

The Effect Of Corporate Governance, Derivative Hedging, And Risk Governance On Company Value In Manufacturing Companies Listed On The Indonesia Stock Exchange In 2018-2022

Kern Rahman Maulana Asnawi Putra ¹, Mahatma Kufepaksi ², Sri Hasnawati ³

^{1,2,3}Postgraduate Program in Master of Management, Faculty of Economics and Business, University of Lampung, Bandar Lampung, Indonesia
Prof. Sumantri Street Brojonegoro No. 1, Building Meneng, Bandar Lampung 35145

E-mail:kern.rahman@gmail.com ¹

Abstract

This study aims to analyze the effect of Corporate Governance, Derivative Hedging, and Risk Governance on firm value in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2018–2022. The research is based on the importance of corporate governance, hedging strategies, and risk management as factors that can influence investor perception and enhance firm value. The study population consisted of 225 manufacturing companies listed on the IDX, and through purposive sampling, 45 companies were selected as samples that met the criteria. Secondary data were obtained from annual reports and analyzed using EViews software. The results indicate that Good Corporate Governance (GCG) has a positive coefficient, but does not have a significant effect on firm value. Derivative hedging also shows a positive relationship, however it is not significant in increasing firm value. Furthermore, Risk Governance is found to have no significant effect on firm value, suggesting that the risk management practices disclosed by companies have not provided a substantial impact on enhancing firm value. These findings emphasize that the three variables have not become primary determinants in shaping the firm value of manufacturing companies listed on the IDX during the study period.

Keywords: Corporate Governance, Derivative Hedging, Risk Governance, Firm Value, Manufacturing Companies.



INTRODUCTION

Company value is an investor's perception of the company's condition, which is closely related to its stock price. The main goal of a company is to increase its value by improving the welfare of its owners or shareholders, menurut Rahmanto & Mariah (2022). Company value is defined as the actual selling price of a company in operation. The difference between the selling price and the liquidation costs represents the value of the management of the organization that manages the company. Company value is basically measured by several aspects, including the company's stock price in the market. According to Pamungkas et al. (2019) high stock prices, it is an achievement for the company in managing its business well because the stock price reflects the company's value. The higher the company's value, the higher the rate of return to investors. Klingeberg et al. (2021), defines company value as a picture of company performance where high or low stock prices can affect investor perceptions of a company. Company value represents the prosperity of owners and shareholders, which is reflected in the company's stock price. A decrease in company value will reduce investor confidence in the company, endangering the company's survival. A company's growth can be seen from the size of the company's total assets.

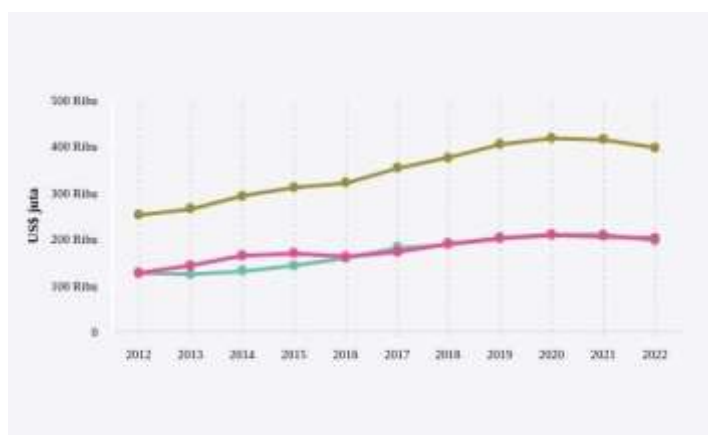
Increasing the number of assets owned will increase production results. generated by the company. The increase in the number of assets will also be followed by an increase in performance operational so that impact on improvement trust from party external. Improvement trust to company will make things easier business company For obtain capital from creditors. This is based on the creditor's belief that the funds given to the company will be guaranteed by the amount of assets in the company. In line with growth company, level the return that requested by creditors as well will increase along improvement capital Which parallel with improvement amount asset company. According to Pramana & Yasa (2020) pthe increase amount asset need improvement amount debt. Debt or loans that the company needs can be obtained from various sources.

The growth of a company's assets can increase trust from external parties, including creditors. This, in turn, will make it easier for the company to obtain additional capital through loans. On the other hand, the development of Indonesia's total foreign debt is also a significant concern, especially for companies in the manufacturing sector that engage in significant export-import activities. Increasing foreign debt can increase a company's financial risks, such as fluctuations in exchange rates, commodity prices, and interest rates. Recent data shows that Indonesia's foreign debt growth is slowing, particularly for government and central bank debt. This slowdown in foreign debt growth could indicate an improvement in the company's financial condition and increase investor confidence. Therefore, there is a correlation between the growth of a company's assets,



its ability to obtain loans, and the development of Indonesia's foreign debt, which can impact the company's performance and value.

