“Accounting-based financial performance, corporate governance, and firm value: Evidence from Indonesian listed technology firms”

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ACCOUNTING-BASED FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, AND FIRM VALUE: EVIDENCE FROM INDONESIAN LISTED TECHNOLOGY FIRMS

Abstract

This study examines how accounting-based financial performance and corporate governance affect firm value among Indonesian listed technology firms. The study analyzes panel data from 28 technology companies listed on the Indonesia Stock Exchange during 2021–2024. The data were obtained from annual reports, audited financial statements, corporate governance disclosures, and capital market information. Panel regression analysis was applied, and the Fixed Effects Model was selected based on model specification tests. Corporate governance and accounting-based financial performance are measured using standardized equal-weighted composite indices constructed from their respective indicators. The corporate governance index was constructed from board independence, board size, audit committee size, and ownership concentration, while the financial performance index was constructed from ROA, ROE, TATO, current ratio, and reverse-coded DER. The results show that the corporate governance composite index has a positive and significant effect on firm value, with a coefficient of 0.263 and a t-statistic of 2.791. The accounting-based financial performance composite index also has a positive and significant effect on firm value, with a coefficient of 0.415 and a t-statistic of 4.526. Furthermore, the interaction between the corporate governance index and the financial performance index is positive and significant. These findings indicate that corporate governance strengthens the value relevance of financial performance. The model has strong explanatory power, with an adjusted R^2 of 0.672. The study concludes that profitability and leverage remain relevant accounting-based for firm valuation, while corporate governance enhances transparency, financial control, and investor confidence in Indonesian technology firms.

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INTRODUCTION

The technology sector has become an increasingly important part of Indonesia's digital economy and a crucial driver of innovation, renewal, and competitive advantage in modern business environments (Tarigan, 2025; Putra et al., 2024; Purnamasari et al, 2025). This development is reflected in increasing capital market activity and financial performance among technology companies listed on the Indonesia Stock Exchange (Ghofar et al., 2025). Listed technology firms operate in a dynamic environment characterized by rapid innovation, high growth expectations, market volatility, and strong dependence on investor confidence. Firm value is not determined only by market sentiment or growth expectations, but also by the credibility of financial information and the effectiveness of corporate governance mechanisms. Investors require reliable accounting information to assess whether business expansion and digital growth are supported by sound profitability, manageable leverage, efficient asset use, and transparent reporting (Xu et al., 2025; Rhamadhani & Heriyati, 2025).

Firm value reflects how the market evaluates a company's current performance and future prospects. Tobin's Q is commonly used as a firm value measure because it combines market-based valuation with accounting-based information (Bui et al., 2023; Al-Ahdal et al., 2020). In technology firms, valuation is often sensitive because investors may respond strongly to both financial fundamentals and governance signals. Accounting-based financial performance, measured through financial statement ratios such as profitability, leverage, asset efficiency, and liquidity, provides important information for evaluating whether a firm can generate sustainable returns. Therefore, financial performance remains relevant even in a technology-driven sector where intangible assets, innovation, and growth expectations often influence investor perception (Pamungkas et al., 2023; Rodríguez Valencia, 2025).

Corporate governance also plays an essential role in supporting firm value. Effective governance mechanisms, such as board independence, audit committee oversight, board structure, and ownership monitoring, can reduce agency problems, improve transparency, and strengthen the credibility of financial reporting (OECD, 2023; Fatima et al., 2021). From an accounting and financial control perspective, corporate governance functions not only as a compliance mechanism but also as a control structure that supports the reliability of accounting information. Strong governance may increase investor confidence because reported financial performance is perceived as more credible and less exposed to managerial opportunism or reporting risk (An & Yoon, 2023; Lemma et al., 2026).

Although prior studies have examined the relationship between corporate governance, financial performance, and firm value, most evidence has focused on conventional industries or developed markets (Claessens & Yurtoglu, 2013; Chen et al., 2006). Empirical evidence from listed technology firms in emerging markets, particularly Indonesia, remains limited and fragmented (Bıçakcıoğlu-Peynirci, 2023). Previous studies often treat financial performance as a general financial variable, while its accounting-based nature as information derived from financial statements has not been sufficiently emphasized (Rodríguez Valencia, 2025). Limited attention has also been given to the role of corporate governance in strengthening the value relevance of accounting-based financial performance (Ahmed & Tahir, 2024; Ngatno et al., 2021).

This study addresses this gap by examining the effect of corporate governance and accounting-based financial performance on firm value among Indonesian listed technology firms during the 2021–2024 period. It also investigates whether corporate governance moderates the relationship between financial performance and firm value. The study contributes to the accounting and financial control literature by showing how financial statement-based performance indicators and governance mechanisms jointly shape market valuation in an emerging technology sector. By focusing on Indonesian listed technology firms, this study is also relevant for supporting responsible business practices and long-term sustainability agendas (Suhardjo et al., 2025). The findings are expected to provide useful insights for investors, managers, auditors, and regulators regarding the importance of reliable financial performance information and effective governance oversight in supporting firm value.

1. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Regulatory pressure on businesses can strengthen this relationship by pushing leaders to use digital technologies more frequently (Tuyen et al., 2025). Technology-driven sectors help improve relationships, and corporate governance and financial performance are among the most important factors that affect a company's value (Bagh et al., 2025; Zareie et al., 2024). The rapid evolution of digital transformation has reshaped market dynamics, requiring governance systems that ensure transparency, accountability, and in-

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novation alignment (OECD, 2023). In emerging markets like Indonesia, where ownership is often concentrated and institutional quality varies, corporate governance plays a crucial role in maintaining investor trust and sustaining firm value (Lubis et al., 2025). The role of accounting information becomes increasingly important because investors require reliable financial statements to evaluate whether digital transformation and strategic change are supported by sound financial performance.

Financial performance reflects the firm's efficiency in managing resources to generate profitability and sustain operations (Zhang et al., 2025). In accounting and financial control literature, financial performance is commonly assessed using indicators derived from corporate financial statements. Profitability and leverage are particularly important because they represent two fundamental dimensions of financial statement analysis: the ability to generate returns and the ability to manage financing risk. Profitability ratios, such as return on assets and return on equity, provide information about how effectively management uses assets and equity to generate income (Xu et al., 2025). Meanwhile, leverage ratios, such as the debt-to-equity ratio, indicate the extent to which a firm depends on debt financing and the level of financial risk borne by shareholders and creditors. Ratios such as Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Debt-to-Equity Ratio (DER), leverage, Total Asset Turnover (TATO), and solvency ratio represent multidimensional aspects of operational effectiveness, liquidity, and capital structure (Bagh et al., 2025; Rodríguez Valencia, 2025; Mensah et al, 2025). Debt ratios usually lower ROA, but some debt ratios raise ROE. This shows that using debt can make assets less efficient, but it can also greatly boost shareholder returns in some situations (Ahmed et al., 2024). These changes make the company more profitable and send positive signals to investors and other stakeholders, thereby increasing its value (Moolkham, 2025). Thus, financial performance indicators are not merely statistical variables in the model but accounting-based measures that reflect the usefulness of financial statements for managerial evaluation, investor decision-making, and market valuation.

Corporate governance serves as a control mechanism to align managerial decisions with shareholder interests, thus reducing agency conflicts (Bagh et al., 2025). From the perspective of financial control, corporate governance provides a formal oversight structure that supports the reliability of financial reporting and reduces the risk of managerial opportunism. Governance mechanisms, such as board independence, audit committee effectiveness, and ownership monitoring, are closely related to internal control because they help ensure that financial information is prepared, reviewed, and disclosed in a responsible manner. In the Indonesian context, Simatupang et al. (2025) also provide relevant evidence that ownership structure is associated with firm value, indicating that ownership monitoring can support governance effectiveness and market valuation. Good governance can help improve how companies report their finances online (Zadeh et al., 2018). In the context of technology firms, governance practices such as board independence, ownership concentration, and external auditing are pivotal in enhancing managerial accountability and market credibility (Thanh et al., 2024; Faiteh et al., 2025). This link is also important from an auditing perspective (Lemma et al., 2026). Internal and external auditors consider governance quality when assessing environmental control, the risk of material misstatement, and the possibility of financial misconduct. Therefore, strong governance improves not only managerial accountability but also the credibility of accounting information presented to investors. Studies have demonstrated that companies with robust governance mechanisms, such as the presence of independent directors, diverse board structures, and external auditors from firms, tend to have higher market valuations (An & Yoon, 2023; Navillia & Rahayu, 2024). Beyond its direct influence, corporate governance also strengthens the relationship between financial performance and firm value (Ahmed & Tahir, 2024). When governance mechanisms are strong, financial results are viewed as more reliable by investors, reinforcing the signaling effect of profitability on firm valuation (Ngatno et al., 2021). Effective governance enhances transparency and accountability, ensuring that management decisions translate efficiently into shareholder value (An & Yoon, 2023). In contrast, weak governance can obscure financial results and increase the risk of managerial opportunism (Islam et al., 2022).

Therefore, corporate governance not only mitigates agency risks but also enhances strategic agility, thereby increasing firm value (Aguilera & Ruiz Castillo, 2025). Empirical evidence shows that profitability and asset efficiency have a significant positive impact on firm value (An & Yoon, 2023; Khan, 2025). From a financial statement analysis perspective, profitability and asset efficiency indicate whether management has successfully converted firm resources into economic returns. These accounting-based indicators are especially relevant for investors because they provide objective evidence of managerial performance beyond market expectations and innovation narratives. Firms with higher ROE and TATO typically gain greater investor confidence as they signal operational effectiveness and long-term sustainability (Bawono & Handika, 2023). Conversely, excessive leverage and low solvency ratios tend to reduce firm value due to higher perceived risk (Ahmed et al., 2024). Leverage is also a critical accounting-based signal because it reflects financial risk, debt burden, and the sustainability of the firm's capital structure. Therefore, investors may use leverage information to assess whether firm value is supported by a stable financial foundation. Changing to digital technology makes processes more efficient, speeds up service, and gives a business a better chance to respond to the market (Narula et al., 2024). These relationships are particularly pronounced in Indonesia's technology sector, where volatility and capital intensity are high (World Bank, 2023).

