Good Company Governance And Risk Management On Company Value With Bank Performance

Jefry Gasperz[1], Christina Sososutiksno[2], and Franco Benony Limba[3*]
[1,2,3]Faculty of Economics & Business, Pattimura University, Ambon, Indonesia

Email address:
Je66er@yahoo.co.id, chr_sososutiksno@yahoo.com[2], francob.limba@gmail.com[3]*
[*]Corresponding author

Abstract: Economics movements either real sector or monetary sector undergo dynamic development and affect the economy banking sector. This study aims to elucidate bank performance preceding and proceeding the administration of regulation of Financial Service Authority and distinctive evaluation between GCG and risk management. This study is an approach used to observe all demands and information related to corporation values (Banks) which can be completely prepared by policy makers. Explanative survey with structural equation modeling analysis is employed. Research samples are state, foreign, and private banks which are accessible from Bank Indonesia (BI) website, 2010 – 2018 period. GCG and Risk Management have a positive effect on company value, while bank performance has a negative effect on company value. GCG has a negative effect on bank performance while risk management has a positive effect on bank performance. The roles of Financial Service Authority influence the average mechanism value of GCG and risk management, meanwhile bank performance and company's values have no effects when compared with beforehand and afterward the formation of Financial Service Authority.

Keywords: Bank Performance; GCG; Risk Management; Company Value.

Abstrak: Kegiatan perekonomian baik sektor riil maupun sektor moneter mengalami perkembangan yang dinamis. Dan berpengaruh terhadap perekonomian sektor perbankan. Adapun tujuan penelitian ini menjelaskan kinerja bank sebelum dan sesudah penerapan peraturan OJK dan uji beda antara GCG dan manajemen risiko,. Penelitian ini merupakan suatu pendekatan yang digunakan untuk melihat semua kebutuhan dan informasi yang terkait dengan nilai perusahaan (Bank) yang dapat disiapkan sepenuhnya oleh pembuat kebijakan. Penelitian ini menggunakan eksplanatif survey dengan analisis Structural Equation Modeling. Sampel penelitian adalah bank-bank pemerintah, asing, dan swasta yang dapat diperoleh dari website Bank Indonesia (BI), periode 2010 - 2018. GCG dan Manajemen Risiko Berpengaruh positif terhadap Nilai Perusahaan, sedangkan Kinerja Bank berpengaruh Negatif terhadap Nilai Perusahaan. GCG berpengaruh negative terhadap Kinerja Bank sedangkan Manajemen Risiko Berpengaruh Positif terhadap Kinerja Bank. Peranan Otoritas Jasa Keuangan mempengaruhi nilai rata-rata mekanisme GCG dan manajemen risiko sedangkan kinerja bank dan nilai perusahaan tidak memiliki pengaruh apabila dibandingkan sebelum dan sesudah dibentuk layanan Otoritas Jasa Keuangan.

Kata Kunci: Kinerja Bank; GCG; Manajemen Risiko; Nilai Perusahaan.

INTRODUCTION

Banks distribute various categories of loans such as working capital, investments, and consumption credits. The main incomes of banks are earned from interest rates of loan distribution and other sources. The table below presents the development of conventional banks distributing credits and influencing directly to ATMR (Risk-Scaled Assets) hence it fulfills the banking capital needs.

Table 1. Credits and NPL of General Banks to the Third Party According to Usage Types 2016 – 2018

Type of Credit Purposes	2016		2017		2018	
	Million (IDR)	Percent	Million (IDR)	Percent	Million (IDR)	Percent
1. Business Capital	1,757,449		1,916,256		2,049,098	
NPL	43.840	0.002	57,302	2.990	73,591	3.591
2. Investment	903,194		1,035,889		1,125,467	
NPL	21,223	2.350	27,045	2.611	36,123	3.210
3. Consumption	1,013,666		1,105,759		1,202,630	
NPL	14,324	1.413	16,586	1.500	18,422.000	1.532
Total Credit	3,674,308		4,057,904		4,377,195	
NPL	79,388	2.161	100,933	2.487	128,135	2.927

Source: OJK, 2018

Banking business as financial intermediary is a vastly risky business that banks become the focus of discussion regarding GCG as well as the implementation of risk management (Sari et al., 2022). Several researchers (such as (Aebi et al., 2012); (Berger et al., 2016) ; (Calomiris and Carlson, 2016); (Hossain et al., 2019); (Ayuningrum, 2021); (Gulati, 2022) address about the uniqueness of banks and their relation to GCG. Because banks attain their funds from people, the needs of these individuals must be protected. With these reasons, (OECD, 2015) mentions banking organizations are distinct from other corporations, therefore, they require special attentions.

Risk management as financial intermediary in the payment system has various risks, there are regulations created by authorities of banking security to become compliance regulation in running business. Awareness in applying healthy loan principals, necessity to provide minimum capital, necessity to maintain liquidity, and specific regulation regarding risk management that must be obeyed by every commercial banking institution. Banking as entrepreneurship worlds aims to elevate bank performance including companies attaining benefits and able to improve the prosperity of the shareholder. Excellent bank performance can increase company values.

Table 2. Research Gap

No	Variable		Researcher	Study Findings	Differences with previous studies
	Independent	Dependent			
1	*GCG*	Bank Performance	(Ferial et al., 2016)	significant negative effect	Variable : CG, KB, NP and study years 2012 - 2014.
			(Prasojo, 2015)	significant positive effect (CAR, ROA, ROE) but negative to BOPO	Variable used by CG and KB and at Bank Syariah
2	Risk Management	Bank Performance	(Attar et al., 2014)	Influencing	Variabel : Credit risk, liquidity risk, operational risk, and research year 2007 – 2011
			(Lestari, 2013)	Significantly and inadaquatly influencing	Variable: risks of sufficient capital and research year 2011 at non-banking financial institution
			(Idris and Norlida, 2016)	Positively influencing	ERM dan DD
3	*GCG*	Company Value	(Handayani, 2017)	Influencing	Variable: institutional ownership, independent commisary, and auditing committee
			(R. S. Perdana and Raharja, 2014)	Influecing	KM, KI, KA, KI Proportion,External Audit, Research Year 2013- 2015
4	Bank Performance	Company Value	(Purwaningsih and Wirajaya, 2014)	Positively and significantly influencing	KB, NP, Manufacturing Companies, Year 2010 - 2012
			(Sudiyatno and Setiyowati, 2012)	Positively and significantly influencing	Debt Ratio , Stock Bonus, PPE, ROA, Tobin's Q
5	Risk Management	Company Value	(Sanjaya and Linawati, 2015)	Not influencing significantly	ERM, NP, Banking, Year 2010 - 2013.
			(Widodo et al., 2013)	Empowerment risks have positive effects, while financial and operational risks do not	Risk, Operational, Financial and Empowerment, ROA, Mining Company, year 2010 – 2011

