



Proceeding – ICOBIS

INTERNATIONAL CONFERENCE ON GLOBAL INNOVATION AND TRENDS IN ECONOMICS
(ICOBIS)

The Influence Of Financial Performance (Roa, Roe, Npm) And Risk-Based Capital On Firm Value In Insurance Companies Listed On The Indonesia Stock Exchange, With Good Corporate Governance As A Moderating Variable (2018–2025)

1st Anandita Dwi Kartika

*Accounting Study Program, Faculty of Economics and Business
University Pancasakti Tegal
Tegal, Indonesia
ananditadwikartika@gmail.com*

2nd Dewi Indriasih

*Department of Accounting, Faculty of Economics and Business
University of Pancasakti Tegal
Tegal, Indonesia
dewiindriasih@gmail.com*

3rd Baihaqi Fanani

*Department of Accounting, Faculty of Economics and Business
University of Pancasakti Tegal
Tegal, Indonesia
baihaqifanani@gmail.com*

Abstract –

This study aims to analyze the effect of Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Risk Based Capital (RBC) on firm value proxied by Price to Book Value (PBV), and to examine the moderating role of Good Corporate Governance (GCG). Firm age is included as a control variable. This quantitative study uses secondary data from financial statements and annual reports of insurance companies listed on the Indonesia Stock Exchange during 2018–2025. Purposive sampling produced 11 companies and 88 initial observations; after transformation and data adjustment, 79 observations were used in the hypothesis testing. Data were analyzed using multiple linear regression and Moderated Regression Analysis (MRA) with SPSS 22. The results show that ROA, ROE, NPM, and RBC do not significantly affect firm value. The moderation test shows that GCG does not moderate the effect of ROA, NPM, or RBC on firm value, while GCG significantly weakens the effect of ROE on firm value. Firm age also does not significantly affect firm value. The findings indicate that accounting profitability and solvency indicators alone are not sufficient to explain market-based firm value in insurance companies, while the role of corporate governance differs across financial performance indicators.

Keywords: Financial Performance, ROA, ROE, NPM, Risk Based Capital, Firm Value, Good Corporate Governance

I. INTRODUCTION

The insurance sector is a vital component of the economic system, as it provides protection against unpredictable risks. The Indonesian insurance industry demonstrates significant growth potential. In this study, firm value is

viewed as a key indicator reflecting investor perceptions of a company's performance and prospects; it is linked to share prices and the level of investor confidence in the company.

Financial performance is an internal factor that theoretically influences firm value. ROA indicates a company's ability to generate profit from its total assets, ROE represents the return on equity, and NPM indicates the ability to generate net profit from revenue. For insurance companies, in addition to profitability, the Risk-Based Capital (RBC) ratio is crucial, as it relates to the company's capacity to manage risk and meet its obligations.

Previous studies have yielded inconsistent results. Tayeb et al. [1] found that ROA has a positive and significant effect on the value of insurance companies, whereas Arianto and Budiyo [2] found that while NPM influenced share prices, ROA and ROE did not. Ramdhani et al. [3] found that RBC has a positive and significant effect on firm value. These divergent findings indicate a research gap that warrants further investigation, particularly by incorporating Good Corporate Governance (GCG) as a governance mechanism.

According to agency theory, conflicting interests and information asymmetry between management (the agent) and shareholders (the principal) can give rise to conflict. GCG serves as an oversight mechanism to mitigate such conflicts and is expected to strengthen the relationship between financial performance and firm value. Against this backdrop, this study examines the impact of ROA, ROE, NPM, and RBC on Price-to-Book Value (PBV), as well as the role of GCG in moderating each of these relationships.

A. Agency Theory

Agency theory explains the contractual relationship between a principal and an agent. Shareholders delegate authority to management to run the company; however, conflicting interests and information asymmetry can result in management decisions that do not always align with shareholder interests. In the context of this study, agency theory is employed to explain the significance of financial performance and Good Corporate Governance (GCG) in the process of corporate value creation [4].