The development of Indonesia's total external debt is a significant concern, particularly for companies in the manufacturing sector, which engage in significant export-import activities. Increasing external debt can increase a company's financial risks, such as fluctuations in exchange rates, commodity prices, and interest rates. This can negatively impact the company's performance and value. Conversely, a decrease in external debt can indicate an improvement in the company's financial condition. Debt reduction can boost investor confidence in the company and ultimately increase its value. According to data, Indonesia's total external debt increased from USD 389.3 billion in 2018 to USD 396.84 billion by the end of 2022. However, this external debt growth slowed, from 3.4% year-on-year in 2021 to only 2.6% year-on-year at the end of January 2022. This slowdown primarily affected government and central bank debt, which decreased 6.47% year-on-year to USD 195.67 billion. Meanwhile, private foreign debt also experienced a decrease of 1.76% (year-on-year) to USD 201.17 billion as explained in Figure 1.1.



Source data: Bank Indonesia 2022

Figure 1. Total Debt Outside State of Indonesia 2018-2022

At the end of 2022, Indonesia's total foreign debt (ULN) reached USD 396.84 billion, or equivalent to Rp. 6.18 quadrillion (with assumptions exchange rate of Rp. 15,592 per US dollar). This figure down 4.14% compared to 2021 (year-on-year/ yoy). The details are : government and central bank external debt shrank 6.47% (yoy) to USD 195.67 billion, while private external debt down 1.76% (yoy) to USD 201.17 billion. The slowdown the growth of the external debt happen especially in the Government's foreign debt, which can it is said that infrastructure be one of vital areas in support development and always supported by the government. Various policy government related infrastructure will push activity business companies in the sector infrastructure, in

210

particular state-owned companies, because government always involving BUMN in expansion infrastructure.

Regulation Government of the Republic of Indonesia Number 10 of 2011 concerning Procurement Procedures Foreign Loans and Grant Receipts mentioned that there are two types loan abroad, namely every financing through debt obtained government from giver loan abroad bound by treaty loans and not shaped letter valuable to the state, which must be paid return with condition certain. One of the many industries do borrowing abroad is industry infrastructure, which can covers construction, services health, manufacturing, information and communication, and others.

Furthermore, Bank Indonesia Regulation Number 12/1/PBI/2010 concerning Non-Bank Foreign Loans require every the company that will do loan abroad for apply function management risks, which include market risk, risk liquidity and risk operational. Currently Indonesia uses system mark swap floating free where the exchange rate is can move in a way free in accordance with market forces.

In March 2022, Indonesia recorded phenomenon performance exports and imports that print record highest throughout history. Based on data from the Coordinating Ministry for Economic Affairs, the value Indonesian exports in the month the reached USD 26.5 billion or increase by 29.42% month -to-month and 44.36% year -on-year. Meanwhile, that, value import reached USD 21.97 billion, increasing 32.02% month -on-month and 30.85% year -on-year. Export and import performance improved. significant This generate a balance of payments surplus trading amounting to USD 4.53 billion, continuing surplus trend since May 2020.

According to a 2022 report from the Coordinating Ministry for Economic Affairs, the increase in export and import performance was influenced by several factors. First, the prices of several leading Indonesian commodities experienced significant increases during the month, such as coal (49.91%), nickel (41.26%), and crude palm oil (16.72%). Second, the government continues its efforts to downstream commodities by transforming exports from raw commodities to downstream products with higher added value. Third, manufacturing activity continues to expand, supported by the Indonesian Manufacturing Sector Purchasing Managers' Index, which stood at 51.3 in March 2022. This phenomenon demonstrates Indonesia's impressive foreign trade performance amidst global challenges.

According to Kinasih & Mahardika (2019) investors, a company's high value will foster trust among potential investors, encouraging them to make concrete investment decisions by purchasing shares. This is based on investors' belief that companies with well-structured and well-managed business governance will be able to generate solid and profitable financial performance in the future, thus promising significant returns for shareholders. High stock prices, resulting from trading on the stock exchange, also serve



as an indicator that good corporate governance practices are working well and increasing the company's value. Furthermore, the global financial crisis has taught us the importance of greater enforcement of good corporate governance standards within financial services institutions, given that weak organizational structures and the high risks they face contribute to the economic crisis. Companies continually strive to increase their value by continually improving their business governance frameworks to enhance risk management, internal organization, and tax avoidance.

