Profitability Contribution in Mediating Good Corporate Governance and Debt Policy on Company Value

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ABSTRACT

This study aims to examine the impact of the role of profitability in mediating good corporate governance and debt policy on company value. The research objects are all companies on the Indonesia Stock Exchange (BEI) that operate in the manufacturing asset sector.

This study used a quantitative approach, selecting 170 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during 2021-2024 through purposive sampling. Data analysis was conducted using Partial Least Squares - Structural Equation Modeling (PLS-SEM) with Smart PLS software.

The results of the study indicate that Board Independence has a positive and significant effect on Firm Value. Gender Diversity has a positive and significant effect on Firm Value. The Debt-to-Equity Ratio does not have a significant effect on Firm Value. Return on Assets can moderate the relationship between Firm Value, Board Independence, and Gender Diversity. Return on Assets cannot moderate the relationship between Firm Value and Debt to Equity Ratio. These findings indicate that profitability plays a central role as a mechanism that transmits the impact of financial performance on firm value

KEYWORDS - Board Independence, Gender Diversity, Debt Equity Ratio, Return On Assets, and Firm Value.

1. INTRODUCTION

Company value can be one of the aspects that investors evaluate to invest. In Indonesia, currently, there are only companies or institutions to invest in the Indonesia Stock Exchange (IDX), which has been inaugurated as a capital market. On the IDX itself there are 670 issuers, the largest of which comes from the manufacturing industry. The manufacturing industry plays an important role because it outperforms other industries in large embedded capital capacity, large labor absorption, and the expertise to produce additional numbers from each basic material processed (Astuti, 2019).

One of the challenges linked to the company's values is gender diversity in the company's board and management (Astuti, 2019). Gender diversity boards can share the influence on the application of corporate governance methods and will also affect company values. Greater diversity in board personnel would cause more clashes but could offer a more diverse alternative solution to solve the problems of homogeneous board personnel. (Ed, 2022). Empirical evidence regarding the relationship between gender diversity and corporate values is mixed. Gender Diversity has a significant positive effect on company value (Agustin, 2023; Scott, 2024). However, according to other research, gender diversity on the board of commissioners has a significant negative influence on company values (Mala, 2021). Meanwhile, other research shows that the existence of gender diversity on the board of commissioners has no effect on the company's value (Nugrahani, 2021).

In recent years, Indonesia's capital market has shown impressive growth, which is characterized by a significant increase in the number of investors. This surge reached its peak in 2021 with an increase of up to 92.99%, as recorded by the Indonesian Central Securities Depository (2023). This phenomenon is inseparable from the crucial role of digitalization that facilitates access to investment, increasing people's financial literacy, and proactive policies from regulators such as the OJK. This increased investor participation creates pressure for

companies to continue to increase the company's value as a key attraction, as the company's value is a reflection of long-term performance and prospects that are highly valued by the market (Rumondang, 2023).

Amid high levels of leverage and the risks that come with it, managerial decisions are crucial in maintaining the company's sustainability and value. There are various internal factors that are estimated to affect the company's value, such as the gender diversity of the board of directors (board gender diversity) and business risk. The existence of gender in the board of directors, for example, is believed to improve the quality of decision-making and encourage more inclusive governance (Mardiyansyah, 2023).
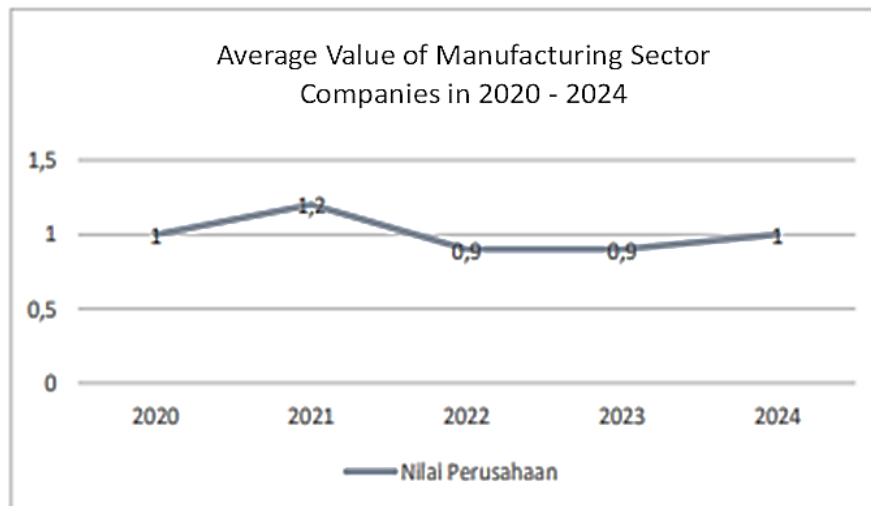
Figure 1. Average Value of Manufacturing Sector Companies in 2020-2024
Source: DataIndonesia.Id, 2025

The graph above shows the fluctuation in the value of manufacturing companies during the period 2020 to 2024. In 2020, the value of a company was at 1, indicating that the market values a company according to the value of its assets. Then, in 2021, there was an increase in value to 1.2, which reflects that the market gives a higher appreciation to the company, likely due to positive performance or increased market expectations. However, in 2022, the company's value fell to 0.9 and remained stable at the same figure in 2023, signaling that the market is starting to value the company lower than the value of its assets, which may be due to a decline in performance, changes in market conditions, or other external factors. Finally, in 2024, the company's value will rise again to 1, indicating a recovery or stabilization of the market valuation of the company.