Table 2 shows the results of previous studies that have been carried out by several researchers. This study captures research gaps from several previous studies on the relationship among GCG, Risk Management on company value and bank performance. These four variables were studied separately, while in this study the four variables were tested together in one model to describe banking in Indonesia. This research is designed to answer numerous enquiries as following: are there any influences of (1) Implementation GCG towards company values? (2) Risk management towards company values? (3) Bank performance towards values? (4) GCG towards bank performance? (5) Risk management towards bank performance? (6) Whether there are distinctions in the implementation of banking working procedures and application of risk management and their influences towards bank performance before and after the administration of Financial Service Authority?

The purposes of this study are: to find out the effects of GCG implementation towards company values, Risk management towards company values, Bank performance towards company values, GCG towards bank performance, Risk management towards bank performance, whether there are differences in the implementation of banking working procedure and application of risk management and their influences towards bank performance before and after the administration of Financial Service Authority.

THEORITICAL REVIEW

Corporate Governance (GCG) is a series of processes, policies, customs, regulations, and institutions determining guidance, control, and management of an institution or corporation. The principles of Corporate governance were first established by OECD in 1999 and was re-updated in 2015 by OEGCG committee. Furthermore, it comprises the impact amongst stakeholders involved in the purposes of corporate management. GCG is a structure handling company management in such wise it offers continuous long-term economic values for stakeholders and shareholders.

Risk Management is a procedure of anticipation towards risks to prevent unwanted outcomes such as organizational losses (Firmansyah, 2022). Risks are particular events which are potentially disadvantageous, and risk management is a series of methods and procedures employed to identify, monitor, and evaluate risks prevention arising from all banking activities (Bank of Indonesia). There are 8 types of risks which are obligatory to be managed by Commercial Banks.

First, credit risk is a jeopardy caused by the failures of debtors and/or other parties in accomplishing the requirement to Banks. Two methods are determined to measure loan risks, which are Standard Approach using risk weight from external rating and internal rating based (IRB) which enable banks to decide their own parameter measurement such as probability of default, loss given default, and recovery rate that are customized with owned loan portfolio (Bank for International Settlements, 2015).

Second, market risk is the position of balance sheet and administrative account including precarious derivative transaction, and the upshots of overall alteration of market condition including the risk change in optional prices (Otoritas Jasa Keuangan Republik Indonesia, 2016). There are two types of this risk which are specific market risks where risks take place due to price deviations of a particular security and general market risks

where risks occur because of cost modifications of a certain monetary instrument (Rakhimov and Mamadjonov, 2022).

Third, liquidity risk is defined as banking inability to carry out the maturing duties from the cash flow sources of high-quality liquid assets which can be used without interfering the activity and condition of bank finance that contains risks. Liquidity risk consists of market liquidity risk and cash flow risk.

Fourth, operational risk is the ramifications of inadequate and/or malfunctioning internal processes, human errors, system failures, or external obstacles affecting bank operations that they contain risks.

Fifth, law risk is consequences caused by lawsuits and/or jurisdicial aspect weaknesses. This risk arise because banks choose to disobey existing regulations and other policies.

Sixth, reputation risks appears because of the decline of stakeholders' trusts due to negative perspective towards banks with risks.

Seventh, strategic risk is the impacts of inaccuracy of making and/or enactment of strategic decisions and the deficiency in anticipating business environmental modification leading to risks.

Eighth, obedience risk is risk due to bank disobedience to the existing regulations and policies. Banks are obligated to administer systematic steps to manage risk evoked from their actions inclduing 8 risks regulated by BI in order to be able to run their courses based on good and correct governance (GCG).

Performance. Is defined as an accomplishment achieved by corporations within certain periods in which it reflects the health rates of these companies (Pratiwi et al., 2014) According to (Jumingan, 2019) performance is an accomplishment picture achieved by institutions in excellent operational activities including either the aspects of finance, marketing, collecting and distributing funds, technology or human resources aspects. Bank Performance is measured by analyzing and evaluating financial reports. According to (Mindarti, 2016), performance assessment is a stipulation of operations, organizations, and employees' effectiveness based on target, standard, and criteria which were established previously and periodically. Furthermore, Bank performance or bank capability to increase its value is through increased profits, assets and future prospects, but the graft point of reference should still be based on the earning or profitability and the risks (Purwoko and Sudityatno, 2013). The regulatory framework for minimum capital requirements, the loan classification and provisioning for specific credit risk, the liquidity and the insurance of deposits and specific indicators of banking influenced the bank performance and the degree of banking development (Chitan, 2012).

