Al-Kharaj: Journal of Islamic Economics and Business
Volume 8 (1), 2026
P-ISSN: 2686-262X; E-ISSN: 2685-9300

# The Influence of Profitability, Leverage, and Good Corporate Governance on the Value of Government Banking Companies 2020–2023 Period

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***Keywords:***
*Debt To Equity Ratio, Good Corporate Governance, Price To Book Value, Profitability, State-Owned Banks*

***Abstract***
*The Indonesian state-owned banking sector faces valuation challenges post-COVID-19 pandemic despite fundamental improvements. This study aims to analyze the effect of profitability (ROA), leverage (DER), and Good Corporate Governance (GCG) on the firm value (PBV) of state-owned banks (Himbara) for the 2020-2023 period. Using a quantitative associative-causal approach, the population includes five Himbara banks with a census sample of 20 firm-year observations through purposive sampling. Secondary data from financial statements were analyzed using SPSS multiple linear regression after classical assumption testing. The results show that the three variables have no significant effect, either partially (sig. >0.05) or simultaneously (Sig. F=0.508; $R^2$=13.1%). The conclusion states that external factors dominate the valuation of state-owned banks, suggesting a focus on policy transparency.*

## INTRODUCTION

The banking sector plays a central role as financial intermediary and in transmitting economic policy in Indonesia. State-owned banks (Himbara), such as Bank Mandiri, BRI, BNI, BTN, and Bank Syariah Indonesia, dominate national banking assets and implement key government programs, including MSME financing and economic recovery.

The COVID-19 pandemic since 2020 has put pressure on the banking sector through economic contraction, increased credit risk, and a slowdown in lending. Credit restructuring policies and stimulus from the government and the Financial Services Authority (OJK) have supported the recovery, as evidenced by increased profitability and a decline in non-performing loans (NPLs) through 2023.

However, fundamental improvements are not always reflected in company value in the capital market. The Price-to-Book Value (PBV) of state-owned banks fluctuated between 2020 and 2023, indicating a gap between internal performance and investor perceptions.

This phenomenon suggests that factors other than financial performance influence market assessments of state-owned banks during the recovery period. Previous empirical findings have been inconsistent; some show a positive effect on profitability and GCG, while others show no significant effect, particularly for state-owned enterprises.

Specific studies on state-owned banks post-pandemic remain limited, leaving a research gap regarding the influence of profitability (ROA), leverage (DER), and Good Corporate Governance (GCG, proportion of independent commissioners) on PBV. This inconsistency is

evident in studies such as Putri & Fitria (2021), which found significant profitability and GCG in commercial banks, in contrast to Siagian & Asari (2024) who found significant impacts on state-owned enterprises (SOEs).

This study aims to analyze the influence of profitability, leverage, and GCG on the corporate value of Indonesian state-owned banks from 2020 to 2023. Its relevance lies in its implications for management, investors, and regulators in evaluating the effectiveness of these factors amidst the dynamics of economic recovery, as well as its practical contribution to national financial stability.

The novelty is the contextual empirical evidence on Himbara post-pandemic, enriching the literature by reexamining signaling, agency, and capital structure theories specific to state-owned banking enterprises, where previous studies such as Nugraha et al. (2022) and Wahyuni (2024) have not focused on this period.

## LITERATURE REVIEW AND HYPOTHESIS

Theoretical Framework. Conceptually, this research relies on signaling theory, agency theory, and capital structure theory as a basis for explaining the relationships between the research variables. Signaling theory, proposed by Spence, highlights that information asymmetry between management and investors encourages companies to convey signals to the market through financial information and strategic policies. In the context of corporate finance, profitability ratios such as Return on Assets (ROA) and funding structure, reflected in the Debt to Equity Ratio (DER), can serve as signals of a company's performance quality and prospects. High profitability is viewed as a positive signal because it reflects the efficiency of asset management and the company's ability to generate profits. Conversely, excessive leverage can be interpreted as a signal of increased financial risk. The implementation of Good Corporate Governance can also provide non-financial signals regarding a company's commitment to transparency and sound oversight, for example through the presence of a higher proportion of independent commissioners. The strength of these signals is highly dependent on market perceptions and the relevant industry context.