The existence of differences in currencies used Kinasih & Mahardika (2019) in international trade transactions, both imports and exports between countries, can give rise to various types of risks that affect the course of a company's business, especially companies engaged in international trade. Some of the risks that arise include the risk of fluctuations in foreign exchange rates that occur dynamically every day, the risk of changes in international commodity prices that are raw materials or finished goods for the company, and the risk of changes in interest rates in the world market. Fluctuations in foreign exchange rates significantly impact the amount of a company's cash flow, where the value of the company's revenue from its export sales in various foreign currencies will be affected by the exchange rate of each currency when converted to the rupiah as the domestic currency. To minimize these various risks, companies can engage in hedging activities. There are two main methods of hedging: the natural hedging method, which can be carried out by utilizing cash flows in various currencies without the need for complex financial instruments, and the financial hedging method, which involves the use of various foreign exchange derivative instruments provided by financial institutions.

Research Niswatuhasannah & Hendratno (2020) shows that company value increases due to decision manager do protected mark Which give results positive significant. Next, research Seok et al. (2020) found that ownership higher manager shares provide benefits to the company because they encourage hedging strategy. Verwaty et al. (2019) revealed a positive correlation between protected mark currency foreign with mark company. Estimate premium evaluation For protected mark currency company Brazil is 10-12%. In a way general, proof show policy management risk increase mark company during uncertainty economy.

The rapid growth of the company's exports means that the company tends to be affected external risks are greater, so the company may have to bear the possibility of losses higher due to foreign debt management. One of the losses that must be borne the company can be seen from the financial report, where the company will charge more costs large losses caused by foreign exchange exposure Verwaty et al. (2019). The risk is very important managed company so that capable face various possibility risk Which



emerge. Risk management through risk management can be done in several ways that is identification, evaluation, and measurement risk, as well as management risk.

According to Erin & Aribaba (2021) *Global risk governance plays an important role in corporate transformation*. has given rise to major research areas in accounting such as corporate risk management, monitoring, and ownership. The complexity of cross-border financial transactions, business uncertainty, and financial market volatility are believed to have given rise to risk governance practices. Most studies argue that *risk governance processes* are more necessary in the financial sector than in other sectors. Financial institutions are believed to face greater and more complex risks, both internal and external. Therefore, a more robust and sophisticated risk management structure is needed to manage these risks.

Study Which met by Erin & Aribaba (2021), find framework Work risk management is limited to the subjects of *Enterprise risk management* and credit risk management without in a way holistic consider order manage risk And the impact to mark company. Based on this research, has shows that an effective risk governance structure leads to value maximization holder share with reduce risk overall organization Which always reduce cost capital. John et al. (2008), in studies they take notes that improvement mark company Which consistent depends on strategy management risk organization. They found that implementing a holistic risk management system adds value to the company by reducing cash flow volatility, reducing earnings volatility and increasing revenue growth. Similarly, Sajida & Purwanto, (2021), agreed that the framework order manage risk Which effective help company For increase mark company they with increase profit on capital, reduce expenditure, increase income And growth income. Based on study Erin And Aribaba (2021), possibility minimize performance or mark company Which destroyed during difficulty economic or financial justifies the need for a *risk governance process*. Furthermore Sajida & Purwanto (2021), put forward that planning source Power, structure organization Which effective, size, And structure order manage can influence practice order manage risk company.

According to Titisari et al. (2019), companies must address stakeholder interests, ensure practice business Which legitimacy For sustainability of company operations, and gaining investor trust to increase company value. Company value is closely related to company performance which can achieved through good *corporate governance* and ethical behavior. Current literature in this area show diverse approach For connection between order manage company and company results for example, study Purbawangsa et al. (2020), about market India, China, and Indonesia determined that *corporate governance* positively and significantly influences company value. Research by Titisari et al. (2019) on the Indonesian market confirms that corporate governance corporate governance positively and significantly influences the company's value directly And No



direct through cost capital. Study Tarigan et al. (2019), about Indonesia prove that order manage company in a way significant And positive influence company profitability.

According to Niswatuhasannah & Hendratno (2020) the International Financial Report, *hedging* is an effort to minimize the risks caused by price fluctuations in financial markets. The basic principle of hedging is making a commitment to balance foreign currency values so that exchange rate fluctuations do not affect a company's foreign exchange activities in making or receiving payments. Hedging is used by financial institutions, particularly banks, to ensure that foreign exchange rate fluctuations will not negatively impact their operations. This is crucial given that banks have significant foreign exchange exposure due to their international activities, such as foreign debt. By hedging, banks can minimize the risk of losses caused by fluctuations in the rupiah exchange rate against foreign currencies such as the US dollar. Some derivative instruments that are commonly used are: used for hedging activities including futures contracts, swap contracts, and options contracts.