Stock prices in the manufacturing subsector can be affected by one factor, such as changes in the company's finances. Conditions can be evaluated through several financial ratios, including Return On Asset (ROA) which is a ratio used by a company to generate company profits by utilizing its assets (Cahyaningrum et al., 2023). The higher the value of Return On Asset, the better the company's performance in utilizing the resources it has. Meanwhile, DER is used to see the level of dependence on loans compared to the capital owned. That is, how far the company optimizes the cost source from debt in financing its operational activities compared to its own capital. Where a large DER value indicates a higher debt burden, if the company is unable to pay its obligations to pay debts.

Table 1. Average PBV, DER, ROA Manufacturing Companies in 2021-2024

NO	The GAP Phenomenon	2021	2022	2023	2024
1.	*Board Independence* (%)	0,47	0,44	0,44	0,45
2.	*Gender Diversity (%)*	0,10	0,13	0,13	0,13
3.	*DER* (%)	3,35	2,58	2,50	2,46
4.	*LENGTH (%)*	0,03	0,04	0,04	0,05
5.	*PBV* (%)	2,21	1,69	1,80	0,45

Source: *Annual Report 2021, 2022, 2023, 2024*

Table 1 informs the development of several performance indicators of manufacturing companies from 2021 to 2024 which include aspects of Good Corporate Governance (GCG) and financial performance. Based on the data, the level of Board Independence or the proportion of the board of independent commissioners to the total board members shows a relatively stable value in the range of 0.44 to 0.47. This condition indicates that manufacturing companies consistently maintain supervisory functions and transparency in their management governance. Furthermore, Gender Diversity increased from 0.10 in 2021 to 0.13 in 2022 to 2024, indicating progress in women's involvement in managerial and board positions, in line with the industry's commitment to gender equality.

2. LITERATURE REVIEW

Signalling Theory

Signal theory is a general overview of the use of signals or signals. In the context of this research, signalling theory refers to information conveyed by the company as a positive signal regarding the company's growth potential to attract investment in the future. The fundamental assumption in signal theory is that management has accurate information about the value of the company that is unknown to external investors, and management is always trying to maximize the expected incentives (Rachmadina, 2022).

Agency Theory

This theory states that the problem of the principal of the agent can arise as a result of the misalignment of interests between the principal and the agent. A principal is an individual or entity that invests its capital in a company, while an agent is the party responsible for managing the company and providing information to the principal. Agency problems arise due to a conflict of interest between the agent and the principal. Ideally, the manager or agent should be in line with the company's goals to maximize the welfare of shareholders, so that the agent will work hard to improve the company's performance so that the company's value and shareholder wealth are valued. However, due to conflicts of interest, sometimes managers will prioritize their personal interests over the interests of shareholders (Anwar, 2019).

Board Independence

Board independence or an independent board of directors is the main principle in good corporate governance, which emphasizes the importance of objective management supervision. The presence of an independent board of directors is believed to be able to reduce conflicts of interest between management and shareholders by providing a more effective monitoring function (Hua, Lin, & Tosun, 2022). In addition, the theory of resource dependency explains that an independent board can provide added value in the form of expertise, experience, and external networks that are beneficial to the Company (Spadafora, Zattoni, & Minichilli, 2022). Therefore, board independence is considered one of the important governance mechanisms in increasing transparency and accountability of companies.

Gender Diversity

According to Mishra and Jhunjhunwala (2023)). Board diversity is: "A heterogeneous composition within the board of directors in terms of gender, age, education, civic experience, lifestyle, culture, religion, and other aspects that unite into a unique unit." The diversity that arises in the company's board can encourage work effectiveness. This can happen because the emergence of different opinions, deep problem-solving and critical thinking from each different individual, can improve the quality of decision-making, supervisory functions, and encourage the achievement of company goals.

Debt Equity Ratio

Debt Equity Ratio is the ratio used by the company to find out the ratio between the total debt and its own capital or it can be said that this ratio is used by the company to see the company's assets financed from debt. DER can also be said to be a ratio that compares equity to total debt. The DER indicates the amount of credit issued by the company. The larger the ratio used, the larger the capital structure produced. The higher the DER, the lower the value of the company, because investors will avoid a high DER, as a high DER indicates that a company's debt is also high. It can be concluded that the higher the DER, the stock price will decrease, but the lower the DER the stock price will rise.(Kartikasari, Subur, & Digdowiseiso, 2023)(Septianti, 2023)

Return On Asset

Harmono (2009) states that profitability is a term used to describe the basic performance of a company as measured by how effective and efficient its operations are in earning profits. Meanwhile, according to Darmawan (2020)) Something that is used in determining a company's capacity to make a profit by displaying a picture related to management efficiency is called profitability. Profitability is basically a statement of the profit

of a company. In this study, profitability is projected using ROA (Return on Assets). According to Kasmir, (2017)) to determine whether the company can generate profit from the assets it uses, namely, with the profitability ratio in the form of ROA.