Agency theory (Jensen & Meckling, 1976) explains that conflicts of interest between shareholders (principals) and managers (agents) can reduce a company's value if not controlled by effective oversight mechanisms. Within this framework, the application of GCG principles serves as an internal control mechanism to minimize opportunistic management behavior, while the use of debt (leverage) acts as an external disciplinary mechanism by increasing oversight by creditors. However, the effectiveness of these governance mechanisms and debt discipline is not universal; company characteristics, ownership structure, and the quality of GCG implementation significantly influence the results. In state-owned banks, the dominance of state ownership and the existence of public policy objectives can limit the effectiveness of independent commissioner oversight, so agency theory may not be fully realized in increasing company value.

Furthermore, capital structure theory emphasizes that financing decisions will affect firm value through a trade-off between the benefits and costs of using debt. Trade-off theory states that firms strive to achieve an optimal capital structure by balancing the tax benefits of debt (tax shield) against the bankruptcy costs and financial risks posed by debt. In the banking industry, which naturally operates with high leverage, capital structure management is crucial because public trust and financial stability are highly sensitive to changes in risk. Meanwhile, pecking order theory states that firms prefer internal financing (retained earnings) over debt and new equity issuance, especially when information asymmetry is high. Both perspectives suggest that leverage can have both

positive and negative impacts on firm value, depending on the conditions and research period. Finally, the concept of firm value theory asserts that management's primary objective is to maximize shareholder wealth, which is reflected in the firm's market value. In this study, Price to Book Value (PBV) is used as an indicator of firm value because PBV reflects investors' perceptions of a firm's performance and prospects relative to its book value. In the context of post-pandemic state-owned banks, PBV is an important measure for assessing the extent to which the capital market responds to the recovery in fundamental performance.

Several previous empirical studies have examined the relationship between profitability, leverage, GCG, and firm value, but the findings are mixed. Putri Nadhiyah & Fitria (2021) found that profitability and GCG have a significant positive effect on the value of banking firms, while leverage has no significant effect. Nugraha et al. (2022) also reported that profitability, leverage, and GCG simultaneously have a significant effect on firm value, but in partial testing, only certain variables (e.g., firm size) showed a significant effect. Conversely, Siagian & As'ari (2024) found that ROA (profitability) has no significant effect on the value of state-owned enterprises, and GCG is even unable to moderate this relationship, indicating the weak role of profitability as a signal in the context of state-owned enterprises. Wahyuni's (2024) study on state-owned enterprises that increase outstanding shares found that profitability and GCG have a significant positive effect on PBV, while leverage has no significant effect. Previous Research. Several previous empirical studies have examined the relationship between profitability, leverage, GCG, and firm value, but the findings are still mixed. Putri Nadhiyah & Fitria (2021) found that profitability and GCG had a significant positive effect on the value of banking firms, while leverage had no significant effect. Nugraha et al. (2022) also reported that profitability, leverage, and GCG simultaneously had a significant effect on firm value, but in partial testing, only certain variables (e.g., firm size) showed a significant effect. Conversely, Siagian & As'ari (2024) found that ROA (profitability) had no significant effect on the value of state-owned enterprises, and GCG was even unable to moderate this relationship, indicating the weak role of profitability as a signal in the context of state-owned enterprises. Wahyuni's (2024) study on state-owned enterprises that increased their outstanding shares found that profitability and GCG had a significant positive effect on PBV, while leverage had a significant negative effect. Conversely, Isyfa Fuhrotun (2022) reported that only profitability had a significant effect on firm value, while leverage and GCG had no significant effect. The mixed findings from these studies indicate that the relationship between these variables is inconsistent across sectors and research periods. The limited studies specifically focusing on state-owned banks post-pandemic also indicate a research gap that needs to be filled. Therefore, further empirical testing is needed in the context of state-owned banks during the economic recovery period to clarify the influence of profitability, leverage, and GCG on firm value.and to understand contextual factors that may moderate these relationships.

