states that liquidity risk affects firm value. The hypothesis proposed is as follows:
**H2b: Liquidity risk affects firm value**

#### 2.7.3 Compliance Against Firm Value

An increasing proportion of the board of commissioners will increase the effectiveness of company supervision and monitoring so that good governance can be achieved which means showing good performance and ultimately attracting investor interest which can have an impact on increasing the value of the company (Rahmawati, 2021). This description is supported by several research results, one of which is Evonia & Sapari (2022) which states that an independent board of commissioners affects firm value. The hypothesis proposed is as follows:
**H3: The independent board of commissioners affects firm value**

#### 2.7.4 Dividend Policy Against Firm Value

The high distribution of dividends to shareholders indicates that the company can generate large profits, so it can convey positive signals to investors to invest their capital which can increase share prices and the value of the company will increase (Azharin & Ratnawati, 2022). This description is supported by several research results, one of which is Ovami & Nasution (2020) which states that dividend policy affects firm value. The hypothesis proposed is as follows:
**H4: Dividend policy affects firm value**

#### 2.7.5 Debt Policy Against Firm Value

The composition of debt that is used as a source of funding for companies that are managed and used for company operations properly so that they can get high profits can be a consideration for investors in their investment activities. More and more investor support will make the company's stock price rise so that the value of the company gets an increase (Azharin & Ratnawati, 2022). This description is supported by several research results, one of which is Mujino & Wijaya (2021) which states that debt policy affects firm value. The hypothesis proposed is as follows:
**H5: Debt policy affects firm value**

### 2.8 Research Methods

This research is quantitative, using a deductive method where theory is used as a research tool in choosing, finding problems, building hypotheses, and testing data.

The population in this study are banking sector companies listed on the IDX in 2017-2021. Determination of the sample using purposive sampling technique, with the following criteria:

1. Banking sector companies listed on the IDX in 2017-2021.
2. Companies that have successive financial reports.
3. Companies that include conventional banks.

4. Companies that conduct initial public offerings (IPO) in 2017.
5. Companies that use the rupiah currency.

The operational definition of variables in this study includes the following measurement indicators:

| Variable | Indicator |
|---|---|
| *Firm Value*(Y) | Tobin's Q $=\frac{\text{MVE+Debt}}{\text{TA}}$ |
| Managerial Ownership (X1) | KM $=\frac{\text{Jumlah saham manajemen}}{\text{Jumlah saham yang beredar}}$ |
| Institutional Ownership (X2) | KI $=\frac{\text{Jumlah saham institusional}}{\text{Jumlah saham yang beredar}}$ |
| Credit Risk (X3) | NPLs $=\frac{\text{Total kredit bermasalah}}{\text{Total kredit}}$ |
| Liquidity Risk (X4) | LDR $=\frac{\text{Total kredit yang diberikan}}{\text{Total dana pihak ketiga}}$ |
| Independent Board of Commissioners (X5) | DKI $=\frac{\text{Jumlah Komisaris Independen}}{\text{Jumlah Dewan Komisaris}}$ |
| Dividend Policy (X6) | DPR $=\frac{\text{Dividen per lembar saham}}{\text{Laba per lembar saham}}$ |
| Debt Policy (X7) | DER $=\frac{\text{Total Utang}}{\text{Total Ekuitas}}$ |

*Source: Data processing, 2023*

The data analysis methods used include the following:

1. Descriptive statistics

   Descriptive statistics are a description and description of data analysis seen from the minimum value, maximum value, average (mean), and standard deviation (Ghozali, 2018).

2. Classic assumption test

   The classic assumption test is intended to provide certainty so that the regression coefficients are not biased, consisting of normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests (Ghozali, 2018).

3. Hypothesis testing

   The hypothesis test consists of multiple linear regression analysis with Tobin's equation Q = α + β1.KM + β2.KI + β3.NPL + β4.LDR + β5.DKI + β6.DPR + β7.DER + e, coefficient of determination (R2), F statistical test, and t statistical test (Ghozali, 2018).