Given Indonesia's dynamic yet developing regulatory environment, governance mechanisms such as independent boards, ownership dispersion, and high-quality auditing are vital to ensure that superior financial performance is accurately reflected in market valuation (OJK, 2024; Navillia & Rahayu, 2024). In this environment, governance quality becomes essential for ensuring that financial statements are transparent, comparable, and useful for market participants. Independent boards, audit committees, and high-quality external audits provide monitoring functions that improve the reliability of accounting information and reduce the potential for financial reporting manipulation (Lemma et al., 2026). The audit committee is an important governance mechanism established by the board of commissioners or non-executive directors to support the board's oversight function, particularly in monitoring financial reporting and internal control (Cosmulese et al., 2022). A larger audit committee may provide broader expertise, knowledge, and oversight capacity; however, excessive size may also create coordination problems and reduce monitoring effectiveness (Al Maani et al., 2025; Basana et al., 2024). Managerial ownership is a way for companies to make sure that managers and shareholders have the same goals (Bunyaminu et al., 2025). When managers are also owners, they are more careful about taking on debt because they are directly responsible for the risks. Ownership by managers helps keep too much leverage in check, keeps management in line, and supports a more stable rise in the value of the company (Lubis et al., 2025).

This study builds upon the integration of agency theory and stewardship theory, as suggested by Rodríguez Valencia (2025). Agency theory explains how governance mechanisms mitigate conflicts of interest between shareholders and management (Zadeh et al., 2018; Ngatno et al., 2021), while the stewardship theory emphasizes managerial commitment to long-term value creation (Jasir et al., 2023). The need for trustworthy financial reporting and efficient governance oversight to lessen information asymmetry between managers and investors is also explained by accounting, financial control, and agency theory. While governance structures bolster the monitoring process that upholds reporting credibility, financial statements function as a formal accountability tool. Tobin's Q is used as a proxy for firm value since it captures both market perception and the firm's asset base, providing a holistic view of managerial performance (Bui et al., 2023). The use of Tobin's Q is also consistent with the value relevance perspective, which suggests that accounting information is relevant when it is reflected in investors' valuation decisions. Accordingly, profitability and leverage are expected to affect firm value because they provide accounting-based signals about performance, risk, and prospects.

The literature implies that corporate governance and financial performance are important pre-

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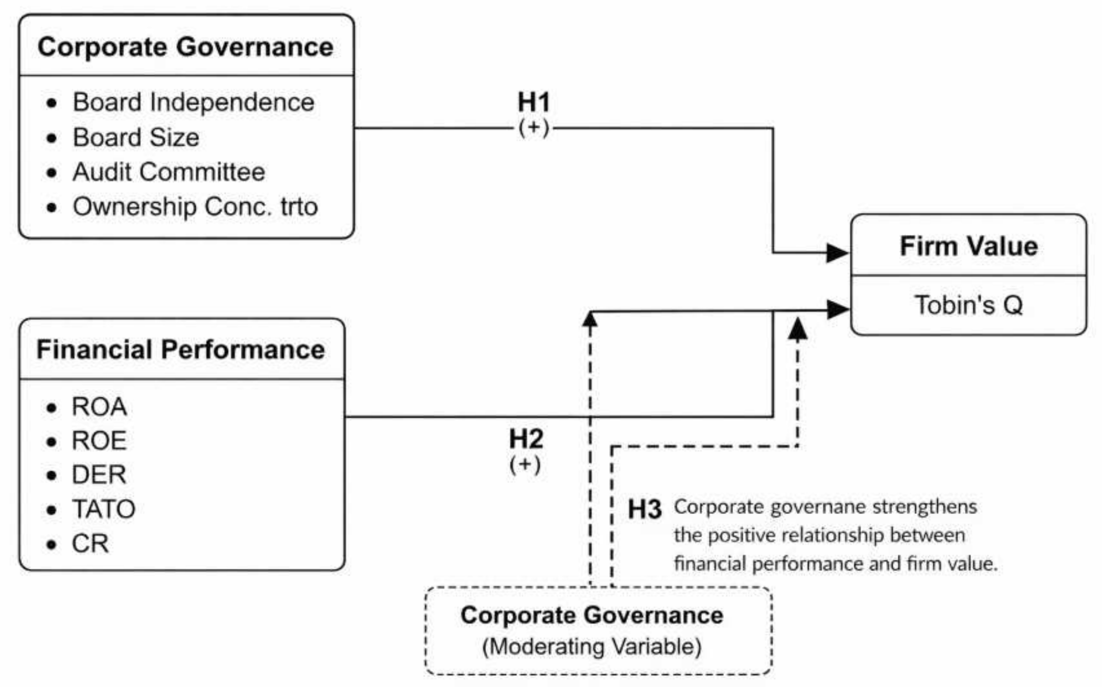

Figure 1. Research conceptual framework of the relationship between constructs

dictors of firm value, but the accounting-based role of financial performance and the financial control role of governance remain insufficiently emphasized in growing digital marketplaces. Existing studies provide rich evidence from traditional industries and mature institutional frameworks, but limited attention has been paid to how financial statement-based indicators and governance oversight jointly affect firm value among listed technology enterprises in Indonesia. This gap justifies the need to investigate whether accounting-based financial performance directly affects firm value and whether governance reinforces the value relevance of financial performance by improving transparency, accountability, and reporting credibility. Based on the theoretical arguments and empirical evidence discussed above, the research framework can be determined in Figure 1. The conceptual model illustrates the direct effects of corporate governance and financial performance on firm value, as well as the moderating role of corporate governance in the relationship between financial performance and firm value.