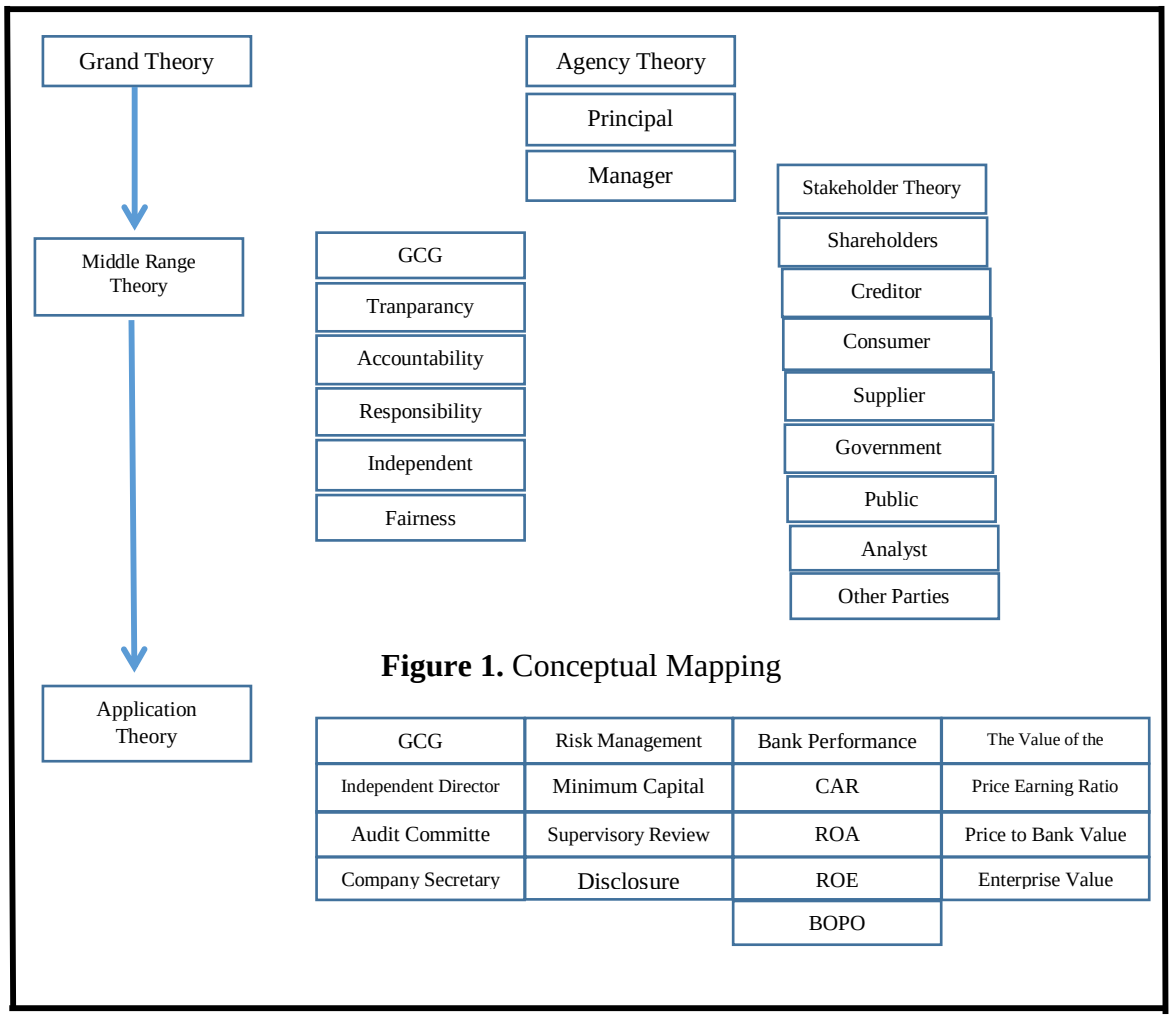

Figure 1. Conceptual Mapping

METHODS

The study is categorized as an explanative research which means that a study explains the position of variables researched as well as the effects between one variable and the others (Sekaran and Bougie, 2017). Research design used is survey research which is a study executed by systematically observing the respondents to comprehend and/or forecast number of behavioral aspects of experimented population (Sugiyono, 2018). The relationship shape of complications that will be done by this research is a cause and effect affiliation based on arising disputes to discover the influence of GCG and risk management toward corporation's values with performance as mediating variables.

Population and Sample. Overall data analyzed in this study is generated from secondary data covering all commercial banks in Indonesia, which consists of joined data regarding GCG, risk management, and bank performance. Research population is 43 commercial banks registered in BEI 2010 – 2018 in Indonesia. Research samples employed in this study are foreign, state, and private banks which are accessible from Bank Indonesia (BI) website. Focused period is from 2010 to 2018. In accordance with analyzing instruments used which is Structural Equation Modeling (SEM), the findings of

representative sample total according to (Hair et al., 2014) are total of indicators multiplied by 5 to 10 because indicators used in this study are 11, the total sample is on the range of 55 – 110 or more than 110. Based on this consideration, the sample size in this study is set to be 200 samples. This overall number is determined based on number of banks selected by researchers which are 25 banks of total population of 43 commercial banks according to data completeness within the period range of 2010 – 2018.

To further facilitate the understanding, measurement and source data acquisition needs to be done operational definition of the variables used in this study. **Table 3** shows the definition of each variable used.

Table 3. Definition of Operational Variables

Variable	Proxy	Measurement Scale	Source
GCG	Board of Director Size (DRI), Board of Commissioners' Size (DK), Institutional Ownership (KIN), Independent Commissioner (DKI), Firm Size (UP)	Nominal	https://idx.co.id/perusahaan-tercatat/laporan-keuangan-dan-tahunan/
Risk Management	CAR, NPL, BOPO, LDR	Ratio	https://idx.co.id/perusahaan-tercatat/laporan-keuangan-dan-tahunan/
Bank Performance	ROA, ROE	Ratio	https://idx.co.id/perusahaan-tercatat/laporan-keuangan-dan-tahunan/
Company Value	Price Earnings Ratio, Price to Bank Value, Enterprise Value	Ratio	https://idx.co.id/perusahaan-tercatat/laporan-keuangan-dan-tahunan/

Analysis Method. This study will use descriptive statistical analysis to deliver description about essential measurement that will be employed in research observation. Significant measures include mean, median sample, standard deviation (spread of data variety), and distribution (maximum and minimum values) of each variable used in research model. Furthermore, the management of data in this study will use software smartPLS Approach. PLS uses the bootstrapping method or random doubling where the assumption of normality will not be a problem for PLS. In addition, PLS does not require a minimum number of samples to be used. The purpose of using PLS is to make predictions. Which in making these predictions is to predict the relationship between constructs, in addition to assist researchers in their research to get the value of the latent variable that aims to make predictions. The dependent variable in this study is Company Value, while the independent variables are GCG and Risk Management. The Intervening variable of this research is Bank Performance.