From a conceptual perspective, the following is a description of the relationship between the variables studied in this research:

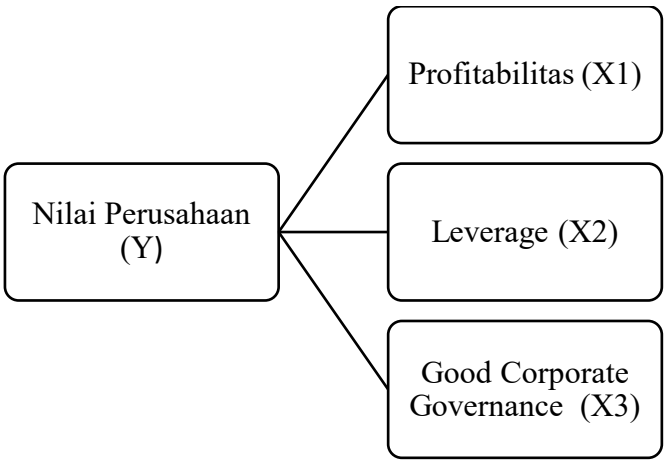


Figure X shows the conceptual framework of the study, which illustrates the influence of profitability (X1), leverage (X2), and good corporate governance (X3) on firm value (Y). This framework is based on theoretical foundations and previous research findings and is used to examine the influence of these three independent variables, both partially and simultaneously, on the firm value of state-owned banks in Indonesia for the 2020–2023 period.

Research Hypothesis. Based on the theoretical basis and previous research findings above, the research hypothesis can be formulated as follows:

1. $H_1$: Profitability is suspected to have a positive effect on the value of government banking companies in the post-pandemic recovery period of 2020–2023.
2. $H_2$: Leverage is suspected to have a negative impact on the value of government banking companies in the post-pandemic recovery period of 2020–2023.
3. $H_3$: Good Corporate Governance is suspected to have a positive influence on the value of government banking companies in the post-pandemic recovery period of 2020–2023.
4. $H_4$: Profitability, leverage, and Good Corporate Governance are suspected to simultaneously influence the value of government banking companies in the post-pandemic recovery period of 2020.–2023.

## METHODS

### Types and Methods of Research

This study applies a quantitative approach with an associative-causal design to examine the causal relationship between profitability (ROA), leverage (DER), and Good Corporate Governance (GCG, proportion of independent commissioners) on firm value (PBV) in state-owned banks during the 2020-2023 period. This approach aligns with the post-positivistic paradigm, which emphasizes hypothesis testing through numerical data and statistical analysis, as outlined by Sugiyono (2023) in classifying quantitative methods as confirmatory and scientific. Furthermore, Creswell and Creswell (2023) emphasize that a causal design is ideal for identifying the influence of independent variables on dependent variables in empirical contexts such as the financial sector.

### Data Analysis Instruments and Techniques

The main instruments are secondary data from annual financial reports, annual reports, and stock price data from the Indonesia Stock Exchange (IDX) and official bank websites,

including ROA, DER, proportion of independent commissioners, and PBV. Analysis techniques include descriptive statistics, classical assumption tests (Kolmogorov-Smirnov normality, VIF multicollinearity, Glejser heteroscedasticity, Durbin-Watson autocorrelation), and multiple linear regression with SPSS for partial (t) and simultaneous (F) tests at $\alpha$=0.05. Sudaryono (2022) supports the use of multiple regression for causal hypothesis testing on financial panel data, while Emzir (2023) emphasizes the validation of classical assumptions to ensure model reliability in quantitative research.

### Population and Sample

The study population consisted of all state-owned banks listed on the Indonesia Stock Exchange (IDX), namely five Himbara banks: Bank Mandiri, BRI, BNI, BTN, and BSI, during the 2020-2023 period, reflecting the post-pandemic recovery phase. The sample was determined through purposive sampling with the criteria of state-owned banks, available complete reports, and accessible GCG data, resulting in a census sample of 5 banks × 4 years = 20 firm-year observations. Sugiyono (2023) recommends purposive sampling for limited and specific populations such as this, while Creswell and Creswell (2023) add that censuses are effective for generalizing to homogeneous groups.