Based on Figure 1, corporate governance is treated as a financial control mechanism that supports transparency and reporting credibility, while financial performance is treated as accounting-based information derived from financial statements. Firm value represents the market response to these governance and accounting signals. The research hypotheses can be formulated as follows:

H1: *Corporate governance has a positive effect on firm value.*

H2: *Financial performance has a positive effect on firm value.*

H3: *Corporate governance positively moderates the relationship between financial performance and firm value.*

2. RESEARCH METHODOLOGY

This study adopts a quantitative research design using a causal-explanatory approach to empirically test the influence of corporate governance and financial performance on firm value among technology firms listed on the Indonesia Stock Exchange during 2021–2024. The approach is established to test the relationship between variables empirically and measurably. The study focuses on identifying causal relationships among the key constructs: corporate governance, financial performance, and firm value.

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Panel data methodology is employed because it allows for the analysis of both cross-sectional (firm-specific) and time-series (yearly) variations, thereby improving the robustness and generalizability of the findings (Baltagi, 2021). The quantitative framework was chosen to ensure objectivity, replicability, and empirical validity in testing the proposed hypotheses. The population of this study includes technology sector companies listed on the Indonesia Stock Exchange between 2021 and 2024. The sample was selected using a purposive sampling technique, based on the following criteria:

1) companies listed in the Indonesia Stock Exchange technology sector classification;

2) firms that published complete annual reports and financial statements from 2021 to 2024; and

3) companies that consistently disclosed corporate governance indicators and financial performance ratios during the observation period.

A total of 28 companies in the technology sector meeting these criteria were selected. The final sample consists of 28 Indonesian listed technology firms observed over the 2021–2024 period, resulting in a maximum of 112 firm-year observations. This sample reflects the limited number of technology-sector firms listed on the Indonesia Stock Exchange with complete annual reports, audited financial statements, corporate governance disclosures, and financial performance data during the observation period. Therefore, this study does not claim to represent all technology firms in Indonesia or other markets. Instead, the findings should be interpreted as evidence from listed Indonesian technology firms that met the specified data availability criteria. To reduce model complexity relative to the available sample size, corporate governance and financial performance are analyzed as aggregate constructs rather than as separate individual indicators in the main regression model. The use of purposive sampling aligns with prior empirical studies on governance and firm value in emerging markets (An & Yoon, 2023; Navillia & Rahayu, 2024). This study examines three main constructions:

1) Corporate Governance;
2) Financial Performance; and
3) Firm Value.

The dependent variable, firm value, reflects market perceptions of a company's performance and future growth potential. It is measured using Tobin's Q in Eq. (1), defined as the ratio between the market value of equity plus total liabilities and the book value of total assets (Bagh et al., 2025):

$$Tobin's\,Q = \frac{Market\,Value\,of\,\,Equity + Total\,Liabilities}{Tital\,Assets}. \quad (1)$$

Tobin's Q captures both tangible and intangible aspects of firm valuation and is widely used in governance–performance studies (Rodríguez Valencia, 2025; Al-Ahdal et al., 2020). Corporate Governance is an independent variable, which is represented by several measurable indicators. These indicators capture governance structures that ensure managerial accountability, transparency, and protection of minority shareholders (OECD, 2023) (see Table 1).

These indicators capture governance structures that ensure managerial accountability, transparency, and protection of minority shareholders (OECD, 2023). Financial Performance (FP) is an independent variable, represented by key financial ratios used in prior research (Pamungkas et al., 2023). Each ratio captures distinct dimensions of corporate performance contributing to market valuation in Table 2.

Each ratio captures distinct dimensions of corporate performance contributing to market valuation (An & Yoon, 2023).

Table 1. Measurement of corporate governance indicators

Indicator	Measurement	Supporting Reference
Board Independence	Independent commissioners / total board members	Utaminingsih et al. (2022)
Board Size	Total number of board members	Thanh et al. (2024)
Audit Committee	Total number of audit committee members	Navillia and Rahayu (2024), Al Maani et al. (2025)
Ownership Concentration	Shares owned by the largest shareholder (%)	Kristanti et al. (2025), Bunyaminu et al. (2025)

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Table 2. Measurement of financial performance indicators

Indicator	Measurement	Interpretation
Return on Assets	Net income ÷ Total assets	Asset profitability
Return on Equity	Net income ÷ Shareholders' equity	Shareholder return
Debt-to-Equity Ratio	Total liabilities ÷ Equity	Capital structure risk
Total Asset Turnover	Net sales ÷ Total assets	Asset efficiency
Current Ratio	Current assets ÷ Current liabilities	Short-term liquidity

2.1. Construction of composite measures

Since the corporate governance and financial performance indicators are measured using different scales, this study constructs composite indices for Corporate Governance (CG) and Financial Performance (FP). Each indicator was first standardized using z-scores to ensure comparability across variables. The Corporate Governance index was calculated as the equal-weighted average of four standardized governance indicators: board independence, board size, audit committee size, and ownership concentration. CG represents an aggregate governance structure index rather than a single governance variable.