According to [the original text Aristya et al. (2019)], hedging is a risk management activity undertaken by companies to protect themselves from fluctuations in commodity prices and currency exchange rates. Many studies have shown that hedging can positively impact company value. By hedging against price and exchange rate risks, companies can stabilize their future cash flows. This increases business certainty, thus attracting investor interest. Several empirical studies have demonstrated a positive correlation between the level of hedging activity and the company's stock returns and market capitalization. Excessive hedging activity can decrease company value. For example, a company may initially set a contract price by hedging against the final price. However, if raw material prices subsequently rise beyond the fixed contract price, the company will incur losses. This can occur if the company hedges too far in advance of the contract maturity date, preventing it from accurately anticipating changes in raw material prices. Incorrect internal decisions in managing hedging activities can negatively impact company performance and value. If a company is seen hedging at an unreasonable level, it can create the perception that management is not capable of managing risk internally. The inability of management to manage its own risks without having to rely on derivative instruments will reduce investor confidence. Therefore, companies need to carry out hedging carefully and in a balanced manner to maximize its benefits for increasing the company's value. Kinasih & Mahardika (2019).

In 2019, PT Company Gas Country Tbk (PGAS) recorded foreign debt (ULN) as big as USD1.62 billion. Amount This experience increase as big as 24.2% from year The previous figure was USD 1.3 billion. PGAS utilized this increase in external debt for spending. infrastructure capital to support its natural gas distribution and transmission business. This has risks for PGAS, especially related to fluctuations in the Rupiah



exchange rate against the US Dollar. If the Rupiah weakens, the cost of foreign debt will weigh on the company's profits. PGAS should hedge the foreign exchange risk of its debt to reduce the negative impact. PGAS's financial performance will also be affected by the amount of interest on this loan. This is related to the application of the principle of prudence in management finance company and management risk. If ULN significantly impacts profits, and can reduce PGAS's market value in the eyes of investors, in line with the company value variable which is the focus of the research.

The increase in foreign debt (ULN) impacts PGAS's financial performance and market value, depending on the implementation of risk governance related to foreign exchange risk management. If exchange rate risk is not properly protected, the company's profits could potentially be negatively impacted by exchange rate fluctuations. PGAS should hedge its US dollar-denominated debt through hedging instruments such as futures contracts, options, and currency swaps. This way, the risk of exchange rate losses can be mitigated. If exchange rate losses do not significantly impact profits, PGAS's profitability and market value on the stock exchange will not be affected. However, if profits decline sharply due to exchange rate fluctuations, a negative response from investors is predictable. Therefore, PGAS's risk governance performance is crucial to ensure that the increase in ULN does not harm the company's financial performance. Therefore, *derivative hedging* and *risk governance variables* align with efforts to maintain company value.

There are still inconsistent research results regarding the influence of *Corporate Governance*, *Derivative Hedging* and *Risk Governance* towards Company Value. Some research related to risk governance is still relatively limited. Therefore, researchers interested in re-examining the four variables using different indicators. Object study This is Company Manufacturing Which recorded in Stock Exchange Effect Indonesia. Company Manufacturing chosen Because sector the push growth economy. The purpose of this study is to re-examine the influence of *Corporate Governance*, *Derivative Hedging* and *Risk Governance* towards Company Value in Manufacturing Companies in Indonesia. By using different objects and indicators compared to previous studies, it is hoped that this research can provide new contributions to the existing literature.

Based on the literature review above, the author is interested in analyzing the research object, namely company manufacturing Which recorded in stock exchange effect Indonesia. Objective analysis is For know influence variables *Corporate Governance*, *Derivative Hedging*, and *Risk Governance* on Company Value. It is expected provides a new literature contribution regarding the influence of the four independent variables. to company values on the object being studied.



RESEARCH METHODS

This study investigates the influence of Corporate Governance, Derivative Hedging, and Risk Governance on firm value in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2022 period. This issue is important because these three aspects are considered capable of influencing investor perceptions and reflecting the quality of corporate governance and risk management. Of 225 manufacturing companies, 45 were selected as samples using a purposive sampling technique based on data availability and completeness of annual report disclosures.

Secondary data was obtained from company annual reports and analyzed using EViews software to examine the relationship between the research variables. The results indicate that Good Corporate Governance (GCG) has a positive but insignificant coefficient on firm value. Similarly, derivative hedging practices exhibit a positive but insignificant relationship on the value of manufacturing companies.

Furthermore, risk governance was not proven to have a significant impact on company value. This finding indicates that the implementation of risk governance disclosed by companies has not yet had a substantial economic impact on increasing company value. Overall, the research results confirm that these three variables have not been the primary determinants in the value formation of manufacturing companies listed on the IDX throughout the study period.