Company value
Company value be A thought, opinion or perception from potential investors and investors related to the level of success that can be achieved by a company through the stock price. The value of a company that has increased will describe the success of the company to run its business. When the value of the company is high, the greater the indication of prosperity obtained (Arifianto & Chabachib, 2020). The value of the company will reflect how good and bad the company's management is in terms of its wealth management, it can also be seen through every measurement of financial performance obtained. As for the research carried out, *Price to book value* will be used to measure the Magnitude of company values. PBV is a ratio that describes how large the market value is in giving the price to the book value of the stock in a company. The high value of PBV will give the impression to the stock market that the company's prospects are good.

3. HYPOTHESIS DEVELOPMENT

The Relationship of the Influence *of Board Independence* on Company Value
The existence of board independence is believed to increase the company's value. Research conducted Zhu et al. (2020)) shows that there is a significant positive influence on the company's value. This proves that with the presence of independent commissioners, the review of the company's financial information will continue to be solid, as a result it can increase the value of the company. The soaring value of the company due to close supervision from independent commissioners will certainly make investors willing to pay more for the company's shares.
H1: *It is suspected that board independence has a positive and significant effect on the company's value*

The Relationship Between the Influence *of Gender Diversity* on Company Values
Gender diversity on the board of directors indicates the company's commitment to inclusive governance and can improve the quality of decision-making and legitimacy in the eyes of the public (Adawiyah, 2025) (Bunardi & Cahyadi, 2024; Rahmat, 2024). The data used in this study consisted of the annual reports of manufacturing companies published by the IDX during the time period from 2016 to 2020. The number of samples used in this study was 94 companies with observation for 5 years, so 470 observation objects were selected. The results of this study contradict the theory of good corporate governance. Empirical results show that the Independence of the Board of Directors and the Term of Tenure of the CEO have a significant and negative effect on the value of the company. Meanwhile, the gender diversity of the board of directors and the duality of the CEO do not affect the company's value.
H2: *It is suspected that gender diversity has a positive and significant effect on company values*

The Effect of *Debt Equity Ratio* on Company Value
According to Cashmere (2019)), DER is a ratio used to assess debt to equity. This ratio is useful for finding out the amount of funds provided by borrowers (creditors) with the company owner. In other words, this ratio is used to find out every rupiah of its own capital that is used as debt collateral. According to research conducted by (Octavianti, 2025) stated that DER has a positive influence on the company's intentions. This research was conducted on a company, PT Aspirasi Hidup Indonesia Tbk Period 2015 – 2024.
H3: It is suspected that the debt equity ratio has a positive and significant effect on the company's value

The Effect of *Return on Assets* Can Mediate Board Independence on Company Value
Better efficiency will improve financial performance, which is reflected in profitability, one of which is through the Return on Assets (ROA) ratio. Research Spadafora, Zattoni, & Minichilli (2022)) It also found that the independence of the board was able to strengthen strategic decision-making, which ultimately had a positive impact on the company's accounting performance. Increased profitability is a positive signal for investors, thus strengthening market confidence and creating higher company value. Therefore, ROA can logically act as a mediating variable in the relationship between board independence and firm value.
H4: Return On Asset mediates the influence of board independence on the company's value.

The Effect of *Return on Assets* Can Mediate *Gender Diversity* on Company Value
With gender diversity, the board's monitoring function can run more effectively, thereby reducing the risk of biased decision-making and improving the company's operational performance. This has an impact on achieving better profitability, which is measured through Return on Assets (ROA). Research Ahmed, Monem, & Delaney (2022)) Supporting this argument by finding that gender diversity on the board of directors is positively related

to the company's profitability. Increased profitability will further give investors a positive signal regarding the company's prospects, which can ultimately increase the company's value in the market. Thus, ROA has great potential as a mediating variable that explains the relationship between gender diversity and firm value.
H5: Return On Asset mediates the influence of gender diversity on company value.

The Effect of *Return on Assets* Can Mediate the *Debt Equity Ratio* to the Company's Value
DERs at an optimal level can provide leverage benefits, namely an increase in profits above debt costs, thereby increasing profitability as reflected in Return on Assets. However, a DER that is too high can actually reduce profitability due to the high interest expense that the company must bear ((Li, Chen, & Wu, 2021)). Better profitability will be a positive signal to investors that the company is able to manage its capital structure well to create added value. Thus, DER not only has a direct effect on firm value but also indirectly increases the company's profitability.
H6: Return On Asset mediates the influence of the Debt To Equity Ratio on the company's value.

4. RESEARCH METHODS

Research Design
This study uses a type of quantitative research. Quantitative research is the collection and processing of numerical data that aims to answer scientific research. This study applied a quantitative methodology based on statistical calculations to objectively analyze the relationships between variables. The data source used is secondary data of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2024.