The Financial Performance index was calculated as the equal-weighted average of standardized accounting-based financial indicators, namely, ROA, ROE, TATO, current ratio, and reverse-coded DER. DER was reverse-coded because a higher debt-to-equity ratio indicates higher financial risk; therefore, reverse coding ensures that a higher FP index consistently reflects stronger accounting-based financial performance. The composite indices are formulated as follows:

$$CG_{it} = \frac{1}{4}\left(\begin{array}{l} ZBI_{it} + ZBS_{it} \\ + ZAC_{it} + ZOC_{it} \end{array} \right), \quad (2)$$

$$FP_{it} = \frac{1}{5}\left(\begin{array}{l} ZROA_{it} + ZROE_{it} \\ + ZTATO_{it} + ZCR_{it} - ZDER_{it} \end{array} \right), \quad (3)$$

where *BI* represents board independence, *BS* represents board size, *AC* represents audit committee size, *OC* represents ownership concentration, *ROA* represents return on assets, *ROE* represents return on equity, *TATO* represents total asset turnover, *CR* represents current ratio, and *DER* represents debt-to-equity ratio. Before constructing the interaction term, *CG* and *FP* were mean-centered to reduce potential multicollinearity. The interaction term was then calculated as $CG \times FP$.

Secondary data were collected from annual reports, audited financial statements, and corporate governance disclosures published on the Indonesia Stock Exchange official website (www.idx.co.id) and companies' official portals. Additional verification was performed using Financial Services Authority Annual Reports (OJK, 2024) and Bloomberg Terminal data for market capitalization and stock price validation. Thus, the calculation data sources come from official company documents and capital market institutions.

The author assembled the input dataset for this study from publicly accessible annual reports of Indonesia Stock Exchange companies, audited financial statements, corporate governance disclosures, and capital market data of technology companies listed in Indonesia between 2021 and 2024. This dataset contains company-level firm value metrics, financial performance ratios, and corporate governance variables used in panel data analysis. This dataset will be published on Zenodo for public access to increase the study's transparency and repeatability, and the DOI will be mentioned in the finished paper. The author's data search revealed that the same dataset had not been utilized in earlier research because of the data collection.

The study established data-collection procedures by identifying technology-sector companies that met the sample criteria. Researchers collected corporate governance data, financial reports, and market data from reliable official sources in Indonesia. Data on companies that met the criteria were compiled based on company panel data for the 2021–2024 period. Data reliability was ensured through triangulation among multiple public sources to avoid potential reporting bias (OJK, 2024; World Bank, 2023). Data were analyzed using panel data regression in Stata 17. The following steps were conducted:

1) Descriptive statistics to summarize the central tendency and dispersion of variables.

2) Classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation checks to ensure model validity. Panel model estimation included: Common Effect Model, Fixed Effect Model, and Random Effect Model.

3) The most appropriate model was selected based on the Chow Test, Hausman Test, and Lagrange Multiplier test (Baltagi, 2021).

4) Hypothesis testing: Conducted using t-statistics and F-statistics with a 5% significance level ($p < 0.05$), and additionally, the Adjusted R^2 value was used to measure the model's explanatory power.

The regression equations estimated are as follows:

Model 1:

$$FV_{it} = \alpha + \beta_1 CG_{it} + \beta_2 FP_{it} + \varepsilon_{it}. \tag{2}$$

Model 2 (Moderating Effect):

$$FV_{it} = \alpha + \beta_1 CG_{it} + \beta_2 FP_{it} + \beta_3 (CG \cdot FP)_{it} + \varepsilon_{it}, \tag{3}$$

where FV_{it}: Firm Value (Tobin's Q) of firm i in year t; CG_{it}: Corporate Governance composite index; FP_{it}: Accounting-based Financial Performance composite index; $CG \times FP_{it}$: Interaction term between mean-centered CG and FP; ε_{it}: Error term.

This model design allows testing both the direct and moderating effects of governance on the relationship between financial performance and firm value, consistent with previous studies in emerging markets (An & Yoon, 2023; Rodríguez Valencia, 2025).

3. RESULTS AND DISCUSSION

The research results were obtained through sequential analysis, including descriptive statistics of data characteristics, model estimation, and hypothesis testing. The descriptive analysis summarizes the characteristics of all research variables. It shows that the average Tobin's Q value is 1.74, indicating that, on average, firms in the Indonesian technology sector are valued above their book value. From an accounting perspective, this finding indicates that market valuation is not separated from the information disclosed in financial statements and governance reports. A Tobin's Q above book value suggests that investors may perceive the reported financial fundamentals, growth prospects, and governance signals of Indonesian technology firms as sufficiently credible to support higher market valuation.