DATA ANALYSIS AND DISCUSSION

Statistical Analysis Descriptive

Statistical data processing results can seen in the table following :

Table 1. Statistical Results Descriptive

Dependent Variable: Tobin's Q				
Method: Panel Least Squares				
Date: 07/12/25 Time: 13:38				
Sample: 2018 2022				
Periods included: 5				
Cross-sections included: 5				
Total panel (balanced) observations: 225				
Variables	Tobin's Q	GCG	HD	RG
Mean	0.543	0.886	0.484	0.759
Maximum	5,639	0.970	1,000	0.880
Minimum	0.024	0.820	0.000	0.380
Std. Dev.	0.935	0.035	0.501	0.122
Observations	225	225	225	225

Source: Eviews 2025 Output



Based on Table 1 and Appendix 3 regarding the results of the Tobin's Q calculation of 45 companies during the period 2018 to 2022. This value is used to measure the company's market performance, namely the comparison between the market value of the company's assets and their replacement value. Based on the data obtained, the lowest Tobin's Q value (Min) is 0.024. This value indicates that the company is undervalued, which reflects low investor confidence or less than optimal performance and management of the company. Meanwhile, the maximum value of 5.639 indicates that the market views this company very positively (*overvalued*), and has high expectations for its profitability and growth. The average value (Mean) of all companies over the five years is at 0.543. This average indicates that in general, the market value of these companies is still undervalued. Of the total, it is known that 88% of companies are undervalued *and* only 12% are overvalued. This indicates the need for a more effective strategy to increase the company's value in the eyes of investors.

Furthermore, based on table 1, the results of descriptive statistics and appendix 4 show score *ASEAN Corporate Governance Scorecard* (GCG) 45 companies during period 2018–2022. Scores are expressed as percentages and describe level implementation governance principles company like transparency, accountability, and responsibility. A minimum score of 82% falls into the Trusted category. A maximum score of 97% falls into the Very Trusted category. Meanwhile, the overall average score for the companies, 88%, also falls into the Very Trusted category, indicating that most companies have implemented excellent corporate governance.

Based on table 4.1, the descriptive statistics results and appendix 5 show *derivative hedging data* by 45 companies during the 2018–2022 period. Companies that engage in *derivative hedging* are coded with the number 1, meaning the company discloses and 0, meaning the company does not disclose. The results show a minimum value of 0, a maximum of 1, and an average of 0.48, meaning only 48% of companies consistently engage in *derivative hedging*, and around 52% of companies do not engage in *derivative hedging*.

the Risk Governance score data for 45 companies from 2018 to 2022. This score indicates the extent to which a company has good policies and systems in managing risk. Based on this, a minimum score of 0.38 was obtained by the company with the code BOLT in 2018, a maximum score of 0.88 was obtained by several companies. Furthermore, the average score was 0.75. Based on the *Enterprise Risk Management disclosure category scale*, the minimum score (0.38) is included in the Medium category, the maximum score (0.88) is included in the High category, and the average score (0.75) is also included in the High category. Meanwhile, if referring to the disclosure category scale, the score that falls into the low category with a value (<0.29) is 0%, scores in the medium category with a value of (0.29 – 0.61) of 5.33%, and scores that fall into the



category high with a value (> 0.61) as much as 94.67%. This indicates that the companies analyzed generally have good risk management.

Selected Model Regression Results (CEM)

Based on the results of the Hausman and Lagrange Multiplier (LM) tests, the most appropriate panel data regression model for this study is *the Common Effect Model* (CEM). The following is a table of the CEM test:

Table 2. CEM Test

Dependent Variable: Tobin's Q

Method: Panel Least Squares

Date: 07/12/25 Time: 13:38

Sample: 2018 2022

Periods included: 5

Cross-sections included: 5

Total panel (balanced) observations: 225

Variables	Coefficient	Std. Error	t-Statistic	Prob
C	-0.842173	1.265739	-0.665304	0.5067
GCG	1.153287	0.719832	1.601809	0.1110
HD	0.094613	0.058127	1.627553	0.1057
RG	0.187943	0.101236	1.856290	0.0646
R-squared	0.284210	Mean dependent var		0.360720
Adjusted R-squared	0.251489	SD dependent var		0.260007
SE of regression	0.224584	Akaike info criterion		-0.188200
Sum squared residual	1.078113	Schwarz criterion		0.152420
Log likelihood	9.173202	Hannan–Quinn criterion		-0.094378
F-statistic	8.690427	Durbin-Watson stat		2.004812
Prob(F-statistic)	0.000013			

Source: Output ereviews 2025

The regression equation for panel data is as follows:

$$Y = -0.8422 + 1.1533GCG + 0.0946HD + 0.1879 RG$$

Based on the regression equation, the influence of each independent variable on the dependent variable can be analyzed with the following conclusions for each variable:



1. The constant C of -0.8422 states that if the GCG, HD, and RG values are constant (0), then the value of the Tobins'Q variable is estimated to be -0.8422.
2. The results of the regression test show that GCG is not significant because the probability value is 0.1110 (greater than 0.05).
3. The results of the regression test show that HD (*Derivative Hedging*) is not significant, because the probability value is 0.1057 (greater than 0.05).
4. The results of the regression test show that RG (Risk Governance) is also not significant at the 5% level, but is close to being significant at the 10% level, with a probability value of 0.0646.