The first equate of this model is: (1). Regression between the exogenous (independent) variables with the endogenous (dependent) variable:

$$\eta 1 = \xi 1\gamma 1 + \xi 2\gamma 2 + \varsigma 1 \quad (1)$$

Where, η1 is coefficient of Bank Performance as first endogenous variable; ξ1 is the coefficient of exogenous (independent) variable GCG; ξ2 is the coefficient of (independent) variable Risk Management; and, ς1 is the residual.

Furthermore, the second equate of this model are: (2). Regression between exogenous (independent), endogenous variable; with Intervening (mediating) variable:

η2 = ξ1γ1 +ξ2γ2 +Ŋ1ß1 +ς2..... (2)

Where, η1 is coefficient of Company Value as endogenous variable; ξ1 is the coefficient of exogenous (independent) variable GCG; ξ2 is the coefficient of (independent) variable Risk Management; Ŋ1ß1 is the coefficient intervening (mediating) variable Bank Performance and, ς1 is the residual.

Based on the description of the literature and research methods above, the model of this research is in the figure below:

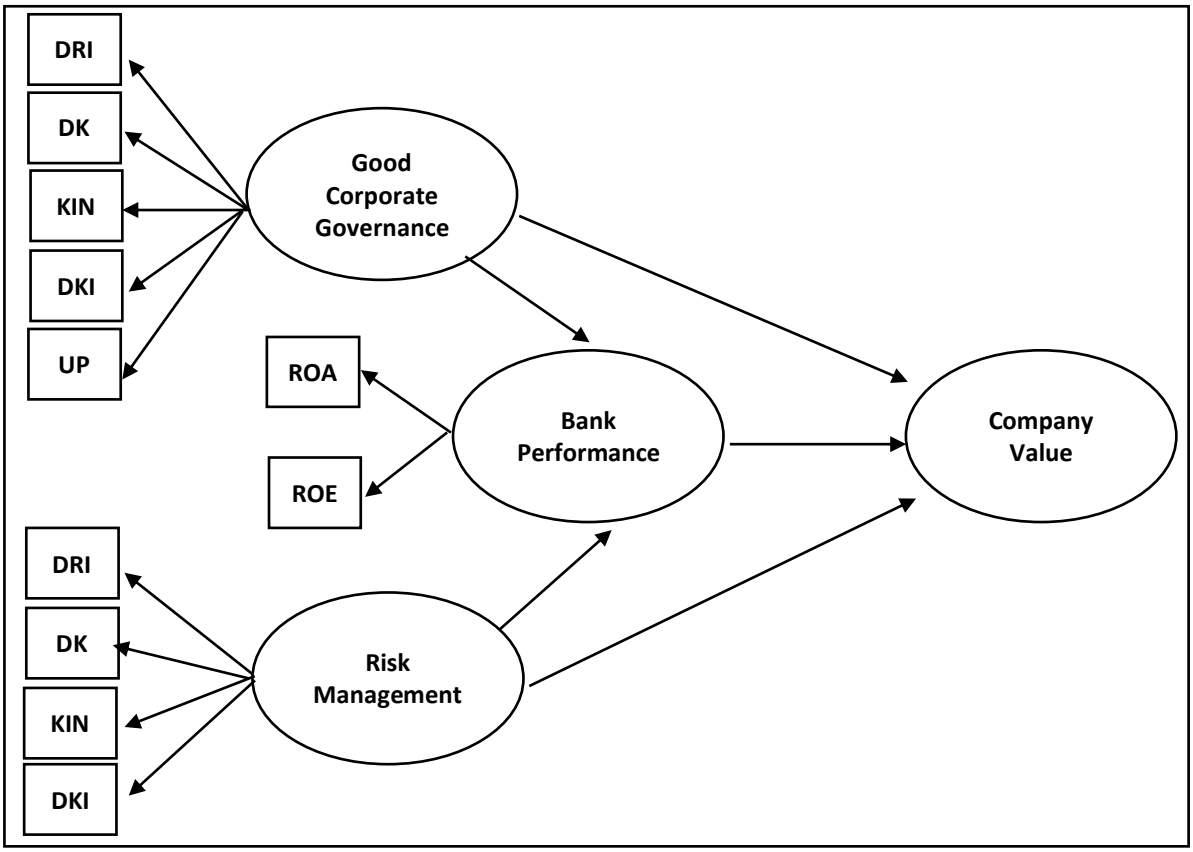

Figure 2. SEM Network Diagram Construction

RESULTS

To present variable pictures used in this study, which are GCG(ξ1), Risk Management (ξ2), Bank Performance (Ɲ1) and Companies' Values (Ɲ2), according to descriptive findings per variable, an overview is obtained which is banks' images of research variables showing the minimum, maximum, average and standard deviation figures. Moreover, banks' data can be stated into several categories along with minimum, maximum, approximate, mean, and standard deviation values as displayed in the following table:

Table 4. Banking Descriptive Statistic

Research Variables	Total Sample (n)	Min	Max	Range	Mean	Standard Deviation
GCG (ξ1)	200	3.133	6.378	3.265	4.935	0.919
Risk Management (ξ2) (In Million IDR)	200	0.654	255.89	255.23	49.20	63.83
Bank Performance (Ɲ1)	200	-22.823	52.253	75.076	12.29	9.944
Company Value (Ɲ2) (in percent)	200	0.807	0.954	0.148	0.892	0.039

Source: OJK, 2018

Based on table 4 above, it shows that N or the amount of data for each valid variable is 200, from 200 sample data Company Value (Y), the minimum value is 0.807, the maximum value is 0.954, from the 2010-2018 period the mean value is 0.892, and the standard deviation value is 0.039, which means the mean value is greater than the standard value so that the data is homogeneous. The same thing with the GCG and Bank Performance variables, the standard deviation value is below the mean so that the data is homogeneous, but the risk management data is heterogeneous.