### Research Procedures

The procedure begins with secondary data collection through documentation from the IDX website and official banks, followed by data processing in SPSS for descriptive analysis, assumption testing, and regression. The next step involves interpreting the regression results related to the hypothesis, with robustness testing on a sample of commercial banks for validation. Emzir (2023) outlines a similar procedure for comparative causal research, while Sudaryono (2022) emphasizes the documentation-analysis-interpretation sequence for objectivity and systematic analysis.

## RESULTS AND DISCUSSION

### Descriptive Statistics

This study observed five state-owned banks over four years, resulting in 20 observational data sets. Table 1 presents descriptive statistics for the variables firm value (PBV), profitability (ROA), leverage (DER), and proportion of commissioners.independent (GCG) in the research sample.

**Table 1. Descriptive StatisticsVariables (N = 20)**

| Variables | Minimum | Maximum | Mean | Standard Deviation |
|---|---|---|---|---|
| Company Value (PBV) | 0.62 | 5.04 | 1.8565 | 1,0354 |
| Profitability (ROA %) | 0.37 | 3.06 | 1.4355 | 0.7760 |
| Leverage (DER times) | 4.75 | 17.07 | 8,5500 | 3,7614 |
| Independent Commissioner (proportion) | 0.25 | 0.60 | 0.3920 | 0.1231 |

**Source:**Results of processed research data

Table 1 shows that the corporate value of state-owned banks varied widely during 2020–2023, with the lowest PBV being 0.62 and the highest being 5.04, but the average was only around 1.8565. This indicates that state-owned banks are generally valued by the market at around 1.86 times their book value, reflecting moderate valuations post-pandemic. State-owned banks' profitability (ROA) ranged from 0.37% to 3.06%, with an average of 1.4355%. This indicates a relatively improved return on assets (ROA) from the lows at

the start of the pandemic to recovery (average ROA approaching 1.5%). Leverage, as measured by the DER (Debt to Equity Ratio) ranged from 4.75 to 17.07, with an average of 8.55 times. This high average DER ratio aligns with the characteristics of the banking industry, which relies heavily on funding from liabilities (third-party funds); however, the DER remains within regulatory limits and is considered reasonable for banks. Meanwhile, the proportion of independent commissioners on the boards of commissioners of the sample banks ranged from 25% to 60%, with an average of 39.20%. This proportion demonstrates state-owned banks' compliance with GCG regulations, which require a minimum of 30% representation among independent commissioners. Overall, descriptive statistics indicate that during the 2020–2023 recovery period, the fundamental performance of state-owned banks remained relatively stable and showed an improving trend, although market valuations have not yet fully reflected this improvement.

**Classical Assumption Test**

Before estimating the regression model, a classical assumption test was performed to ensure the model met the prerequisites. The summary results of the classical assumption test are shown in Table 2 below.

**Table 2. Results of the Classical Assumption Test of the Regression Model**

| Assumptions | Test Results and Criteria | Conclusion |
|---|---|---|
| Normality | Sig. Kolmogorov-Smirnov = 0.200 (>0.05) | Normally distributed residuals |
| Multicollinearity | VIF 1.37–1.98 (all < 10) | No multicollinearity detected |
| Heteroscedasticity | Sig. Glejser ROA = 0.030 (<0.05) | Indications of heteroscedasticity in ROA |
| | Sig. Glejser DER = 0.121; GCG = 0.977 (>0.05) | (There is no heteroscedasticity in DER, GCG) |
| Autocorrelation | Durbin-Watson = 1.567 (in the range -2 to +2) | No autocorrelation detected |