Testing Hypothesis

t-test

Table 3. t-test

Dependent Variable: Tobin's Q Method: Panel Least Squares Date: 07/12/25 Time: 13:38 Sample: 2018 2022 Periods included: 5 Cross-sections included: 5 Total panel (balanced) observations: 225				
Variables	Coefficient	Std. Error	t-Statistic	Prob
C	-0. 842173	1.265739	-0.665304	0.5067
GCG	1.153287	0.719832	1.601809	0.1110
HD	0.094613	0.058127	1.627553	0.1057
RG	0.187943	0.101236	1.856290	0.0646

Source: Output ereviews 2025

Information:

*** = significant at the 1% level ($\alpha < 0.01$)

** = significant at the 5% level ($\alpha < 0.05$)

No star = not significant (p-value ≥ 0.10)

Analysis and Explanation :

Hypothesis 1:

Based on the t-test results, the *Good Corporate Governance* (GCG) variable has a probability value of 0.1110, greater than the 10% significance limit ($\alpha = 0.10$). This indicates that GCG does not have a statistically significant effect on company value at a

219



90% confidence level. Although the direction of the relationship indicated by the coefficient is positive (1.153287), meaning that the better the implementation of GCG, the more likely it is to increase company value (*Tobin's Q*), this effect is not statistically strong enough. Therefore, H01 is rejected.

Hypothesis 2:

Hedging Derivatives (HD) variable has a probability value of 0.1057, which is also greater than the significance limit. Therefore, this variable is also statistically insignificant in influencing firm value. However, the coefficient of 0.094613 indicates a positive relationship, indicating that the more information a company discloses regarding its health, the more likely it is to increase its value. However, because the *p-value* is greater than the significance limit, H02 is also rejected.

Hypothesis 3:

The Risk Governance (RG) variable has a probability value of 0.0646, which is also greater than 0.05, making it statistically insignificant. The coefficient of 0.187943 indicates a positive relationship, meaning that the better a company's risk management, the higher its value. However, because it is not statistically significant, H03 is rejected.

F Test (Simultaneous)

CTable 4. F Test

R-squared	0.284210	Mean dependent var	0.360720
Adjusted R-squared	0.251489	SD dependent var	0.260007
SE of regression	0.224584	Akaike info criterion	-0.188200
Sum squared residual	1.078113	Schwarz criterion	0.152420
Log likelihood	9.173202	Hannan–Quinn criterion	-0.094378
F-statistic	8.690427	Durbin-Watson stat	2.004812
Prob(F-statistic)	0.000013		

Source: Output ereviews 2025

From these results, the F-statistic value is 8.690427 with a Prob. F-statistic of 0.000013. Because the probability value is smaller than the significance level of $\alpha = 0.05$, H_0 is rejected. This means that simultaneously or together the variables of *Good Corporate Governance (GCG)*, *Hedging Derivatives (HD)*, and *Risk Governance (RG)* have a significant effect on the dependent variable of Company Value (*Tobins'Q*).



R-Square Test

Ghozali (2016) This test aim For measure how much big model capabilities in explain variables dependent based on variables independent used in analysis. The results of the Determination Coefficient test (R^2) in this study can be seen in Table 5 as follows:

Table 5. Determinant Test (R^2)

R-squared	0.284210	Mean dependent var	0.360720
Adjusted R-squared	0.251489	SD dependent var	0.260007
SE of regression	0.224584	Akaike info criterion	-0.188200
Sum squared residual	1.078113	Schwarz criterion	0.152420
Log likelihood	9.173202	Hannan–Quinn criterion	-0.094378
F-statistic	8.690427	Durbin-Watson stat	2.004812
Prob(F-statistic)	0.000013		

Source: Output ereviews 2025

The R test results show that the R-squared value is 0.284210, which means that 28.42% of the dependent variable, namely company value (Tobin's Q), can be explained by the independent variables in this model, namely *Good Corporate Governance* (GCG), *Hedging Derivatives* (HD), and *Risk Governance* (RG). Meanwhile, the remaining 71.58% is explained by other factors outside this research model.

DISCUSSION**The Influence of Corporate Governance on Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange.**

Good Corporate Governance Good Corporate Governance (GCG) is an important mechanism in corporate governance aimed at creating transparency, accountability, and managerial integrity. However, based on the regression analysis in this study, *the Good Corporate Governance (GCG) variable* showed statistically insignificant results.