Hypothetical testing is done based on the results of the inner model that includes output r-square, coefficients of parameters and t-statistics. To see if a hypothesis is acceptable or rejected by noting the significance between the conifers, the t-stats, and the p-values. Testing for hypotheses in the study with the help of smartPLS software partial least square 3.0. These values are viewed by the bootstrapping. The rules of thumb used on this study are t-statistics greater than 1.96 with the degree of significance p-value 0.050 and the beta coefficient are positive. The value of testing for hypotheses of this study can be shown at table 5 and for the results of this research model can be described as shown in figure 3 below:

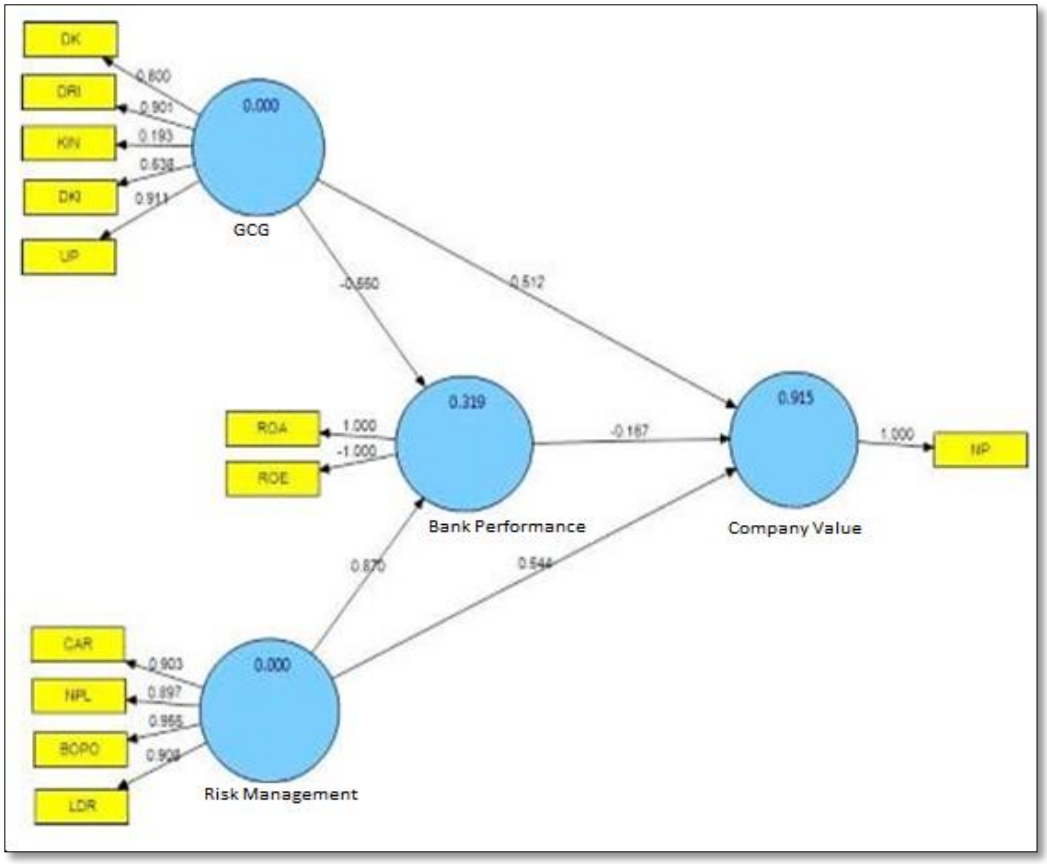

Figure 3. PLS Output

Converting Path diagram into Outer Model Equation
Systematically, structural equation form of this research model is as following:

η1 = ξ1γ1 +ξ2γ2 +ς1 ..... (3)

Bank Perfomance = -0.068 GCG + 0.387 Risk Management + 0.681 other factors.

Bank Performance influenced by GCG factors is -6.8 percent, risk management factors is 38.7 percent and the rest 68.1 percent is influenced by other factors which are not observed in this study.

η2 = ξ1γ1 +ξ2γ2 +Ɒ1ß1 +ς2 ..... (4)

Company's values = 0.467GCG + 0.471Risk Management - 0.023 Bank Performace + 0.085 other factors.

Company's values influenced by GCG factors is 46.7 percent, risk management factors is 47.1 percent, bank performance is – 2.3 percent, and 8.5 percent by other factors which are not observed in this study.

Table 5. Outcome of Path Coefficients and its t-statistic measurement
The relation among variables in Structural Model

Relationship among variables	Original Sample (Rho)	t value (greater than 1.96)	Ho	Conclusion
GCG → company value	0.512	16.658	Objected	Indicate positive effect
Risk Management → company value	0.544	15.077	Objected	Indicate positive effect
Bank performance → company value	-0.167	5.066	Objected	Indicate positive effect
GCG →bank performance	-0.549	6.236	Objected	Indicate positive effect
Risk Management → bank performance	0.870	6.383	Objected	Indicate positive effect

Source: Output PLS

According to Table 5, clearly, all variables have greated t-statistic value than 1.96 percent, which are GCG variable towards company's value 16.658, risk management towards company's value 15.077, bank performance towards company's value 5.066, GCG towards bank performance 6.236, and risk management towards bank performance 6.383. Therefore, H0 is rejected because t-statistic values are far above critical values (1.960) hence it is significant at α 5 percent. Individual (partial) test is gained based on critical (1.690) among GCG, risk management, bank performance variables toward company's values. Furthermore, Individual (partial) evaluation is realized between GCG and risk management towards bank performance.

Study hypothesis that will be examined is formulated in statistical hypothesis as following:

First Hypothesis: GCG (ξ1) contributing to company values (η2). Ho1 : p ξ1η2 less than 1.960. GCG does not contribute significantly to company values. (2) Ha1: p ξ1η2 greater 1.960. GCG contributes significantly to company values.

GCG evaluation outcome contributing considerably to company value attains t-statistic value 0f 16.660. Because the value of the GCG variable has a t-statistic value greater than 1.960, then that Ho is rejected and Ha is accepted indicates that the path analysis coefficient is significant. Hence, GCG contributes significantly for company values. Path coefficient value between GCG and company value is 0.512 which presents that if other variables are constant, the company value will gain an increase of 0.512 if GCG elevates 1 unit. GCG is expected to create added value because using GCG it is expected that companies will have good performance so that they can create added value and increase company value that can provide profit to shareholders or company owners. This results supported the research being done by (Perdana and Raharja, 2014), (Handayani, 2017) and (Ardesta , 2019).