Corporate governance indicators show a mean board independence of 45%, indicating that nearly half of the board members are independent, in line with the financial services authority governance standards (OJK, 2024). The average board size of 6.2 members reflects an optimal range consistent with OECD (2023) guidelines for effective decision-making. These governance characteristics are important from a financial control perspective because independent boards and appropriate board size can improve oversight over financial reporting, internal control, and managerial decision-making. Financial performance indicators reveal an average ROA of 5.3% and ROE of 9.1%, indicating moderate profitability typical of growth-stage technology firms. Meanwhile, the average DER of 1.26 suggests a balanced capital structure, implying prudent financial leverage (Bagh et al., 2025). The financial performance indicators also confirm the relevance of financial statement analysis in evaluating technology firms. ROA and ROE reflect the firm's ability to generate accounting returns, while DER provides information about capital structure risk and the extent to which the company relies on external financing. The company's funding structure tends to utilize debt and equity in a relatively balanced manner. Descriptive research results indicate that technology companies in Indonesia have excellent market valuations. They have adequate governance structures and comply with applicable regulations. Companies in the digital technology sector have moderate financial performance. The panel data regression analysis was conducted through three stages: Common Effect Model, Fixed Effects Model, and Random

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Effects Model, with the Hausman test determining the most appropriate model. The Hausman test result ($p = 0.021 < 0.05$) supports the Fixed Effects Model as the best-fitting specification.

These results indicate that differences in company characteristics need to be specifically controlled for in the model, so that the fixed effects model is the most appropriate for explaining variations in company value in the Indonesian technology sector during the observation period. The results of data processing obtained regression values, indicating that the model can explain the existing problems adequately and is strong enough. Table 3 shows that the adjusted R^2 value of 0.672 indicates that 67.2% of the variation in firm value is explained by corporate governance and financial performance variables, signifying strong explanatory power (Baltagi, 2021). This explanatory power indicates that firm value in Indonesian technology firms can be substantially explained by accounting-based financial performance and governance-related control mechanisms. Therefore, the model supports the argument that financial statement information and governance quality are relevant for capital market valuation.

In addition, Table 3 shows an F-statistic value of 32.85 with a p-value of 0.001, which indicates that the simultaneous model is significant and suitable for use to explain the relationship between variables in this study. The significant model also confirms that accounting and governance variables should not be treated as isolated internal company attributes, but as information signals that are considered by investors in assessing firm value. The first hypothesis (*H1*) was established in this study by testing the influence of corporate governance on firm value. Based on the data processing results in Table 3, the β correlation value was 0.263, the t-value was 2.791 (> 1.96), and the p-value was 0.006 (< 0.01); thus, the first hypothesis is accepted. The findings reveal that corporate governance has a positive and significant effect on firm value. This finding confirms that governance mechanisms are valued by the market not only as formal compliance structures, but also as financial control mechanisms that support the reliability of reporting and reduce the possibility of financial misconduct. The results of this study show that financial performance and corporate governance have a considerable effect on the value of Indonesian listed technology companies. The positive impact of corporate governance suggests that investors consider governance arrangements as signals of openness, accountability, and reduced agency risk. From an auditing perspective, this result suggests that board oversight, audit committee effectiveness, and ownership monitoring can improve the perceived credibility of financial information. Strong governance therefore reduces information asymmetry and helps investors place greater trust in reported accounting numbers. This conclusion is consistent with the results of Bagh et al. (2025), Thanh et al. (2024), and Rodríguez Valencia (2025), who observed that companies with strong governance structures have a higher valuation. However, this finding builds on earlier studies by establishing that governance remains an important issue in the Indonesian technology sector.

The influence of financial performance on firm value establishes the second hypothesis (*H2*). The results of data processing are shown in Table 3, with a β correlation value of 0.415, a t-value of 4.526 (> 1.96), and a p-value of < 0.001; thus, the

Table 3. Regression results of the impact of corporate governance and financial performance on firm value

Variable	Coefficient	t-Statistic	Prob.	Interpretation
Constant	0.884	3.215	0.002	Supported
Corporate Governance (CG)	0.263	2.791	0.006	Supported
Financial Performance (FP)	0.415	4.526	0.001	Supported
Corporate governance (CG) × Financial Performance (FP) (Moderation)	0.178	2.034	0.045	Supported
Adjusted R^2	0.672	—	—	
F-statistic	32.85	—	0.000	Significant

Note: CG refers to the standardized equal-weighted composite index of board independence, board size, audit committee size, and ownership concentration. FP refers to the standardized equal-weighted composite index of ROA, ROE, TATO, current ratio, and reverse-coded DER. The interaction term was calculated using mean-centered CG and FP.

second hypothesis is accepted. Financial performance, proximity to profitability, and efficiency ratios significantly improve firm value. This result confirms the value relevance of accounting-based financial performance. Since profitability and leverage are derived from corporate financial statements, their significant effect on firm value indicates that investors continue to rely on accounting information when evaluating technology firms. Data analysis has shown that financial performance affects company value. Technology companies in Indonesia have significant market value, demonstrating strong profitability and high efficiency. This suggests that efficient resource utilization and profitability growth increase investor confidence and market capitalization (Pamungkas et al., 2023). From a financial statement analysis perspective, profitability reflects the firm's ability to generate income from its resources, while leverage reflects financial risk and capital structure decisions. These indicators provide investors with measurable evidence of whether firm value is supported by sound accounting fundamentals.