B. Corporate Value

Corporate value reflects the market's perception of management's success and the company's prospects. This study utilizes Price to Book Value (PBV) as a proxy for corporate value. PBV compares the market price of a share to its book value of equity per share, thereby illustrating the extent to which the market appreciates the company's book value.

C. Financial Performance and Risk-Based Capital

ROA measures the ability of assets to generate profit, ROE measures the return on equity, and NPM measures the proportion of net profit to revenue. RBC serves as a risk-based capital adequacy indicator that is crucial for insurance companies. Theoretically, increased profitability and capital adequacy can boost investor confidence; however, their impact on market value may vary, as PBV is also influenced by market expectations and information.

D. Good Corporate Governance

GCG is a governance mechanism that supports oversight, transparency, accountability, and the protection of shareholder interests. Conceptually, GCG can strengthen the relationship between financial performance and corporate value, as performance information backed by sound governance is viewed as more credible by the market.

H1: ROA affects corporate value.

H2: ROE affects corporate value.

H3: NPM affects corporate value.

H4: RBC affects corporate value.

H5: GCG moderates the effect of ROA on corporate value.

H6: GCG moderates the effect of ROE on corporate value.

H7: GCG moderates the effect of NPM on corporate value. H8: Good Corporate Governance (GCG) moderates the effect of RBC on firm value.

II. METHOD

This study employs a quantitative approach using secondary data derived from the financial statements and annual reports of insurance companies listed on the Indonesia Stock Exchange (IDX). The study population consists of insurance companies listed on the IDX during the 2018–2025 period. The sample was selected using purposive sampling based on the availability of data for the research variables. Eleven companies met the criteria, resulting in 88 initial observations. Following data transformation and adjustment, 79 observations were used for testing.

The dependent variable is firm value, proxied by the Price-to-Book Value (PBV) ratio. Independent variables include Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Risk-Based Capital (RBC). Good Corporate Governance (GCG) serves as the moderating variable, while firm age acts as the control variable. Analysis was conducted using descriptive statistics, classical assumption tests, multiple linear regression, Moderated Regression Analysis (MRA), F-tests, t-tests, and the coefficient of determination. Data processing was performed using SPSS version 22 [5].

The moderation model is generally formulated as: $Y = \alpha + \beta_1ROA + \beta_2ROE + \beta_3NPM + \beta_4RBC + \beta_5GCG + \beta_6UP + \beta_7(ROA \times GCG) + \beta_8(ROE \times GCG) + \beta_9(NPM \times GCG) + \beta_{10}(RBC \times GCG) + \epsilon$.

III. RESULTS AND DISCUSSION

A. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ROA	88	-.20	.08	.0196	.03126
ROE	88	-.78	.19	.0435	.10837
NPM	88	-2.04	2.32	.1442	.45769
RBC	88	128.00	1685.96	373.1716	238.94077
UP	88	1	37	22.26	11.773
NP	88	.29	3.45	1.0401	.74195
GCG	88	3	6	3.93	.828
Valid N (listwise)	88				

Source: SPSS 22 output, data processed by the researcher (2026).

B. Classical Assumption Tests

The normality test conducted prior to transformation was based on 88 observations and revealed that the residuals were not normally distributed. Following data transformation and adjustment, the analysis utilized 79 observations, resulting in an improved residual distribution. The multicollinearity test showed tolerance values above the critical threshold and VIF values below 10, indicating the absence of multicollinearity issues. The Durbin–Watson statistic was recorded at 1.812 before moderation and 1.864 after moderation, indicating that the model did not exhibit problematic autocorrelation patterns.

C. t-Test (Hypothesis Test)

	t	Sig.	Decision
ROA	-0.921	0.360	Does not influence
ROE	-0.675	0.502	Does not influence
NPM	-1.910	0.060	Does not influence
RBC	-0.850	0.398	Does not influence
GCG	3.379	0.001	Influential
UP	-0.005	0.996	Does not

	t	Sig.	Decision
			influence

Source: SPSS 22 output, data processed by the researcher (2026).