Dependent Variable
Bound variables are variables that are influenced by independent variables whose value or characteristics can change according to these independent variables. In this study, the dependent variable is the *Company Value* on the Indonesia Stock Exchange.

Independent Variables
According to (Riadi, 2020) An independent variable is a variable that does not depend on other variables but has the ability to affect other variables. In this study, the independent variables, namely *Board Independence, Gender Diversity, and DER*

Intervening Variable
According to (São Paulo, 2017) Intervening variables are variables that can theoretically affect the relationship between independent variables and dependent variables that become indirect, unobservable and measurable relationships. In this study, the intervening variable is ROA.

Population and Sample
Based on methodological views (São Paulo, 2019), the research population is a generalized area that includes all entities with specific attributes and characteristics that are the focus of scientific investigation. In this study, the population used consists of 860 manufacturing sector companies listed on the Indonesia Stock Exchange (IDX). The data used is the data needed to measure *Board Independence, Gender Diversity, , DER*, ROA, *Company Value* In detail, the data used is data on:
1. Data on *Board Independence in 2021, 2022, 2023, 2024*
2. Data on *Gender Diversity in 2021, 2022, 2023, 2024*
3. Data on *DER for 2021, 2022, 2023, 2024*
4. Data on *ROA in 2021, 2022, 2023, 2024*
5. Data on *Company Value in 2021, 2022, 2023, 2024*

Data Collection Techniques
This study relies on documentation techniques by utilizing secondary data sourced from official financial statements and annual documents of sample companies accessed through the official portal of the Indonesia Stock Exchange (www.idx.co.id), including audited financial statements and annual reports during the study period.

Data Analysis Techniques
Descriptive Statistical Analysis
This approach aims to present data sets comprehensively through various forms of visual representation including data tabulation, graphical visualization (such as bar charts, pie charts, and pictograms), as well as calculations of central statistical parameters such as centering size (mean, median, mode), dispersion (standard deviation), and percentage distribution (São Paulo, 2019).

SmartPLS Analysis
The data processing in this study uses SmartPLS SEM (Partial Least Square – Structural Equation Modeling) Software.

Measurement Model (Outer Model)
Validity Test
The validity test was carried out with the aim of finding out whether or not the research data was valid. Validity testing describes all existing research data on each variable. The validity test stage has several tests, including *convergent validity, discriminan validity* and *average variance extract* (AVE).

Reliability Test
Reliability test is a series of tests carried out to assess the reliability of the data collected. The reliability test describes the level of consistency of the measuring instrument used to measure a research data. The reliability test is carried out through *composite reliability*, where the variable is concluded to be reliable if the resulting value has a value greater than 0.7.

Structural Model Test (Inner Model)
Coefficient of Determination (R^2)
Based (Hair et al., 2014) The influence is said to be strong if it has a value of 0.75, the model is said to be moDebt to Equity Ratio at if it has a value of 0.50 and it is said to be low if it has a value of 0.2.5. The conclusion is that the higher the determination coefficient value, the better the model proposed in a study.

5. RESULTS AND DISCUSSION

Description of Research Object
The population used in this study is Manufacturing Companies listed on the Indonesia Stock Exchange for the period 2021 to 2024. The samples used have gone through the filters specified as follows:

Table 2. Research Objects

No.	Sample Description	Sum
1.	Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2021-2024 period	172
Total number of samples used		172

Based on table 4.1 of the sample calculation, it can be concluded that there are 172 manufacturing companies in the research that are used as a research sample.

Analysis and Research Results
Using SEM-PLS 4.0 with outer loading measurements for validity test and reliability test, the inner model is used for quality testing and hypothesis testing. Hypothesis testing between variables later to determine direct effects and indirect effects.

Descriptive Statistical Analysis of Variables
Descriptive statistical testing is used by the researcher and this study describes the variables present in the study. The table presented contains a general overview of the data that has been carried out by the researcher. The following table is the result of descriptive statistics processed using the SmartPLS 4.0 program.

Table 3. Descriptive Statistics

VARIABLE	Mean	Median	Min	Max	Standard Deviation
Board Independence	0.0150	0.0006	-2.9650	2.5308	0.9205
Gender Diversity	0.0171	0.0477	-2.0075	2.8579	0.9496
DER	0.0085	0.1266	-2.4887	2.5662	1.0838
ROA	0.0332	0.0436	-2.3495	1.7791	0.7824
PBV	0.0731	0.0340	-2.6489	3.5219	1.1635

Source: Processed secondary data, 2025

The results of the descriptive analysis in Table 4.2 show that Board Independence has an average of 0.0150 which reflects the efficiency of the use of assets in generating sales. Gender Diversity has the highest average of 0.0171, indicating the large proportion of profits distributed to shareholders. Meanwhile, the DER with an average of 0.0085 illustrates the level of dependence of the company on debt rather than capital. The dependent and intervening variables, namely ROA and PBV, have an average value of 0.0332 and 0.0731, respectively. The relatively small standard deviation across all variables suggests that the data tends to be homogeneous and does not deviate far from the mean value.

