

ABSTRACT

Purpose: This research is to analyze the effect of governance and intellectual capital on firm value with profitability as the intervening variable.

Method: The sample used purposive sampling, obtained 61 consumption sector companies that published complete financial reports from 2017-2021 and were registered on the IDX, so that 305 observation data were obtained and processed using STATA.

Results: Research reveals that institutional ownership has no significant effect on profitability, while independent commissioners and auditor reputation directly influence it with a significant positive coefficient on profitability. Intellectual capital is proven to have a significant positive effect on profitability. Institutional ownership and independent commissioners have no significant effect on firm value, while auditor reputation has a significant positive direct effect on firm value. The results also show that intellectual capital directly has no significant effect on firm value. Profitability directly has a significant positive impact on firm value. Furthermore, ROE cannot mediate between institutional ownership and TOBINSQ. However, this study states that ROE can mediate between independent commissioners, auditor reputation, and intellectual capital with TOBINSQ.

Novelty: This study enriches the literature and developed from previous research on the relevance of profitability mediation. Not many have combined the variables of governance and intellectual capital to be tested on company value through ROE mediation.

Keywords:

institutional ownership, independent commissioners, auditor reputation, intellectual capital, profitability, firm value