## 3. RESULTS AND DISCUSSION

### 3.1 Results of Data Analysis

#### 3.1.1 Sample Characteristics

The population in this study are banking sector companies listed on the IDX in 2017-2021, totaling 47 companies. Determination of the sample using purposive sampling with the following criteria:

Table 2. Sampling Criteria

| No | Information | Amount |
|---|---|---|
| 1. | Number of banking sector companies listed on the IDX | 47 |
| 2. | Number of companies including Islamic banks | (4) |
| 3. | Number of companies that do not have consecutive financial statements | (0) |
| 4. | Number of companies conducting IPO in 2017 | (3) |
| 5. | Number of companies that do not use rupiah | (0) |
| Number of samples per year | | 40 |
| **The number of samples for 5 years** | | **200** |
| Outliers Data | | (147) |
| **Number of samples used** | | **53** |

*Source: Data processing, 2023*

### 3.1.2 Descriptive Statistical Analysis

**Table 3. Descriptive Statistics**
**Descriptive Statistics**

| | N | Minimum | Maximum | Means | std. Deviation |
|---|---|---|---|---|---|
| X1_KM | 53 | ,00 | 4.84 | ,0985 | ,66410 |
| X2_KI | 53 | 53,19 | 98.13 | 80.2867 | 15.04136 |
| X3_NPL | 53 | 1,12 | 6.58 | 2.8552 | 1.16306 |
| X4_LDR | 53 | 57.50 | 104,42 | 86.7780 | 11.39690 |
| X5_DKI | 53 | ,00 | 75.00 | 50.4002 | 11.57399 |
| X6_DPR | 53 | ,00 | 93.45 | 27.5797 | 21.93415 |
| X7_DER | 53 | 253,18 | 1267,49 | 593,1353 | 221.94328 |
| Y_TOBIN'S Q | 53 | ,72 | ,93 | ,8327 | .04498 |
| Valid N (listwise) | 53 | | | | |

*Source: Output IBM SPSS Statistics 26, 2023*

### *3.1.3* Classic Assumption Test

**Normality Test**

**Table 4. Normality Test Results**
**One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residuals |
|---|---|---|
| N | | 53 |
| Normal Parameters, b | Means | ,0000000 |
| | std. Deviation | ,02530873 |
| Most Extreme Differences | absolute | ,101 |
| | Positive | ,074 |
| | Negative | -,101 |
| Test Statistics | | ,101 |
| asymp. Sig. (2-tailed) | | ,200c,d |

*Source: Output IBM SPSS Statistics 26, 2023*

The normality test results in the study used the Kolmogorov-Smirnov one-sample test. The test results show that the Asymp Sig (2-tailed) value is 0.200, more than 0.05, meaning that the data is normally distributed.

**Multicollinearity Test**

**Table 5. Multicollinearity Test Results**

**Coefficients**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | tolerance | VIF |
| 1 | X1_KM | ,754 | 1.326 |
| | X2_KI | ,798 | 1.253 |
| | X3_NPL | ,662 | 1.510 |
| | X4_LDR | ,876 | 1,141 |
| | X5_DKI | ,954 | 1,048 |
| | X6_DPR | ,679 | 1,474 |
| | X7_DER | ,837 | 1.195 |

*Source: Output IBM SPSS Statistics 26, 2023*

The results of the multicollinearity test show that the tolerance value is > 0.10 and VIF < 10 for all variables, meaning that there is no multicollinearity.

**Heteroscedasticity Test**

**Table 6. Heteroscedasticity Test Results**

**Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | std. Error | Betas | | |
| 1 | (Constant) | ,063 | .024 | | 2,643 | ,011 |
| | X1_KM | ,001 | ,004 | .035 | ,229 | ,820 |
| | X2_KI | ,000 | ,000 | -,254 | -1,729 | ,091 |
| | X3_NPL | -.004 | ,002 | -,303 | -1,884 | .066 |
| | X4_LDR | -2,999E-5 | ,000 | -.022 | -,155 | ,878 |
| | X5_DKI | ,000 | ,000 | ,120 | ,895 | ,376 |
| | X6_DPR | ,000 | ,000 | -,293 | -1,843 | .072 |
| | X7_DER | -1,720E-5 | ,000 | -,242 | -1,689 | ,098 |

*Source: Output IBM SPSS Statistics 26, 2023*

The results of the heteroscedasticity test in the study used the Glejser test which showed that the probability value (Sig) was > 0.05 for all independent variables, meaning that there was no heteroscedasticity.

**Autocorrelation Test**

**Table 7. Autocorrelation Test Results**

**Summary model b**

| Model | R | R Square | Adjusted R Square | std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | , 827a | ,683 | ,634 | ,02721 | 1,916 |

*Source: Output IBM SPSS Statistics 26*

The results of the autocorrelation test in the study showed that the DW value was 1.916, the value was 1.916 > 1.8659 (DW > DU) and the value was 1.916 <2.1341 (DW < 4-DU (4 – 1.8659)) meaning that there was no autocorrelation.