Measurement Model Analysis (Outer Loading)
In *the variables Board Independence, Gender Diversity, Debt Equity Ratio, Return On Asset, and Price Book Value*. The results of the outer loading indicator of variable X can be seen as follows:
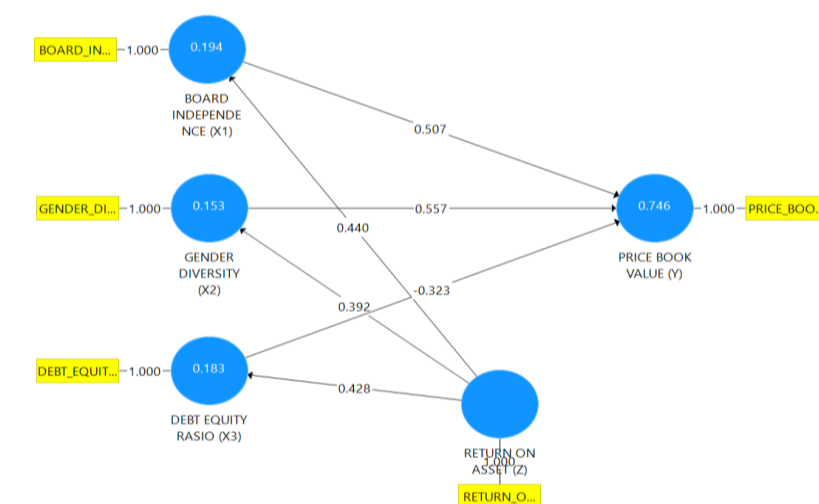
Figure 2. Outer Loading
Source: Data processed using SmartPLS 4.0.

Table 4. Outer Loading

Variable	Outer Loadings	Ave
Board Independence (X1)	1.000	1.000
Gender Diversity (X2)	1.000	1.000
Debt Equity Ratio (X3)	1.000	1.000
Retun On Asset(Z)	1.000	1.000
Price Book Value (Y)	1.000	1.000

Source: Data processed using SmartPLS 4

Based on the figures and tables above, *the indicators of Board Independence, Gender Diversity, Debt Equity Ratio, Return On Asset, and Price Book Value* have a value of more than 1 on *Outer Loadings*. All variables in the indicators that are included in the *bootstrapping* calculation model meet the criteria *of an Outer Loadings* value of 0.50 or a P-value of 0.50.

Convergent Validity **and** *Reliability*

Table 5. Convergent Validity and Reliability Results

	Cronbach's Alpha	Rho-A	Composite Reliability	Average Variance Extracted (AVE)
Board Independence	1.000	1.000	1.000	1.000
Gender Diversity	1.000	1.000	1.000	1.000
DER	1.000	1.000	1.000	1.000
ROA	1.000	1.000	1.000	1.000
Price book Value	1.000	1.000	1.000	1.000

Source: Data processed using SmartPLS 4.0

In the *convergent validity table* , it can be seen *that the outer loading* and AVE models are said to be ideal if the outer loading value is more than 0.7. This means that the indicator used is valid in measuring the construct. While an AVE value of more than 0.5 means that the construct can explain an average of at least 50% of the variant of the item. *The internal consistency reliabilities* of a construct with reflective indicators can be done in two ways, namely by looking at *Cronbach's alpha value and composite reliability*. The variable is declared reliable if it has *a Cronbach's alpha* value of more than 0.7 and *a composite reliability value* of more than 0.7.

Discriminating Validity Test
The discriminant validity test using the Fornell-Larcker criterion showed that the square root of the Average Variance Extracted (AVE) value in each construct was higher than the correlation between constructs. These results confirm that each construct in the model has empirically clear differences, thus being able to prove the uniqueness of each latent variable.

Table 6. Discriminant Validity Results

	Board Independence	*Gender Diversity*	*Debt Equity Ratio*	*Return on Asset*	*Price book Value*
Board Independence					
Gender Diversity	0.026		0,123		
Debt Equity Ratio	0.140				
Return on Asset	0.440	0.428	0.392	0.394	
Price book Value	0.537	0.462	0.583		

Source : Data processed using SmartPLS 4

Table 7. HTMT Results

Variable	HTMT < 1
Board Independence	Yes
Gender Diversity	Yes
Debt Equity Ratio	Yes
Return on Asset	Yes
Price book Value	Yes

Source: Data processed using SmartPLS 4.0

The above test results show that the *outer loading value* of all variable indicators has a value of more than 0.7 and an HTMT value of less than 1. It can be interpreted that all indicators in the research variables are valid and no indicators must be eliminated.