**Source:**Results of processed research data

Based on Table 2, it can be concluded that the regression model meets most of the classical assumptions. The Kolmogorov-Smirnov test yielded a significance value of 0.200 (>0.05), indicating that the residual data were normally distributed. The multicollinearity test showed that the Variance Inflation Factor (VIF) values for all independent variables were in the range of 1.37–1.98 (less than 10) with a tolerance value above 0.1, indicating no signs of multicollinearity among the independent variables. The heteroscedasticity test using the Glejser method revealed that the ROA variable had a sig. value of 0.030 (<0.05), indicating the presence of heteroscedasticity symptoms in that variable (the residual variance is not constant relative to ROA). Meanwhile, the DER and independent commissioner variables had sig. values of 0.121 and 0.977 (>0.05), respectively, indicating no indication of heteroscedasticity for these two variables. Thus, in general, the regression model can be said to nearly meet the homoscedasticity assumption, although there are indications of minor violations in the profitability variable. Furthermore, the Durbin-Watson test yielded a DW value of 1.567, which ranges from -2 to +2, thus concluding that there is no autocorrelation in the model. Overall, the regression model is considered suitable for hypothesis testing, with caution in interpreting the ROA coefficient due to the potential for heteroscedasticity.

**A. Multiple Linear Regression Results**

Hypothesis testing was conducted using multiple linear regression analysis, with firm value (PBV) as the dependent variable and three independent variables (ROA, DER, and independent commissioners). Table 3 below presents a summary of the estimated regression coefficients and their significance values.

**Table 3. Multiple Linear Regression Results of the Effect of ROA, DER, and GCG on PBV**

| Variables | Coefficient (B) | Sig. (p) |
|---|---|---|
| Constant | 2,732 | 0.109 |
| Profitability (ROA) | -0.105 | 0.807 |
| Leverage (DER) | -0.105 | 0.260 |
| GCG (Independent Commissioner) | 0.446 | 0.848 |

**Source**: Results of processing research data

**Notes**: $R^2 = 0.131$; $F(3,16) = 0.78$ (Sig. F = 0.508) – not significant. Dependent: Firm Value (PBV).

Based on Table 3, the estimated regression equation can be written as follows:

$$\mathbf{PBV = 2.732 - 0.105\ ROA - 0.105\ DER + 0.446\ GCG + e}$$

The constant of 2.732 indicates the estimated PBV value when all three independent variables are zero (ceteris paribus). The ROA regression coefficient is negative (-0.105), indicating a negative relationship between profitability and firm value. However, its significance value is 0.807 >> 0.05, indicating that the effect is not statistically significant. This means that increasing profitability has not been proven to provide a significant change in the PBV of state-owned banks. The leverage variable (DER) also has a negative coefficient (-0.105) with a p-value of 0.260 (>0.05), indicating that leverage does not have a significant effect on firm value, although the direction of the effect tends to be negative. Furthermore, the coefficient of the GCG variable (proportion of independent commissioners) is positive at 0.446, but its significance is 0.848 >> 0.05, so there is no significant effect of GCG implementation on firm value. In other words, differences in the proportion of independent commissioners between banks have not had a significant impact on PBV variability. Simultaneously, the three independent variables also did not have a significant influence on firm value (Sig. F value = 0.508 > 0.05). The coefficient of determination ($R^2$) value of 0.131 indicates that this regression model is only able to explain approximately 13.1% of the variation in firm value, while the remaining 86.9% is influenced by other factors outside the model.

Next, the above results will be discussed further in depth by linking them to previous research theories and findings.

**a) The Influence of Profitability on Company Value**

Regression results indicate that profitability, as measured by ROA, had a negative but insignificant effect on state-owned banking firm value (PBV) in the 2020–2023 period (Table 3). Theoretically, this finding is inconsistent with the expectations of signaling theory, where high profitability should be a positive signal regarding a company's prospects and performance in the eyes of investors (Brigham & Houston, 2019). Under normal conditions, increasing ROA is expected to boost investor confidence, thus driving up the company's share price. However, the context of the post-pandemic recovery of state-owned banks appears to have prevented the market from fully responding positively to profit signals. The profit increases achieved by state-owned banks during the recovery period can largely be attributed to government policy support (e.g., credit restructuring programs, regulatory relaxation, and the placement of government funds in state-owned banks). Investors likely perceive this increase in profitability not solely as a result of management efficiency and effectiveness, but rather as driven by temporary external factors. Consequently, the effectiveness of ROA as a signal of company quality is weakened in the market's view, so that increased profitability does not necessarily increase PBV during this period.