### 3.1.4 Hypothesis Testing

**Multiple Linear Regression Analysis**

**Table 7. Multiple Linear Regression Analysis Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | std. Error | Betas | | |
| 1 | (Constant) | ,703 | .043 | | 16,176 | ,000 |
| | X1_KM | ,000 | ,007 | -.003 | -.026 | ,979 |
| | X2_KI | ,001 | ,000 | ,232 | 2,473 | ,017 |
| | X3_NPL | ,007 | ,004 | ,180 | 1,751 | .087 |
| | X4_LDR | -.001 | ,000 | -,188 | -2,096 | .042 |
| | X5_DKI | ,000 | ,000 | , 103 | 1.195 | ,238 |
| | X6_DPR | ,000 | ,000 | ,078 | ,764 | ,449 |
| | X7_DER | ,000 | ,000 | ,778 | 8,486 | ,000 |

*Source: Output IBM SPSS Statistics 26, 2023*

The equation of multiple linear regression analysis from the results of hypothesis testing:

Tobin's Q = 0.703 + 0.000KM + 0.001KI + 0.007NPL – 0.001LDR + 0.000DKI + 0.000DPR + 0.000DER

1) The regression constant value is 0.703, meaning that if the independent variable is constant or has a zero value, the firm value will increase by 0.703.
2) The managerial ownership regression coefficient is 0.000, meaning that if it increases by 1%, the firm value will increase by 0.000.
3) The value of the regression coefficient for institutional ownership is 0.001, meaning that if it increases by 1%, the firm value will increase by 0.001.
4) The value of the credit risk regression coefficient is 0.007, meaning that if it increases by 1%, the firm value will increase by 0.007.
5) The value of the liquidity risk regression coefficient is 0.001, meaning that if it increases by 1%, the firm value will decrease by 0.001.
6) The regression coefficient value of the independent board of commissioners is 0.000, meaning that if it increases by 1%, the firm value will increase by 0.000.

7) The dividend policy regression coefficient is 0.000, meaning that if it increases by 1%, the company's value will increase by 0.000.
8) The debt policy regression coefficient is 0.000, meaning that if it increases by 1%, the company's value will increase by 0.000.

**Coefficient of Determination (R2)**

**Table 8. Results of the Coefficient of Determination (R2)**

**Summary model b**

| Model | R | R Square | Adjusted R Square | std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | , 827a | ,683 | ,634 | ,02721 | 1,916 |

*Source: Output IBM SPSS Statistics 26, 2023*

The results of the hypothesis show that Adjusted R Square of 0.634 means that managerial ownership, institutional ownership, credit risk, liquidity risk, independent board of commissioners, dividend policy, and debt policy can explain 63.4% of the variation in firm value, while 36.6% (100 %-63.4%) explained by other variables outside the study.

**Statistical Test F**

**Table 9. Statistical Test Results F**

**ANOVAa**

| Model | | Sum of Squares | df | MeanSquare | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .072 | 7 | ,010 | 13,879 | ,000b |
| | residual | .033 | 45 | ,001 | | |
| | Total | ,105 | 52 | | | |

*Source: Output IBM SPSS Statistics 26, 2023*

The results of statistical F test data processing show that a significant value of 0.00 <0.05 means that the independent variables simultaneously affect the dependent variable.

**Statistical Test t**

**Table 10. Statistical Test Results t**

**Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | std. Error | Betas | | |
| 1 | (Constant) | ,703 | .043 | | 16,176 | ,000 |
| | X1_KM | ,000 | ,007 | -.003 | -.026 | ,979 |
| | X2_KI | ,001 | ,000 | ,232 | 2,473 | ,017 |
| | X3_NPL | ,007 | ,004 | ,180 | 1,751 | .087 |
| | X4_LDR | -.001 | ,000 | -,188 | -2,096 | .042 |
| | X5_DKI | ,000 | ,000 | , 103 | 1.195 | ,238 |
| | X6_DPR | ,000 | ,000 | ,078 | ,764 | ,449 |
| | X7_DER | ,000 | ,000 | ,778 | 8,486 | ,000 |

*Source: Output IBM SPSS Statistics 26, 2023*

The results of testing the hypothesis on the t-statistical test show that the variables of institutional ownership, liquidity risk, and debt policy have

significant values (0.017, 0.042, 0.000) <0.05 meaning that they affect firm value, while the variables of managerial ownership, credit risk, independent board of commissioners and Dividend policy has a significant value (0.979, 0.087, 0.238, 0.449) > 0.05, meaning that it does not affect firm value.