Hypothesis Test

In conducting hypothesis testing in this study, a test is needed, namely *the Dirrect Effect.* Bootstroping is a non-paramatic procedure that tests the significance of various PLS SEM results such as path coefficient, Cronbach's Alpa value, HMTM, and R2.
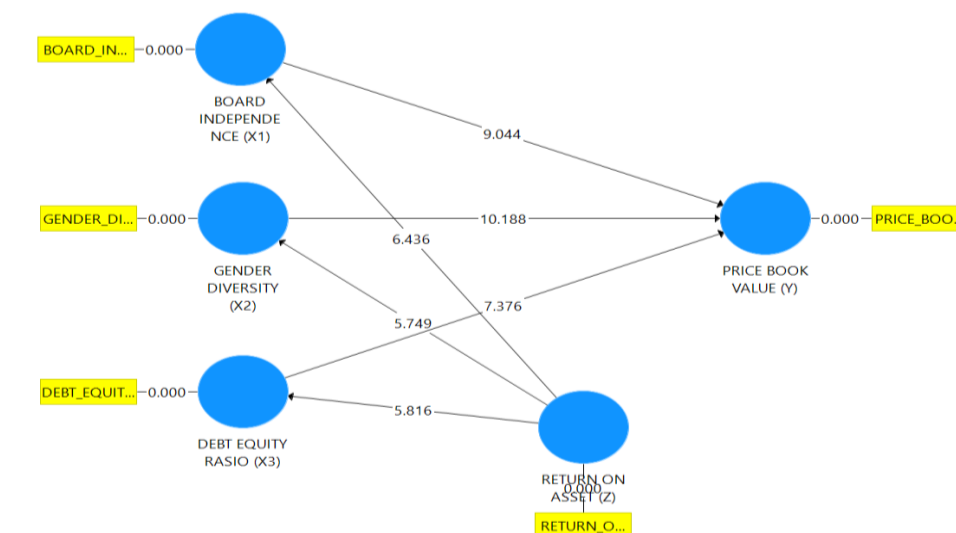

Figure 3. Hypothesis Test Results
Source: Data processed using SmartPLS 4.0.

Table 8. Significance Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T statistic	P Values
Board Independence → Price Book Value	0.507	0.516	0.074	6.869	0.000
Gender Diversity → Price Book Value	0.557	0.557	0.055	10.188	0.000
Debt Equity Ratio → Price Book Value	- 0.323	- 0.323	0.044	7.376	0.000
Board Independence → Retun On Asset →Price Book Value	0.223	0.224	0.045	4.931	0.000
Gender Diversity → Retun On Asset →Price Book Value	0.218	0.219	0.047	4.629	0.000
Debt Equity Ratio → Retun On Asset →Price Book Value	-0.138	-0.139	0.035	3.936	0.000

Source : Data processed using SmartPLS

a. The relationship of the variable X1 *Board Independence* to the variable Y *Price Book Value* has an original sample value of 0.507 which means that the relationship between the two variables is positive or unidirectional. The result of T-Statistic is 6,869>1.96 or P-Values of 0.000 < 0.000, which means that the relationship between the two variables is significant and it can be concluded that X1 *Board Independence* has a significant effect on the variable Y. Thus Hypothesis (H1) is accepted.

b. The relationship between the X2 Gender Diversity variable and the Y Price Book Value variable has an original sample value of 0.557 which means that the relationship between the two variables is positive or unidirectional. The result of T-Statistic is 10,188> 1.96 or P-Values 0.000 < 0.000 which means that the relationship between the two variables is significant and it can be concluded that X2 Gender Diversity has a significant effect on the Y variable.

c. The relationship between the X3 *Debt Equity Ratio* variable and the Y Price Book Value variable has an original sample value of -0.323 which means that the relationship between the two variables is negative or not in the same direction. The T-Statistic result is 7,376> 1.96 or P-Values 0.000 < 0.000 which means that the relationship between the two variables is significant and it can be concluded that X3 *Debt Equity Ratio* has a significant effect on variable Y. Thus Hypothesis (H2) is rejected.

Direct Effect
Direct influence testing aims to test the Board Independence influence hypothesis . *Gender Diversity, Debt Equity Ratio and Price Book Value* through *Return On Asset* as a mediating variable are several criteria to determine the measurement of *Direct Effect*:

A. *Part Coefficients*
   If the original value of the sample is positive, then the relationship between the exogenous and endogenous variables is unidirectional, so that an exogenous variable increases, then the value of the endogenous variable will increase and vice versa.

B. Part Koefissien
   If the orginal value of the sample is negative, then the relationship between the exogenous variable and the endogenous variable is in the opposite direction, so if the value of an exogenous variable increases, then the value of the endogenous variable will decrease or in the opposite direction to the exogenous variable.

C. The relationship between the variables has a p-value of < 0.05 or a T-statistic > 2.001, then the relationship between the variables is significant. Similarly, if the P-value is > 0.05 or the T-statistic > 2.001, the relationship between the variables is insignificant.