Second Hypothesis: Risk Management (ξ2) contributes to company value (η2). Ho2: p ξ2η2 less than 1.960. Risk Management does not contribute significantly to company value. Ha2: p ξ2η2 greater than 1.96. Risk management contributes significantly to company value.

Risk management test outcome significantly contributing to company value obtains t-statistic value of 15.080. Because the value of risk management variable has greater t-

statistic value than 1.960, then Ho is objected but Ha is accepted, meaning the path analysis coefficient is significant. Therefore, risk management contributes significantly to company value. The coefficient value of path between risk management with that of company is 0.544 indicating that whenever other variables are constant, the company value will experience a rise of 0.544 if risk management value raises 1 unit. Risk management is expected to increase the value of banking companies, with a minimum capital fulfilling, supervisor review and risk management disclosure. It is hoped that companies will have a good performance so that they can create added value and increase company value that can benefit shareholders or company owners. This results supported the research being done by (Widodo et al., 2013) and (Sanjaya and Linawati, 2015).

Third Hypothesis: bank performance (η1) contributes to company value (η2). Ho3: p η1η2 less than 1.960. Bank performance does not contribute significantly to company value. Ha3: p η1η2 greater than 1.960. Bank performance contribute significantly to company value.

Bank performance test finding contributing significantly to company value acquires t-statistic value of 5.070. Since the value of bank performance variable have t-statistic value greater than 1.960, then Ho is rejected, but Ha is acknowledged, meaning that coefficient path analysis is significant. Hence, bank performance contributes significantly to company value. Coefficient path value between bank performance and company value is -0.167 signifying that if other variables are constant, this value will decrease by -0.167 if bank performance value increases 1 unit. A company will try to maximize their value. The Company Value describes how well or poorly management manages its wealth, this can be seen from the measurement of financial performance such as ROA and ROE. However, the result show that Bank Performance through ROA and ROE has negative effect on Company Value. This means that asset and equity management is not carried out optimally so that it does not increase the value of the company. The company's ability to manage wealth is reflected in the high value of ROA and ROE, which leads to decreased value on the company. The performance may not attract the shareholder or new investors into the company. This results is supported the research being done by (Robiyanto et al., 2020); and not supported the research being done by (Sudiyatno and Setiyowati, 2012), and (Purwaningsih and Wirajaya, 2014).

Fourth Hypothesis: GCG (ξ1) contributes to bank performance (η2). Ho4: p ξ1η1 less than 1.960. GCG does not significantly contribute to bank performance. Ha4: p ξ1η1 greater than 1.960. GCG contributes significantly to bank performance.

The GCG test finding contributing significantly to company value acquires t-statistic value of 6.420. Since the value of bank performance variable have t-statistic value greater than 1.960, then Ho is rejected, but Ha is acknowledged, meaning that coefficient path analysis is significant. Thus, GCG contribute significantly to bank performance. Coefficient path value between GCG and bank performance and company value is -0.549 suggesting that if other variables are constant, this value will decrease by 0.549 if GCG value increases 1 unit. The implementation of GCG is expected to improve the quality of the company's financial reports. By supervising the implementation of GCG in the company, it is hoped that the implementation of GCG is to improve the company's performance both financially and operationally. However, the result show that GCG has negative effect on Bank Performance. The implementation of GCG actually weakens the company's performance. The large number of directors and commissioners or even independent commissioners can

lead to conflicts that weaken management productivity, furthermore weaken the performance. This results supported the research being done by (Perdana and Septiani, 2017) and (Adi and Suwarti, 2022); and also not supported the research being done by (Prasojo, 2015) and (Ferial et al., 2016).

Fifth Hypothesis: Risk management (ξ2) contributes to bank performance (η2). Ho5: p ξ2η1 less than 1.960. Risk Management does not significantly contribute to bank performance. Ha5: p ξ2η1 greater than 1.960. Risk Management contributes significantly to bank performance.

The test finding of risk management contributing significantly to bank performance attains t-statistic value of 6.380. Because the value of risk management variable has t-statistic greater than 1.960, thus Ho is objected but Ha is accepted, meaning path analysis coefficient is significant. Hence, risk management contribute significantly to bank performance. That the value of path coefficient between risk management and bank performance is 0.870 indicates if other variables are constant, bank performace will escalate by 0.870 when risk management value rises 1 unit. The implementation of risk management is an important part of financial banking performance. It is not easy for banks to always maintain maximum profit because of the large risks of business that will be faced by banks, including credit risk, liquidity risk, and interest rate risk. The diversity of risk that faced by banks requires management to be able to apply risk management effectively because the higher the achievement of the expected performance, the higher the level of risk it faces. This results supported the research being done by (Lestari, 2013), (Attar et al., 2014), and (Idris and Norlida, 2016).

Table 6. GCG score distribution, risk management, bank performance, and company value before and after the application OJK.

Variables	N	Mean	SD
GCG Mechanism			
Pretest	100	4.869	0.989481
Postest	100	4.995	0.844743
Risk Management			
Pretest	100	49.080.615	64.101.177
Postest	100	49.336.287	63.919.498
Bank Performance			
Pretest	100	11.31	12.394
Postest	100	13.26	6.575604
Company Value			
Pretest	100	0.891	0.04068
Postest	100	0.893	0.039443

Source: Output PLS

Furthermore, Table 6 shows the modification of GCG, risk management, bank performance, and company value before and after the intervention with the enactment of OJK regulation. According to hundred sample pretest and posttest, GCG analytical result with average of first measurement 4.869 and second measurement 4.995 signifies an increase of 0.126 in banking GCG before and after the administration of OJK regulation. The same results came in on the risk management, the performance bank and the company value. There was an improvement in average before and after the enactment of OJK

regulation.

Table 7. The modification analysis of GCG, risk management, bank performance, and company value before and after the enactment of OJK regulation.