## 3.2 Discussion

a) The Effect of Governance on Firm Value

The test results show that managerial ownership does not affect firm value. The test results show that the average managerial ownership is 0.0985%, which means it tends to be low. The existence of managerial ownership which tends to be small, makes managers as minority shareholders who do not have great control over the company's operations, so decisions from managers cannot optimize performance and do not affect firm value (Nursanita, Faruqi, & Rahayu, 2019). These results are supported by several studies, one of which is Laksono & Andayani (2022) which states that managerial ownership does not affect firm value. However, it is different from the research by Widayawati & Hamidah (2022), which stated that it had no effect.

The test results show that institutional ownership affects firm value. The test results show that the average institutional ownership is 80.29%, which means it tends to be high. The existence of institutional ownership which tends to be the majority, suppresses the opportunistic attitude of managers to pay attention to and be responsible for the interests of shareholders to increase the value of the company (Apriliani, Gusmiarni, & Hidayati, 2023). These results are supported by Fadrul, Budiyanto & Ayik's research (2021) which states that institutional ownership affects firm value. However, it is different from the research of Laksono & Andayani (2022) which states that institutional ownership does not affect firm value.

b) The Effect of Risk on Firm Value

The test results show that credit risk does not affect firm value. The test results show that the average credit risk is 2.85%, which means it tends to be low. Investors pay little attention to high or low credit risk, the company's assessment does not pay attention to the level of credit risk provided that it is still below the safe limit of 5%, but seen from the ability to earn profits and investors think the company can overcome this problem (Aprilia & Hapsari, 2021). These results are supported by research conducted by Kansil, Rate & Tulung (2021) which states that credit risk does not affect firm value. However, it is different from the research by Yuliati & Zakaria (2020), which states that credit risk affects firm value.

The test results show that liquidity risk affects firm value. The test results show that the average liquidity risk is 86.77%, which means it tends to be ideal. The higher the level of liquidity risk, the higher the non-performing loans, but the lower the level of liquidity risk, the lower the company's ability to earn profits so this condition becomes a consideration for investors in investing their capital which can affect the value of the company.(Pitasari & Baehaki, 2020). These results are supported by research conducted by Mawarti, Negoro & Syah (2022) which states that liquidity risk affects firm value. However, it is different

from the research of Saputri & Supramono (2021), which states that liquidity risk does not affect firm value.

c) The Effect of Compliance on Firm Value

The test results show that the independent board of commissioners does not affect firm value. The test results show that the average independent board of commissioners is 50.40%, which means it tends to be low. The proportion of an independent board of commissioners does not guarantee that it can increase the value of the company because perhaps its existence is only a formality to comply with regulations and does not carry out proper supervision in encouraging company performance (Amaliyah & Herwiyanti, 2019). These results are supported by the research of Haris, Guritno & Widyastuti (2022) which states that the board of commissioners does not affect firm value. However, it is different from the research by Evonia & Sapari (2022) which states that the board of independent commissioners affects firm value.

d) The Effect of Dividend Policy on Firm Value

The test results show that the dividend policy does not affect firm value. The test results show that the average dividend policy is 27.57%, which means it tends to be low. The high or low dividend policy is not a benchmark for investors because investors perceive that there is no optimal company dividend policy, so the company's assessment is seen from the ability to earn profits (Evonia & Sapari, 2022). These results are supported by research conducted by Rahma & Arifin (2022) which states that dividend policy does not affect firm value. However, it is different from Ovami & Nasution's research (2020), which states that dividend policy affects firm value.

e) The Effect of Debt Policy on Firm Value

The test results show that debt policy affects firm value. The test results show that the average debt policy is 591.13%, which means it tends to be high. Companies that make good use of debt and get large profits will receive a positive response from investors, the more investor support the better the stock value and value of the company (Mokoginta et al, 2022). These results are supported by research conducted by Azharin & Ratnawati (2022) which states that debt policy affects firm value. However, it is different from the research by Mujino & Wijaya (2021) which states that debt policy does not affect firm value.

## 4. **CONCLUSION**

The results of this study indicate that managerial ownership, liquidity risk, and debt policy affect firm value, while managerial ownership, credit risk, independent board of commissioners, and dividend policy do not affect firm value. However, simultaneously managerial ownership, institutional ownership, credit risk, liquidity risk, independent board of commissioners, dividend policy, and debt policy affect firm value. The results of this study are expected to provide recommendations for banking sector companies to increase the value of the company, to investors as a consideration in making investment decisions, and to further researchers to become a reference for further research.

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