The positive influence of financial performance on company value indicates that profitability, liquidity, debt management, and asset efficiency are still important variables for investors in analyzing technology companies. This finding is consistent with the decision-usefulness role of accounting, where financial statements provide relevant information for evaluating performance, risk, and future cash-generating ability. The result is in line with the results of Pamungkas et al. (2023), An and Yoon (2023), Bagh et al. (2025), and Rodríguez Valencia (2025), who found that higher financial performance results in higher firm valuation. The results of this research indicate that financial fundamentals are still used by investors in assessing the sustainability of Indonesian technology companies, even if the potential of innovation and growth prospects often affect the market value. This is why financial performance is a good proxy for operational ability and the possibility of future value creation. Therefore, even in a technology-based sector where valuation may be influenced by innovation expectations and market sentiment, accounting-based indicators remain important tools for management accounting, investor analysis, and financial control evaluation.

The third hypothesis (*H3*) established by corporate governance strengthens the positive relationship between financial performance and firm value. This finding indicates that governance quality improves the credibility and usefulness of accounting-based financial performance information. When governance mechanisms are strong, investors may perceive reported profitability, leverage, and efficiency indicators as more reliable and less exposed to manipulation or misstatement risk. Based on the data processing results shown in Table 3, the correlation value obtained was β = 0.178, t-value 2.034 (> 1.96), and p-value 0.045 (< 0.05); thus, the third hypothesis is accepted. The interaction between governance and financial performance (CG × FP) is positive and significant. The research results, based on the data processing results in Table 3, indicate that corporate governance not only directly impacts firm value but also strengthens the relationship between financial performance and firm value. Good corporate governance can significantly improve financial performance and simultaneously increase firm value. Corporate governance acts as a financial control mechanism that transforms financial statement information into more credible market signals. This supports the argument that governance enhances the value relevance of accounting information.

The function of corporate governance as a moderating effect is the major contribution to earlier studies. The finding that corporate governance strengthens the relationship between financial performance and business value suggests that the market positively evaluates good financial performance more when it is backed by credible governance systems. This result is consistent with the findings of Ahmed and Tahir (2024) and Ngatno et al. (2021), who indicated that the quality of governance promotes the credibility of financial information and decreases the uncertainty of investors. From the perspective of auditing and financial control, this means that governance mechanisms assure that financial statements are subject to adequate oversight, thereby reducing concerns over opportunistic reporting or financial misconduct. This study finds that governance and financial success are complementary in shaping business value, unlike earlier studies that investigated governance and financial performance separately. This com-

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plementarity is particularly relevant in emerging markets such as Indonesia, where investors may need additional governance signals before converting financial performance into increased market valuation. This finding is particularly relevant for Accounting and Financial Control because it demonstrates that governance quality affects not only organizational control but also the market usefulness of accounting information.

All hypotheses (*H1-H3*) established in the study have received empirical support based on the fixed effects model estimation results. The model shows that corporate governance and financial performance are important determinants of firm value. These results also show that firm value is influenced by both the content of accounting information and the governance mechanisms that support its credibility. Financial performance provides the accounting signal, while corporate governance provides a control and transparency mechanism that strengthens investor trust. This demonstrates that when firms maintain transparent governance, their profitability signals are more credible to investors, reducing valuation uncertainty. In other words, governance serves as a trust mechanism that reinforces the market's response to financial outcomes, a dynamic particularly vital for emerging digital markets like Indonesia (Navillia & Rahayu, 2024).

The theoretical implications of these research findings reinforce the agency theory approach, highlighting that governance systems reduce opportunistic management behavior. The results also support the value relevance perspective in accounting by showing that financial statement-based indicators are reflected in firm valuation. Profitability and leverage become more informative for investors when supported by governance mechanisms that improve reporting credibility. Furthermore, they expand the stakeholder theory, positing that ethical governance not only advantages shareholders but also bolsters long-term organizational credibility within the digital economy. The study extends the discussion from a general governance-performance relationship to a more specific accounting and financial control perspective.

The practical implications of this study are threefold: for accountants and financial managers, the findings highlight the importance of preparing reliable financial statements as profitability and leverage remain relevant for market valuation. For auditors, the results emphasize the need to evaluate governance structures and control environments carefully, as these mechanisms influence the credibility of reported financial performance. For corporate leaders, there is a need to strengthen governance frameworks, including board independence, audit effectiveness, and ownership transparency, to enhance market confidence and firm resilience. For regulators and policymakers, the Financial Services Authority governance and the Indonesia Stock Exchange should continue enforcing governance disclosures and integrating environmental, social, and governance dimensions into reporting standards to promote sustainable investment ecosystems. Regulators may also strengthen disclosure requirements related to governance, audit committees, and financial reporting quality to improve transparency in the technology sector. For investors, governance quality should be evaluated as a key determinant of firm performance and long-term value creation, particularly in the volatile technology sector.