Variables	T	Df	p-value	Conclusion
GCG	-2.241	99	0.027	Siginificant
Risk Management	7.657	99	0.000	Siginificant
Bank Performance	-1.680	99	0.096	Insiginificant
Company Value	-0.705	99	0.483	Insiginificant

Source: Output PLS

Finally, according to Table 7. GCG and Risk Management GCG and Risk Management has significance value (p-value) less than 0.050 so that there is a significant difference the enactment of OJK regulation. However, Bank Performance and Company Value has no genuine changes if compared to beforehand and afterward the establishment of Financial Authority Service. Whereas that with the existence of OJK, the implementation of GCG and RM in the banking sector has changed. This can make banking companies comply with existing regulations. This results not supported the research being done by (Utami, 2019).

CONCLUSION

According to the analysis and discussion of the study's findings, Implementation of GCG in banking operations has a positive effect on company value, as well as Implementing risk management in banking operations will positively influence the values of banking company, however the banking performance has a negative impact on company value. The GCG has negative effects on company performance, however the application of risk management in banking operations positively impact the banking performance. Furthermore, the analysis finding shows that there are increase of GCG implementation on banking company values through banking performance as an intervening variable toward company value, the same result shows that an increase of risk management toward company value through bank performance as an intervening variable toward company value. The role of Financial Authority Service (OJK) has increase the average value of GCG and risk management mechanism, while bank performance and company value have no genuine changes if compared to beforehand and afterward the establishment of Financial Authority Service. The suggestion is then made that investors and potential investors can use GCG and Risk Management as criteria for evaluating the company value. In addition, it is suggested that future researchers include additional variables that can affect company value or add other intervening variables besides bank performance.

REFERENCES

Adi, S. A. P., & Suwarti, T. (2022). Pengaruh Penerapan Good Corporate Governance Terhadap Kinerja Keuangan Perbankan Yang Terdaftar Pada Bursa Efek Indonesia Tahun 2018-2020. *Jurnal Ilmiah Mahasiswa Akuntansi Universitas Pendidikan Ganesha*, *13*(2), 585–596. https://ejournal.undiksha.ac.id/index.php/S1ak/article/view/42429.

Aebi, V., Sabato, G., & Schmid, M. (2012). Risk management, corporate governance, and bank performance in the financial crisis. *Journal of Banking & Finance*, *36*(12), 3213–3226. https://doi.org/10.1016/J.JBANKFIN.2011.10.020.

Ardesta D, A. W. (2019). good corporate governance Terhadap Nilai Perusahaan: Studi Pada Perusahaan Asuransi Yang Terdaftar Di Bursa Efek Indonesia Tahun 2016-2018. *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, *2*, 1–16. https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/6710.

Attar, D., Islahuddin, & dan Shabri, M. (2014). *Pengaruh Penerapan Manajemen Risiko Terhadap Kinerja Keuangan Perbankan yang Terdaftar di Bursa Efek Indonesia*. *3*(1), 10–20. https://doi.org/10.13140/RG.2.1.3589.4882.

Ayuningrum, A. P. (2021). The Effect Risk of Credit, Efficiency, and GCG of Bank Profitability (Study in Conventional Commercial Banks Registered on the Indonesia Stock Exchange Period 2012 - 2019). *Management Analysis Journal*, *10*(2), 139–145. https://doi.org/https://doi.org/10.15294/maj.v10i2.45940.

Bank for International Settlements. (2015). Corporate governance principles for banks. In *Bank for International Settlements* (Issue October). https://www.bis.org/bcbs/publ/d328.pdf.

Berger, A. N., Imbierowicz, B., & Rauch, C. (2016). The Roles of Corporate Governance in Bank Failures during the Recent Financial Crisis. *Journal of Money, Credit and Banking*, *48*(4), 729–770. https://doi.org/10.1111/jmcb.12316.

Calomiris, C. W., & Carlson, M. (2016). Corporate governance and risk management at unprotected banks: National banks in the 1890s. *Journal of Financial Economics*, *119*(3), 512–532. https://doi.org/10.1016/J.JFINECO.2016.01.025.

Chitan, G. (2012). Corporate Governance and Bank Performance in the Romanian Banking Sector. *Procedia Economics and Finance*, *3*, 549–554. https://doi.org/10.1016/S2212-5671(12)00194-3.

Ferial, F., Suhadak, & Handayani, S. R. (2016). Pengaruh Good Corporat. *Jurnal Administrasi Bisnis*, *33*(1), 146–153.

Firmansyah, M. H. (2022). Penerapan Manajemen Risiko Keselamatan Dan Kesehatan Kerja Di Rumah Sakit Islam Surabaya a. Yani. *Jurnal Kesehatan Masyarakat (Undip)*, *10*(1), 12–19. https://doi.org/10.14710/jkm.v10i1.31550.

Gulati, R. (2022). Bank ownership and governance quality in India: Evolution and detection of convergence clubs. *The North American Journal of Economics and Finance*, *62*, 101730. https://doi.org/10.1016/J.NAJEF.2022.101730.

Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review*, *26*(2), 106–121. https://doi.org/10.1108/EBR-10-2013-0128.

Handayani, B. D. (2017). Mekanisme Corporate Governance, Enterprise Risk Management,

Dan Nilai Perusahaan Perbankan. *Jurnal Keuangan Dan Perbankan*, *21*(1), 70–81. https://doi.org/10.26905/jkdp.v21i1.1228.

Hossain, A., Sobhani, F. A., Omar, N., Mohamad, N., & Said, J. (2019). Corporate governance, risk management and ethical investment: Evidence from banking industries. *International Journal of Financial Research*, *10*(5), 126–137. https://doi.org/10.5430/ijfr.v10n5p126.

Idris, A., & Norlida, A. M. (2016). Influence of Enterprise Risk Management Success Factors on Firm Financial and Non-Financial Performance : A Proposed Model. *International Journal of Economics and Financial Issues*, *6*(3), 830–836. http://www.econjournals.com/index.php/ijefi/article/view/1993/pdf.

Jumingan. (2019). *Analisis Laporan Keuangan*. Jakarta : Bumi Aksara.