Table 9. Indirect Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T statistic	P Values
Board Independence → Return On Asset →Price Book Value	0.223	0.224	0.045	4.931	0.000
Gender Diversity → Return On Asset →Price Book Value	0.218	0.219	0.047	4.629	0.000
Debt Equity Ratio → Return On Asset →Price Book Value	-0.138	-0.139	0.035	3.936	0.000

Source: Data processed using SmartPLS 4

D. The exogenous variable X1, namely *Board Independence* to *Price Book Value* through the mediated variable *Return On Asset* , has an original value of 0.223, which means that it has a relationship between exogenous variables and endogenous variables mediated by intervening variables, whether positive or unidirectional. Meanwhile, the results of the T-statistic test were 4.931 > 2.001 or P-values of 0.000 < 0.05 which means that the relationship between exogenous variables through intervening variables has a significant effect on endogenous variables. Thus the H4 hypothesis is accepted.

E. The exogenous variable X2, namely *Gender Diversity* to *Price Book Value* through the mediated variable *Return On Asset* , has an original value of 0.218, which means that there is a relationship between exogenous variables and endogenous variables mediated by intervening variables, whether positive or unidirectional. Meanwhile, the results of the T-statistical test were 4.629 > 2.001 or P-values of 0.000 < 0.05 which means that the relationship between exogenous variables through intervening variables has a significant effect on endogenous variables. Thus the H5 hypothesis is

accepted.

F. The exogenous variable X3, namely *the Debt Equity ratio* to *Price Book Value* through the mediated variable *Return On Asset* , has an original value of -0.138, which means that there is a relationship between exogenous variables and endogenous variables mediated by intervening variables is negative or non-directional. Meanwhile, the results of the T-statistic test were 3.936 > 2.001 or P-values of 0.000 < 0.05 which means that the relationship between exogenous variables through intervening variables has a significant effect on endogenous variables. Thus the H6 hypothesis is rejected.

DISCUSSION
The Effect of Board Independence on Price Book Value
The results of the H1 test showed that *Board Independence* had a positive and significant impact on *the Price Book Value* (β = 0.507; p = 0.000). Hypothesis acknowledged. These findings show that Board independence in this study is projected with an independent board of commissioners. An independent commissioner is a member of the board of commissioners who is not affiliated with the board of directors, other members of the board of commissioners, and shareholders.

Board independence In this study, it is projected with an independent Board of Commissioners. In addition, from the perspective of agency theory, the independent board of commissioners is the highest internal control structure responsible for monitoring top management policies. This theory states that a large number of independent commissioners can facilitate top management oversight and improve the monitoring function, which has an impact on increasing the value of the Company Margie et al., (2024).

The Influence of Gender Diversity on Price Book Value
The results of the second hypothesis test showed that *Gender Diversity* had a positive and significant impact on *Price Book Value* (β = 0.557; p = 0.000). Hypothesis acknowledged. These findings show that *Gender Diversity* in this study is projected with other studies that examine the manufacturing subsector, finding that *Gender Diversity* has a significant effect on company values.

Agency theory explains the function of the board in monitoring and controlling managers. This theory is based on the "agency problem" that arises when two parties have different goals. The relationship between the principal and the agent is defined as a contract in which the principal involves the agent in his duties towards the principal (Faoziyanti & Renny, 2024; Wijaya & Miftah, 2024) .

The Effect of Debt Equity Ratio on Price Book Value
The results of the testing The third hypothesis shows that *Debt Equity Ratio* does not affect *Price Book Value* significantly (β = - 0.323; p = 0.000). The negative hypothesis is significant. This means that investors in this study period did not consider high or low levels of debt compared to capital. Investors may be more interested in profitability and operational efficiency, so this finding could happen (Caesaria & Suhartono, 2023).

By utilizing funds from debt, companies can optimize operations and achieve greater profits. Although a high *Debt Equity Ratio* does not necessarily have a direct impact on the stock price, increased profitability can strengthen the confidence of external parties. According to *signalling theory*, an increase in *the Debt Equity Ratio* gives a positive signal to future investment prospects, which can attract investors. *Debt Equity Ratio* plays an important role in measuring the ability of banks to pay off debts through their assets.

The Relationship Between Return On Assets in Improving the Relationship Between Board Independence and Price Book Value
The results of the fourth hypothesis test showed that *Board Independence* had a positive and significant impact on *Price Book Value* (β = 0.223; p = 0.000). which means *that Return On assets* is able to moderate the influence of *Board Independence* on the *Price Book Value* variable. When *Return On assets* are able to moderate the influence of *Board Independence* on *Price Book Value*.

Agung et al., (2023) It shows that financial performance is greatly influenced by independent commissioners, so that here the existence of many independent commissioners in a company can actually affect the financial performance of a company itself. Fuzi et al., (2016) Declaring the representation of independent directors on the board of directors must show a positive relationship with the company's performance. In line with (Kanakriyah, 2021; Kyere & Ausloos, 2021) which states *Independent Board* has a significant positive effect on *return on assets.*

The Relationship Between Return On Assets in Improving the Relationship Between Gender Diversity and Price Book Value

The results of the fourth hypothesis test showed that *Gender Diversity* had a positive and significant impact on *Price Book Value* ($\beta = 0.138$; $p = 0.000$). which means *that Return On assets* is able to moderate the influence of *Gender Diversity* on *the Price Book Value* variable. When *Return On assets* is able to moderate the influence of *Gender Diversity* on *Price Book Value*.