Interaction	t	Sig.	Interpretation
ROA × GCG	1.758	0.083	GCG does not moderate.
ROE × GCG	-2.238	0.028	GCG moderates but weakens.
NPM × GCG	-1.428	0.158	GCG does not moderate.
RBC × GCG	-1.495	0.139	GCG does not moderate.
Firm Age	-0.043	0.966	Does not influence

Source: SPSS 22 output, data processed by the researcher (2026).

D. Model Fit

Model	R	R ²	Adjusted R ²	Durbin-Watson
Before moderation	0.551	0.304	0.246	1.812
After moderation	0.576	0.332	0.220	2.247

Based on the analysis of the coefficient of determination (R-squared) in the table above, an R-squared value of 0.332 was obtained. This indicates that the interaction variables – ROA*GCG, ROE*GCG, NPM*GCG, and RBC*GCG – along with Firm Age (UP), collectively explain 33.2% of the variation in firm value. Meanwhile, the remaining 66.8% is influenced by variables outside the research model that were not included in this study.

Compared to the pre-moderation model, the R-squared value increased from 0.304 (30.4%) to 0.332 (33.2%), representing a rise of 2.8%. This demonstrates that the inclusion of Good Corporate Governance (GCG) as a moderating variable enhances the model's overall contribution – or explanatory power – in predicting firm value.

ROA does not have a significant effect on firm value. Although ROA reflects asset efficiency in generating profit, investors in insurance companies may consider broader factors, including solvency, risk management, claims exposure, and future expectations. Therefore, higher accounting profitability is not necessarily accompanied by a higher PBV. These findings are consistent with evidence reported by Sondakh et al. [6] but differ from those of Tayeb et al. [1].

ROE does not have a significant effect on firm value. High ROE does not automatically indicate optimal value creation, as ROE can be influenced by funding structure and equity composition. From an agency perspective, investors may evaluate whether management's use of shareholders' capital is sustainable and aligned with shareholder interests.

NPM does not have a significant effect on firm value. NPM reflects operational and non-operational efficiency in generating net profit; however, the market may incorporate additional information beyond current profit margins. Consequently, changes in NPM do not necessarily have a direct impact on changes in PBV.

RBC does not have a significant effect on firm value. RBC primarily reflects solvency as well as an insurance company's ability to absorb risk and meet obligations. Its function differs from that of the market-oriented PBV. Therefore, a high RBC may be viewed as evidence of financial resilience without necessarily resulting in an immediate increase in market valuation. This result differs from that of Ramdhani et al. [3], who reported a significant positive relationship.

GCG does not moderate the relationship between ROA and firm value. The interaction coefficient is positive but not statistically significant. This indicates that the governance mechanisms measured in this study do not significantly alter how the market translates ROA into firm value. Furthermore, GCG does not moderate the relationship between NPM and RBC.

In contrast, GCG significantly weakens the relationship between ROE and firm value. The negative interaction coefficient suggests that, within the observed sample, stronger GCG does not necessarily make higher ROE more valuable to the market; indeed, it may even diminish the strength of the association between ROE and PBV. These

results demonstrate that the impact of governance can be specific to certain indicators, rather than uniformly strengthening all financial performance relationships.

IV. CONCLUSIONS

This study concludes that ROA, ROE, NPM, and RBC do not have a significant impact on the value of insurance companies listed on the Indonesia Stock Exchange during the 2018–2025 period. Good Corporate Governance (GCG) does not moderate the influence of ROA, NPM, and RBC on firm value; however, it significantly weakens the impact of ROE on firm value. Firm age also does not significantly affect firm value. These findings imply that market-based firm value in the insurance sector cannot be explained solely by profitability and solvency ratios. Investors and management should consider a broader information environment, risk management, governance quality, and market expectations.

For future research, additional determinants such as firm size, leverage, growth, liquidity, dividend policy, capital structure, and other governance metrics could be considered. Future studies might also extend the observation period and sample scope to enhance the generalizability of the findings.