This interpretation indicates that although the company has implemented GCG principles well (an average GCG score of 88%, which is included in the "Very Trusted" category), this implementation has not been strong enough to influence market perception or increase the company's valuation in the eyes of investors. With a t-test probability value of 0.1110 (> 0.10) indicating that the effect of GCG on company value is not statistically significant. This indicates that GCG plays a greater role in building internal stability and long-term risk management, rather than directly on short-term market value and the possibility of other variables not discussed in this study.



The results of this study align with those of research conducted by (Widyarti & Suhardjo, 2021), which found that the influence of *GCG variables* on firm value (*Tobin's Q*) simultaneously had a significant effect on firm value. However, *GCG* did not show a significant effect on firm value partially. Furthermore, these results are supported by research findings from, (Manik & Purwanto, 2023) which stated that several *GCG* components did not significantly influence the value of manufacturing companies listed on the IDX.

The Influence of Derivative Hedging on Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange.

Derivative Hedging (HD) is a risk management strategy used by companies to protect themselves from fluctuations in exchange rates, interest rates, or commodity prices. Hypothesis testing results indicate that *the derivative hedging variable* is statistically insignificant. This means that, partially, the use of *derivative instruments* such as contracts, forwards, swaps, futures, and options does not significantly increase the value of manufacturing companies on the Indonesia Stock Exchange.

Kinasih and Mahardika (2019) demonstrated that *hedging* is a crucial risk management strategy to minimize uncertainty caused by fluctuations in exchange rates or commodity prices. Through effective *hedging implementation*, companies can maintain cash flow stability and economic value, thereby increasing their value in the eyes of investors. However, the results of this study indicate that the effectiveness of *derivative hedging* in practice does not significantly contribute to company value. This condition is likely caused by a suboptimal hedging strategy, inappropriate use of derivative instruments, or the influence of other variables not included in the research model.

Furthermore, the results of this study are supported by research conducted by (Frensidi & Mardhaniaty, 2019), which focused on companies listed on the Indonesia Stock Exchange (IDX) and analyzed *hedging* against exchange rate, interest rate, and commodity price risks using *Tobin's Q* as a measure of firm value. The results indicate that overall, *derivative hedging* does not significantly impact firm value. Furthermore, the results of this study also indicate that the use of derivative instruments for hedging purposes has a positive relationship with firm value, but this influence is not statistically significant.

Another study that supports this finding is research conducted by (Firmansyah & Purnama, 2020), which found that ownership of derivative instruments does not significantly impact firm value. The regression test results showed a positive coefficient on the derivative variable (2.6094), but it was not statistically significant with a p-value of 0.3559 ($p > 0.05$).



The influence of risk governance on company value in manufacturing companies listed on the Indonesia Stock Exchange.

Risk Governance (RG) reflects the extent to which a company has a sound risk governance system and structure. Based on the results of the hypothesis test, *the Risk Governance* (RG) variable has a probability value of 0.0646, which is greater than 0.05. This indicates that *the Risk Governance variable* does not have a statistically significant effect on company value. This study shows that the implementation of risk governance in companies has not been able to provide a direct impact on increasing company value. This condition can occur due to several factors, including *Risk Governance practices* that are still formal, not yet integrated into the company's strategy, or not yet a primary concern of management and investors in assessing company performance.

The results of this study align with the findings of Sari and Rahmawati (2020), who stated that the implementation of risk governance does not significantly impact company value because it is still limited to regulatory compliance, not the effectiveness of risk management in supporting long-term performance. Furthermore, research by Nugroho (2021) also showed that although the direction of the relationship between risk governance and firm value is positive, the relationship is not statistically significant because investors tend to pay more attention to financial indicators such as net profit and *return on equity* than the risk governance system implemented.

Thus, the results of this study indicate that companies need to increase the effectiveness of implementing *Risk Governance*, not only as a form of compliance, but also as an integral part of the strategy to increase the company's value in the eyes of investors and other stakeholders.

CONCLUSION

1. Good Corporate Governance (GCG) has a positive coefficient, but statistically does not have a significant effect on the value of manufacturing companies on the IDX.
2. Derivative Hedging shows a positive relationship, but statistically Derivative Hedging does not have a significant effect on company value.
3. Risk Governance shows results that do not have a significant effect on company value, the implementation of risk governance has not been proven to be able to increase company value significantly.

Suggestion

1. Companies need to evaluate and improve implementation of Good Corporate Governance (GCG) comprehensively, so that investor confidence is truly can formed and impact on value company.



2. Companies need to optimizing derivative hedging strategies, both in election instrument derivatives and its implementation, so that it is more effective in reduce risk and give mark plus for company.
3. Companies need to For increase effectiveness implementation of Risk Governance so as not to just formality, but truly integrated in business strategy For support improvement mark company.
4. Study This own limitations and completeness of data, so that variables No influential significant. Research furthermore recommended For can expand sample and period research so that the results obtained more accurate and descriptive actual conditions.