Research results by Kılıç & Kuzey (2016) shows that *Gender Diversity* have a positive and significant influence on the financial performance proxied by *Return on Asset* (LENGTH). The results of the study by Danga et al. (2019) also explain that gender diversity has a positive influence on profitability. This is in line with research by (Arvanitis et al., 2022; Danquah et al., 2018; Tleubayev et al., 2020).

The Relationship Between Return On Assets in Improving the Relationship between Debt Equity Ratio and Price Book Value

The results of the fourth hypothesis test show that *Debt Equity ratio* negative and significant impact on *Price Book Value* ($\beta = 0.138$; $p = 0.000$), which means *Return On asset* able to moderate influence *Debt Equity ratio* against the variable *Firm Value*. When *Return On asset* able to moderate influence *Debt Equity ratio* towards *Firm Value*. but *Debt Equity ratio* have an indirect influence through *Return On asset*. It can be interpreted that the use of debt *Debt Equity ratio* will only have a positive impact on the value of the company if the debt is successfully used productively to increase the *Return On asset*. Investors do not assess the debt itself, but rather the result of the use of the debt (Suaidah, 2020).

Sub-sector companies *Food & Beverages* Able to use the debt optimally, the profit generated can reduce the debt in the company. The company has been meticulous in its strategy to increase the company's value. The profitability ratio and leverage ratio (debt policy) must continue to be considered so that the company's value increases. The increase in company value will have an impact on public trust in the company, especially investor trust (Kanakriyah, 2021; Kyere & Ausloos, 2021)

6. CONCLUSION

This study uses *time series* data, namely, using data for the period 2021-2024. Meanwhile, *cross-sectional data* is taken from manufacturing companies listed on the IDX. Based on the results and discussion, it can be concluded:

1. The results of the first hypothesis test show that the board independence variable has a positive and significant influence on firm value. This is in accordance with the provisions that stipulate that each issuer must have an independent commissioner of at least 30% of the total number of independent commissioners. The greater the independence of the board of directors, the more the value of the company increases.

2. The results of the second hypothesis test show that the gender diversity variable influences firm value. The results of the study show that gender diversity, especially in the leadership or board of directors of companies, has a significant influence on company values. These findings reinforce the argument that while gender diversity is an important issue in the context of social justice and inclusion, its impact on corporate value or the market value of a company cannot be consistently concluded.

3. The results of the third hypothesis test Debt to Equity Ratio have a significant positive effect on the company's value. A capital structure with a healthy proportion of debt managed can improve the efficiency of fund use, give positive signals to investors, and increase market confidence in the company's prospects.

4. The results of the fourth hypothesis test show that the Return On Assets variable is able to mediate the influence of board independence on firm value. These results show that the independence of the board of directors is able to affect the value of the company through increasing Return On Assets. Other possibilities, such as improved operational efficiency or better strategy, may be the main determinant of the value of a company affected by board independence.

5. The results of the fifth hypothesis test show that the Return On Assets variable is able to mediate the influence of gender diversity on firm value. Gender diversity as one of the proxies for measuring good corporate governance. Good corporate governance can increase the company's profitability because the implementation of good corporate governance can minimize conflicts of interest between the majority and minority parties. Conflicts of interest, if minimized, will allow managers to optimize profits because the better the quality of the company's profits, the profitability will increase.

6. Profitability is not able to moderate the influence of capital structure (DER) on the value of a company. Although high profitability indicates the company's ability to generate profits, investors are still aware of the risks of high debt use. According to the trade-off theory, companies must balance the benefits of using debt and the risk of bankruptcy. In this case, high earnings do not eliminate investors' concerns about financial risks, so ROA does not reinforce the positive impact of DER on the company's value.

Suggestion

The research has several suggestions for future research to be even better. The suggestions that researchers can give are as follows:

1. The results of this study provide critical insight into the basic assumptions in *agency theory*, which has emphasized the importance of independent boards as a supervisory mechanism to minimize conflicts of interest between management and shareholders. The finding that *board independence* affects financial performance in the context of risk management suggests that the presence of independent board members is not necessarily effective in influencing decision-making processes related to operational, strategic, or financial risks.

2. The results of this study reinforce the development of modern corporate governance theory that emphasizes the importance of diversity in decision-making structures, particularly in the context of risk management. Gender diversity is believed to bring differences in risk perception, leadership style, and problem-solving methods. Women, according to some studies of organizational behavior, tend to have a tendency to be more cautious and conservative in dealing with risks. Therefore, the involvement of women in strategic positions has the potential to balance the dynamics of excessive risk-taking and encourage companies to adopt a more structured and prudent approach to managing risk.

3. In terms of capital structure (DER), manufacturing companies should implement a balanced financing policy between debt and equity. The finding that profitability cannot moderate the influence of DER on a company's value indicates that high profits do not necessarily reduce investors' risk perceptions of high debt use. Therefore, companies need to manage debt carefully and ensure that the use of loan funds is truly productive.

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