The empirical findings of this study are consistent with several previous studies showing that profitability does not always have a significant impact on firm value, particularly in the context

of government-owned companies or during times of economic uncertainty. These results align with the findings of Siagian & As'ari (2024) and Yanti & Monika (2024), who reported that ROA had no significant effect on the value of state-owned enterprises. This indicates that for companies with strategic roles and government support, profit is not the only indicator investors consider when assessing a company's prospects. Investors tend to be more cautious and consider other factors such as economic stability and policy support, rather than reacting directly to improved profits. Therefore, in the context of post-pandemic state-owned banks, increased profitability has not been able to significantly increase firm value.

**b) The Effect of Leverage on Company Value**

The leverage variable, measured by the DER, also proved insignificant in its effect on firm value (Table 3). The DER regression coefficient was negative, indicating that the market tends to respond negatively to increases in leverage. However, this effect was weak and insignificant ($p = 0.260$). From a capital structure theory perspective, moderate debt use can increase firm value due to the tax shield, as long as it remains within optimal limits (Brigham & Houston, 2019). However, excessive debt increases financial costs and the risk of default, which can undermine investor confidence. In the banking industry, high leverage is inherent and common because banks' business model relies on collecting public funds (deposits) as their primary liability. Furthermore, regulators impose strict capital requirements, so banks' leverage ratios tend to be within a relatively homogeneous and safe range. In this study sample, the DER differences between state-owned banks were not significant (averaging around 8.55 times, see Table 1), and all banks met minimum capital requirements. Therefore, variations in capital structure among state-owned banks do not provide significant risk or opportunity signals to investors.

The results of this study support the findings of several previous studies that also found no significant effect of leverage on firm value in the banking sector. For example, Putri & Fitria (2021) and Isyfa Fuhrotun (2022) both reported that DER had no significant effect on bank PBV. This consistent finding indicates that for investors in the banking sector, particularly state-owned banks, stability and government policy support are prioritized over the company's funding structure. As long as banks remain within a regulatory-appropriate leverage corridor, additional debt or debt reduction does not significantly alter investor risk perceptions. In other words, leverage levels have not become a primary consideration for investors in assessing the value of state-owned banks during the economic recovery period, as other factors such as asset quality (non-performing loans) and the macroeconomic outlook may be more dominant.

**c) The Influence of Good Corporate Governance on Company Value**

The results of the study indicate that the Good Corporate Governance (GCG) variable, proxied by the proportion of independent commissioners, has a positive but insignificant coefficient on firm value (Table 3). This means that increasing the proportion of independent commissioners—as an indicator of strengthening governance mechanisms—has not had a significant impact on increasing the PBV of state-owned banks. From an agency theory perspective, the implementation of good GCG should increase firm value by reducing conflicts of interest between management and shareholders and increasing investor confidence in the company (Jensen & Meckling, 1976). However, the effectiveness of GCG mechanisms is strongly influenced by the context in which they are implemented. In state-owned banks, the government acts as both the majority shareholder and policymaker. The dominance of government shareholders can cause the function of independent commissioners to be more of a regulatory compliance formality than a truly independent control function. In other words, although the governance structures of these companies appear to meet standards (having an average of ~39% independent commissioners, Table 1), the market appears to perceive this measure as insufficient to differentiate performance

among state-owned banks, as all banks implement relatively uniform GCG policies in accordance with regulations.

The finding that GCG had no significant effect aligns with the research findings of Karina & Wahyuni (2020) and Isyfa Fuhrotun (2022), which also found that GCG implementation (e.g., through the index or attributes of independent commissioners) had no significant impact on firm value in the banking sector. These results indicate that improving governance attributes (such as adding independent commissioners) is not perceived as added value by the market if the quality of implementation is deemed ineffective. In the case of state-owned banks, investors may perceive that governance is already tightly regulated by regulators, thus minimizing significant differences between companies, or that government control is more influential in determining the direction of the company than the board of commissioners' mechanisms. Consequently, formal GCG has not yet become a determining factor influencing investors' assessment of state-owned banks in the capital market.