The research period from 2021 to 2024 may not fully capture long-term structural changes in Indonesia's digital ecosystem. Additionally, governance quality is measured using observable board metrics, while behavioral governance aspects, such as managerial ethics and digital transparency, remain unexplored. Another limitation is that this study focuses on observable governance and financial ratios, while the quality of internal control systems, audit quality, earnings quality, and financial reporting transparency are

Table 4. Comparison of empirical findings with previous studies

Study	Country	Key Finding	Consistency
Bagh et al. (2025)	Pakistan	Governance improves firm value	Consistent
Thanh et al. (2024)	Asia-Pacific	Digital governance strengthens investor confidence	Consistent
Rodríguez Valencia (2025)	Global Meta-Analysis	Governance-performance link significant	Consistent
Abubakr et al. (2026)	Thailand	Profitability and sustainability raise a firm's valuation	Consistent

not directly measured. Future research may extend this model by incorporating environmental, social, and governance disclosure, artificial intelligence governance, or digital transformation maturity as moderating variables. Future studies may also incorporate audit quality, earnings management, internal control effectiveness, financial disclosure quality, or accounting conservatism to provide a more comprehensive explanation of how accounting and control mechanisms affect firm value. Cross-country comparative studies could also reveal institutional variations influencing governance-performance relationships in the ASEAN region. The findings reposition the relationship between corporate governance, financial performance, and firm value within the accounting and financial control perspective. Financial performance represents the content of accounting information derived from financial statements, while corporate governance represents the control mechanism that supports the credibility of such information. The significant moderating role of corporate governance indicates that investors do not evaluate accounting numbers in isolation. Instead, they assess whether reported profitability, leverage, and efficiency are supported by transparent governance and effective oversight.

This study has several limitations. First, the sample is limited to 28 technology firms listed on the Indonesia Stock Exchange over a four-year period, yielding a relatively small panel of firm-year observations. Although this sample covers firms that met the required disclosure and data availability criteria, the findings should not be generalized to all technology firms, non-listed firms, or other industry sectors. Second, the use of fixed effects controls for unobserved firm-specific heterogeneity, but the relatively small sample size requires cautious interpretation of the regression coefficients. Future research should extend the observation period, include additional firms when data become available, and compare the findings across sectors or countries to improve external validity.

CONCLUSION

This study aims to examine the influence of accounting-based financial performance and corporate governance on firm value, and to test whether corporate governance strengthens the relationship between financial performance and firm value in listed technology companies in Indonesia. This study provides empirical evidence from 28 Indonesian listed technology firms during 2021–2024 that corporate governance and accounting-based financial performance are positively associated with firm value. The findings also suggest that corporate governance strengthens the relationship between financial performance and firm value. However, because the study is based on a relatively small panel of listed technology firms, the results should be interpreted cautiously and should not be generalized beyond the sample and period examined. Financial performance in this study is represented by profitability and leverage, which are derived from corporate financial statements and are widely used in financial statement analysis and management accounting. The results demonstrate that corporate governance has a positive and significant effect on firm value, with a coefficient of 0.263 and a p-value of 0.006. Accounting-based financial performance also has a positive and significant effect on firm value, with a coefficient of 0.415 and a p-value of less than 0.001. Furthermore, the interaction between corporate governance and financial performance is positive and significant, with a coefficient of 0.178 and a p-value of 0.045, indicating that corporate governance strengthens the effect of financial performance on firm value. The model explains 67.2% of the variation in firm value. These findings suggest that governance quality enhances the credibility of financial performance information and strengthens its relevance for market valuation. Good governance creates confidence among investors and improves the relevance of financial performance to the market. This finding suggests that investors do not evaluate profitability and leverage in isolation but also consider whether the reported financial information is supported by effective governance, reliable oversight, and transparent disclosure. In this sense, corporate governance functions as a financial control mechanism that improves the credibility and market usefulness of accounting information. Technology enterprises should enhance board independence, audit committee effectiveness, ownership transparency, and the quality of financial performance to enable sustainable firm value creation in the

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expanding digital market. For accountants and financial managers, the findings emphasize the importance of preparing reliable financial statements because profitability and leverage remain value-relevant indicators for investors. For auditors and regulators, the findings highlight the need to strengthen governance oversight, audit committee effectiveness, and disclosure quality to reduce the risk of financial misstatement and financial misconduct. The research findings contribute to the accounting and financial control literature by showing that accounting-based financial performance affects firm value and that corporate governance strengthens the credibility of financial statement-based indicators. Future research may extend this study by incorporating audit quality, earnings quality, internal control effectiveness, financial disclosure quality, or accounting conservatism to provide a deeper explanation of how accounting and control mechanisms affect firm value in technology-based industries.

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CONFLICT OF INTEREST STATEMENT

Author(s) reported no conflict of interest.

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