Lestari, R. (2013). Pengaruh Manajemen Risiko Terhadap Kinerja Organisasi (Studi pada Dana Pensiun Pemberi Kerja di Wilayah Jabar-Banten). *Jurnal Riset Akutansi Dan Bisnis*, *13*(2), 133–151.

Mindarti, C. S. (2016). Pengaruh Karakteristik Individu Terhadap Kinerja Auditor. *Jurnal Ekonomi Dan Bisnis*, *18*(3), 59. https://doi.org/10.24914/jeb.v18i3.286.

OECD. (2015). The OECD Principles of Corporate Governance. *The Corporate Responsibility Code Book: Third Edition*, *216*, 347–416. https://doi.org/10.9774/gleaf.9781783530670_21.

Otoritas Jasa Keuangan Republik Indonesia. (2016). Peraturan Otoritas Jasa Keuangan Republik Indonesia tentang Nomor 18 Tahun 2016 tentang Penerapan manajemen risiko bagi Bank Umum. *Otoritas Jasa Keuangan*, 1–29. http://www.ojk.go.id/id/kanal/iknb/regulasi/lembaga-keuangan-mikro/peraturan-ojk/Documents/SAL-POJK PERIZINAN FINAL F.pdf.

Perdana, R. S., & Raharja. (2014). Analisis Pengaruh Corporate Governance Terhadap Nilai Perusahaan. *None*, *3*(3), 1–13.

Perdana, V. A., & Septiani, A. (2017). Pengaruh Corporate Governance Terhadap Kinerja Keuangan Perusahaan Perbankan Yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2019. *Diponegoro Journal of Accounting*, *6*(4), 1–8. https://media.neliti.com/media/publications/251829-none-be03a27b.pdf.

Prasojo. (2015). Pengaruh Penerapan Good Corporate Governance terhadap Kinerja Keuangan Bank Syariah. *Jurnal Dinamika Akuntansi Dan Bisnis*, *2*(1), 59–69. https://doi.org/10.26740/jekobi.v4n1.p33-44.

Pratiwi, M. D., Yaningwati, F., & Endang, M. G. W. (2014). Penilaian Kinerja Keuangan Perusahaan Dengan Analisis Rasio Keuangan Dan Metode Economic Value Added (EVA) (Studi pada PT. Berlina, Tbk dan Anak Perusahaan yang Terdaftar di Bursa Efek Indonesia Periode 2010-2012). *Jurnal Administrasi Bisnis S1 Universitas Brawijaya*, *9*(2), 1–8.

Purwaningsih, N. K. I., & Wirajaya, I. G. A. (2014). Pengaruh Kinerja Pada Nilai Perusahaan Dengan Corporate Social Resonsibility Sebagai Variabel Pemoderisasi. *E-Jurnal Akuntansi Universitas Udayana*, *7*(3), 598–613.

Purwoko, D., & Sudityatno, B. (2013). Faktor-faktor yang mempengaruhi kinerja bank (Studi empirik pada industri perbankan di Bursa Efek Indonesia). *Jurnal Bisnis Dan Ekonomi*, *20*(1), 25–39. https://www.unisbank.ac.id/ojs/index.php/fe3/article/view/2344%0A.

Rakhimov, A., & Mamadjonov, S. (2022). Market Risks In Commercial Banks : Methods

Of Assessment And Analysis. *European Journal of Research Development and Sustainability (EJRDS)*, *3*(3), 92–94. https://media.neliti.com/media/publications/392004-market-risks-in-commercial-banks-methods-7b588e30.pdf.

Robiyanto, R., Nafiah, I., Harijono, H., & Inggarwati, K. (2020). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Perhotelan Dan Pariwisata Dengan Struktur Modal Sebagai Variabel Intervening. *Jurnal Ilmiah Bisnis Dan Ekonomi Asia*, *14*(1), 46–57. https://doi.org/10.32812/jibeka.v14i1.153.

Sanjaya, C. K., & Linawati, N. (2015). Pengaruh Penerapan Enterprise Risk Management dan Variabel Kontrol Terhadap Nilai Perusahaan di Sektor Keuangan. *Finesta*, *3*(1), 52–57. http://publication.petra.ac.id/index.php/manajemen-keuangan/article/view/2975.

Sari, M., Hanum, S., & Rahmayati, R. (2022). Analisis Manajemen Resiko Dalam Penerapan Good Corporate Governance : Studi pada Perusahaan Perbankan di Indonesia. *Owner*, *6*(2), 1540–1554. https://doi.org/10.33395/owner.v6i2.804.

Sekaran, U., & Bougie, R. (2017). *Metode Penelitian Bisnis*. Jakarta : Salemba Empat.

Sudiyatno, B., & Setiyowati, R. (2012). Pengaruh Bopo , Npl , Nim Dan Car Terhadap Kinerja Keuangan Bank (Studi Pada Bank-Bank Yang Listed Di Bursa Efek Indonesia) The Influence of BOPO , NPL , NIM and CAR toward on the Financial Performance of Banks (Study at listed Bank ' s in Indonesian S. *Dinamika Akuntansi Keuangan Dan Perbankan*, *1*(1), 57–73.

Sugiyono. (2018). *Metode Penelitian Kombinasi (Mixed Methods)* (10th ed.). Bandung: CV Alfabeta.

Utami, M. D. (2019). Analisis Perbandingan Tingkat Kesehatan Bank Dengan Metode Rgec Sebelum Dan Sesudah Pengawasan Otoritas Jasa Keuangan (Ojk) Pada Pt. Bank Negara Indoensia (BNI), TBK [Program Studi Manajemen S1 STIE Ekuitas Bandung]. In *Repositori Ekuitas*. http://repository.ekuitas.ac.id/bitstream/handle/123456789/698/Fulltext - A10150012.pdf?sequence=3&isAllowed=y.

Widodo, N. M., Rochman, F., & Yudawijaya, Y. B. (2013). Pengaruh Pengungkapan Manajemen Risiko Terhadap Nilai Perusahaan (Bukti Empiris dari Pasar Modal Indonesia). *Forum Akademika*, *17*(1), 1–18. https://adoc.pub/pengaruh-pengungkapan-manajemen-risiko-terhadap-nilai-perusa.html.