**d) The Simultaneous Effect of Profitability, Leverage, and GCG on Company Value**

The results of the simultaneous test (F-test) confirmed that profitability, leverage, and GCG together did not significantly influence the value of state-owned banking companies (Table 3). With a significant F-value of 0.508, it can be concluded that the combination of these three internal factors was unable to meaningfully explain changes in company value during the study period. This finding reflects the model's low explanatory power ($R^2$ of only 13.1%), indicating that variations in state-owned banks' PBV are more influenced by factors outside these three variables. External factors such as macroeconomic conditions, government policies, financial system stability, and market sentiment toward the state-owned banking sector appear to play a more dominant role in determining company value movements during the post-pandemic recovery period.

In the context of state-owned banks, investor assessments of a company are not solely based on financial performance and internal governance, but also consider the bank's role as an instrument of public policy. For example, market expectations of government support in the event of difficulties (implicit government guarantees) can make investors less sensitive to fundamental indicators such as profitability or changes in capital structure. Therefore, although the three independent variables are important factors in corporate finance theory, in this case, their collective influence is overshadowed by external variables not included in the model. The findings of this study are consistent with the view that in crisis and recovery situations, particularly for state-owned enterprises, macroeconomic factors and policies are more influential in determining investor perceptions than the company's historical financial performance.

**Additional Findings: Robustness Test on All Banks**

As an additional analysis, this study conducted a robustness test by applying the same regression model to a broader sample, namely all banks listed on the Indonesia Stock Exchange (state-owned and private banks) during the 2020–2023 period. The purpose of this robustness test was to observe the consistency of the results and determine whether the relationships between variables would differ in the context of the banking industry in general. Interestingly, the robustness test results showed a different pattern of influence when compared to the sample of state-owned banks only. In the sample of 47 national commercial banks, the leverage variable (DER) was identified as having a positive and significant effect on PBV partially ($p<0.05$), while ROA and GCG remained insignificant. Although the $R^2$ value for the model across all banks was relatively small (around 0.027 or only 2.7%), this finding indicates that capital structure influences bank valuations industry-wide, but not for the state-owned bank group. Higher leverage tends to be appreciated by investors in the general banking industry, perhaps because it reflects business expansion and the willingness to take risks for growth. In contrast, investors in state-owned banks appear to be less concerned about leverage levels due to the perception that the government will maintain their

capital. In other words, the characteristics of state-owned banks differ from those of private banks: the presence of implicit government guarantees or support makes investors less sensitive to changes in debt ratios, profits, and internal GCG practices. These robustness results provide additional insight that the ownership context and strategic role of banks moderate the relationship between fundamental factors and firm value. This finding consistently reinforces some of the initial results (ROA and GCG were generally insignificant), while also emphasizing the importance of considering sample characteristics and external factors in analyzing banking firm value.

## CONCLUSION

This study concludes that profitability (ROA), leverage (DER), and Good Corporate Governance (GCG, proportion of independent commissioners) do not significantly influence the firm value (PBV) of Indonesian state-owned banks during the 2020-2023 period, either partially or simultaneously, with an $R^2$ of only 13.1 percent, indicating the dominance of external factors such as government policies and macroeconomic conditions. This finding is inconsistent with the full theory of signaling, agency, and capital structure in the context of post-pandemic state-owned enterprises (SOEs), consistent with studies such as Siagian and As'ari (2024) and Putri and Fitria (2021). Robustness tests on 47 commercial banks confirm that leverage is significant across industries, but not for Himbara due to implicit state guarantees.

However, this study is limited to a small sample size (20 observations) and a short period, so generalizations should be made with caution. The potential for heteroscedasticity in ROA also requires prudent interpretation. Consequently, state-owned bank management and regulators must prioritize policy transparency and communication of long-term prospects to increase investor confidence, rather than solely internal metrics. Suggestions for future research include expanding the sample size, using a longer period, using moderating variables such as asset quality or macroeconomic factors, and using alternative GCG proxies (e.g., a comprehensive index) for stronger robustness testing.

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