REFERENCES

- [1] N. F. M. Tayeb, Nurhayati, and Syafri, "Pengaruh ROA, DER, Ukuran Perusahaan Terhadap Nilai Perusahaan Asuransi Yang Terdaftar Di BEI Pada Tahun 2017–2022," *Jurnal Ekonomi, Manajemen dan Akuntansi*, vol. 1, no. 5, pp. 127–141, 2023.
- [2] C. F. Arianto and Budiyo, "Pengaruh ROA, ROE, EPS, dan NPM Terhadap Harga Saham Perusahaan Asuransi," *Jurnal Ilmu dan Riset Manajemen*, vol. 8, no. 8, pp. 1–17, 2019.
- [3] A. M. Ramdhani, D. Jhoansyah, and R. Nurmala, "Analisis Profitabilitas, Risk Based Capital (RBC) Dan Premium Growth Ratio Terhadap Nilai Perusahaan," *Jurnal Kajian Pendidikan Ekonomi dan Ilmu Ekonomi*, vol. 9, no. 2, pp. 306–312, 2025.
- [4] M. C. Jensen and W. H. Meckling, "Theory of the firm: Managerial behavior, agency costs and ownership structure," *Journal of Financial Economics*, vol. 3, no. 4, pp. 305–360, 1976.
- [5] I. Ghazali, *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*, 9th ed. Semarang: Badan Penerbit Universitas Diponegoro, 2018.
- [6] M. S. Sondakh et al., "Pengaruh kinerja keuangan terhadap nilai perusahaan," 2019.
- [7] D. Ardesta and W. Andayani, "Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan: Studi Pada Perusahaan Asuransi Yang Terdaftar Di Bursa Efek Indonesia Tahun 2016–2018," *Jurnal Ilmiah Mahasiswa FEB*, vol. 8, no. 2, 2018.
- [8] A. A. Lutfi and B. Panuntun, "Analisis Pengaruh Rasio Profitabilitas ROA, ROE, dan NPM Terhadap Nilai Perusahaan yang Tercatat dalam IDX-MES BUMN Periode 2021–2023," *Selekta Manajemen*, vol. 3, no. 1, pp. 81–91, 2024.
- [9] Y. A. Puji Astutie, A. R. Larasati, and I. A. Sari, "Return Saham pada Perusahaan Jakarta Islamic Index yang Terdaftar di Bursa Efek Indonesia," 2019.
- [10] Otoritas Jasa Keuangan, *Laporan Keuangan Industri Asuransi Tahun 2023*, 2023.
- [11] Otoritas Jasa Keuangan, "Siaran Pers: Rapat Dewan Komisiner Bulanan November 2024," 2024.
- [12] J. W. Goodell, "COVID-19 and finance: Agendas for future research," *Finance Research Letters*, vol. 35, 2020.
- [13] E. F. Brigham and J. F. Houston, *Fundamentals of Financial Management*, 15th ed. Cengage Learning, 2019.
- [14] Harmono, *Manajemen Keuangan Berbasis Balanced Scorecard*. Bumi Aksara, 2017.
- [15] Kasmir, *Analisis Laporan Keuangan*. PT Raja Grafindo Persada, 2021.
- [16] C. Noviani et al., "Struktur modal, profitabilitas, dan nilai perusahaan: Efek moderasi Good Corporate Governance," *Jurnal Ekonomi dan Bisnis*, vol. 22, pp. 391–415, 2019.
- [17] W. Wahasumiah, "Pengaruh Kinerja Keuangan dan Good Corporate Governance (GCG) Terhadap Nilai Perusahaan," *MBIA*, vol. 17, no. 2, pp. 1–10, 2019.
- [18] A. M. Sugiyono, *Metode Penelitian Kuantitatif Kualitatif dan R&D*. 2023.
- [19] J. Tobin, "A General Equilibrium Approach to Monetary Theory," *Journal of Money, Credit and Banking*, vol. 1, no. 1, 1969.
- [20] C. Zutter and S. Smart, *Principles of Managerial Finance*. Pearson, 2022.