BIBLIOGRAPHY

- Aristya, M., Hidajah, W., Akuntansi, J., Ekonomi, F., & Bisnis, D. (2019). Faktor-Faktor Yang Memengaruhi Keputusan Hedging Dengan Instrumen Derivatif (Studi pada Perusahaan yang Terdaftar di BEI Tahun 2016-2018).
- Erin, O., & Aribaba, F. (2021). Risk governance and firm value: exploring the hierarchical regression method. *Afro-Asian J. of Finance and Accounting*, 11(1), 104. <https://doi.org/10.1504/aaifa.2021.10033828>
- Firmansyah, A., & Purnama, E. B. D. (2020). Do Derivatives Instruments Ownership Decrease Firm Value in Indonesia? *Riset Akuntansi Dan Keuangan Indonesia*, April, 1–9. <https://doi.org/10.23917/reaksi.v5i1.9817>
- Frensidy, B., & Mardhaniaty, T. I. (2019). The Effect of Hedging with Financial Derivatives on Firm Value at Indonesia Stock Exchange. *Economics and Finance in Indonesia*, 65(1), 20. <https://doi.org/10.47291/efi.v65i1.614>
- Geyer-Klingenberg, J., Hang, M., & Rathgeber, A. (2021). Corporate financial hedging and firm value: a meta-analysis. *European Journal of Finance*, 27(6), 461–485. <https://doi.org/10.1080/1351847X.2020.1816559>
- Kinasih, R., & Mahardika, D. (2019). Pengaruh Likuiditas, Leverage, Dan Nilai Tukar Rupiah Terhadap Penggunaan Instrumen Derivatif Sebagai Keputusan Hedging (Studi pada Bank Konvensional yang Terdaftar Di BEI Periode 2014-2017). *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)*, 3, 63–80.
- Manik, F. T. P., & Purwanto, P. (2023). Influence of Good Corporate Governance Towards Company Value With Profitability As Intervening Variable in Manufacturing Companies. *Journal of Business Studies and Mangement Review*, 7(1), 66–77. <https://doi.org/10.22437/jbsmr.v7i1.30277>
- Niswatuhasannah, & Hendratno. (2020). THE EFFECT OF HEDGING USED TO FIRM VALUE (CASE STUDY OF MANUFACTURE FIRM LISTED ON BEI YEAR 2013-2017). *E-Proceeding of Management*, 7.



- Pamungkas, A., Manajemen, M., Merdeka, J., 30, N., Ciamis, B., Bandung, S., Bandung, K., & Barat, J. (2019). Pengaruh Penerapan Enterprise Risk Management (COSO) Terhadap Nilai Perusahaan: Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI. 11(1), 12–21.
- Pramana, A. A. G. I., & Yasa, G. W. (2020). Aktivitas Hedging dengan Instrumen Derivatif dan Nilai Perusahaan. E-Jurnal Akuntansi, 30(9), 2167. <https://doi.org/10.24843/eja.2020.v30.i09.p01>
- Rahmanto, B. T., & Mariah, M. (2022). Dampak Nilai Perusahaan Akibat Pengaruh Manajemen Pajak Dan Lindung Nilai Terhadap Kinerja Keuangan. Jurnal Proaksi, 9(1), 26–39. <https://doi.org/10.32534/jpk.v9i1.2630>
- Sajida, Y. A., & Purwanto, A. (2021a). Analisis Pengaruh Enterprise Risk Management (Erm) Dan Good Corporate Governance (Gcg) Terhadap Nilai Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia (Bei) Periode 2017-2019. DIPONEGORO JOURNAL OF ACCOUNTING, 10(4), 1–14. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Sajida, Y. A., & Purwanto, A. (2021b). Analisis Pengaruh Enterprise Risk Management (Erm) Dan Good Corporate Governance (Gcg) Terhadap Nilai Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia (Bei) Periode 2017-2019. DIPONEGORO JOURNAL OF ACCOUNTING, 10(4), 1–14. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Seok, S. I., Kim, T. H., Cho, H., & Kim, T. J. (2020). Determinants of hedging and their impact on firm value and risk: After controlling for endogeneity using a two-stage analysis. Journal of Korea Trade, 24(1), 1–34. <https://doi.org/10.35611/jkt.2020.24.1.1>
- Verwaty, Jaya, A. K., & Megawati. (2019). Determinan Pengambilan Keputusan Lindung Nilai (Hedging) Dengan Instrumen Derivatif Valuta Asing Pada Perusahaan Manufaktur. AKUISISI | Jurnal Akuntansi, 15.
- Widyarti, E. T., & Suhardjo, and Y. (2021). The effect of good corporate governance (GCG) on the value of the company in manufacturing companies listed on the Indonesia stock exchange in 2018-2020. Journal of Economic Education, 10(2), 199–205.

