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FIRM VALUE BY GOOD CORPORATE GOVERNANCE, PROFITABILITY, AND FINANCIAL DISTRESS IN ENERGY SECTOR COMPANIES

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Abstract. Energy sector companies experienced a decline in share prices, which made the company's value also decrease in 2019. The average share price of energy sector companies in 2019 decreased to 1,248/share from 1688/share in 2018. The success of a manager in managing the resources of the company is viewed by investors as the firm value, which is typically linked to stock prices. This study aims to determine the effect of good corporate governance, profitability, and financial distress on firm value. The objects of this research are energy sector companies listed on the Indonesia Stock Exchange for the 2018–2021 period. Based on several criteria in determining the sample, 53 company samples, or 212 data points, were obtained. Analysis of research data using panel data regression using Eviews 12 software. The results showed that good corporate governance, profitability, and financial distress simultaneously affect firm value. However, partially due to the good corporate governance variable, profitability has no effect on firm value, while the financial distress variable has a significant positive effect on firm value

Keywords: firm value; good corporate governance; independent board of commissioners; managerial ownership.

I. INTRODUCTION

A crucial factor for commercial entities is firm value. How much investors (shareholders) are interested in investing their money will decide how valuable the company is. According to **[1]**, maximizing firm value is equivalent to maximizing the present value of cash flows or income streams that investors expect to receive in the future. Investors will assess a company's quality based on how many resources it has **[2]**. Due to the high risk, investors would typically be skeptical of businesses that do not frequently report corporate governance **[3]**.The market value or book value of the company's equity can both be used to define firm value. Because a company's value is typically represented in the price of its shares, the company's objectives include enhancing both that value and shareholder or investor prosperity. Stock market indicators, which are impacted by investment opportunities, help to determine a company's value. The average share price of companies in the energy sector in 2019 decreased to 1,248/share from 1688/share in 2018. In 2019 was not an easy year for coal issuers in Indonesia. Indonesian coal mining issuers posted a decrease in revenue in 2019 when compared to the previous year (year on year). The weakening of coal prices that occurred in 2019 prompted the company to improve operational efficiency. The mining sector index recorded the deepest correction, falling by 0.5% at the start of the first trading session of 2019. Oil prices fell sharply at the close of trading. World oil prices fell by up to 5%, triggering a correction in the price of shares in the mining sector. This then makes investors think twice about making offers and requests for these shares.

The Tobin's Q Ratio is used in this study to calculate firm value variables using the following formula **[4]**:

$$Q = \frac{\text{MVE} + \text{DEBT}}{\text{TA}}$$

Information:

MVE	= share price × number of outstanding shares
DEBT	= book value of total debt
Total Assets	= book value of total assets

Several research results on firm value are still inconsistent. As a result, it is still important to consider the company's value and the variables that affect it, such as good corporate governance, profitability, and financial distress. Following are a few research findings on firm value that can be explained: In this study, good corporate governance uses proxies for independent boards of commissioners and managerial ownership. For proxies for independent commissioners, the results of the research reviewed by **[5]** state that independent commissioners have a positive and significant effect on company value. Different results were obtained from research by **[6]** stating that independent commissioners have no effect on company value. The following formula is used to determine the size of the independent commissioners in this study:

$$\text{Independent Board of Commissioners} = \frac{\sum \text{Independent Board of Commissioners}}{\sum \text{Members of the Board of Commissioners}} \text{ X } 100\%$$

For managerial ownership proxies **[7]** research conducted by **[4]** and **[8]** states that managerial ownership has a positive and significant effect on firm value. While research by **[9]** has a negative effect on company value. This study's formula for measuring management ownership is as follows:

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$$\text{Managerial Ownership} = \frac{\text{Managerial share ownership}}{\text{Total number of outstanding shares}} \text{ X } 100\%$$

A company's capacity to turn a profit over a specific length of time is determined or evaluated using the profitability ratio **[10]**. The results of research conducted by **[11]** state that profitability has a significant positive effect on company value. Meanwhile, research conducted by **[12]** states that profitability has a negative effect on firm value. According to the following formula, profitability in this study can be calculated:

$$\text{ROE} = \frac{\text{Net profit after tax}}{\text{Total equity}}$$

According to **[13]**, financial distress is a state in which a firm is experiencing financial difficulties. This condition manifests as a decline in profit or the company's failure to settle debts and obligations based on financial reports when compared to the financial statements from the prior period. Financial distress is a very serious problem that businesses must be aware of. Financial report data can be used to gauge and assess a company's bankruptcy. Because bankruptcy liquidation might have negative consequences for creditors and investors, the management of the company can move right away to restructure debt by reviewing financial records **[14]**. Measurement of financial distress refers to research **[15]**, which uses the debt-to-equity ratio (DER) with the following formula:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Capital}}$$

Research from **[16]** states that financial distress both partially and simultaneously has a significant effect on company value, while research conducted by **[17]** shows that financial distress has no significant effect on company value. This study aims to determine good corporate governance, profitability, financial distress, and company value in energy sector companies in the 2018–2021 period. According to **[17]** a signal theory is carried out to find out what action the company's management takes in conveying information to investors, who can ultimately change their decisions based on the company's condition. Information from a company has an important role for investors because this information can be useful in making decisions to invest in the company. According to **[18]**, firm value is a condition that a firm achieves through a public trust after engaging in numerous years of operations, beginning with the company's founding to the present. The company's value is crucial since it indicates how much the business can offer investors. Making numerous financial decisions that are pertinent and affect the company's worth is important for the company to fulfill its goal of maximizing shareholder wealth. High shareholder prosperity will follow high company value. The value of the company can be described by its share price, meaning that the welfare of the company's shareholders is high **[19]**. According to **[20]**, the company's value, which is increasing every year, will prosper shareholders and can help companies make it easier to obtain business funding. Investors usually look at the financial structure of a company first before finally deciding to invest. Firm value is formed through stock market indicators, which are influenced by investment opportunities. Indicators of firm value can be measured by several methods. In this study, we used Tobin's Q Ratio proxy to measure the variable value of the company. Tobin's Q analyzes the relationship between a company's market value and intrinsic worth and determines if it is over or undervalued.

Independent commissioners are members selected from outside the company with the aim of evaluating the company's performance, and in making a decision, they are expected to be neutral without being influenced by internal parties of the company so as to prevent financial report manipulation **[21]**. An entity that has oversight authority over the management of managers is the independent commissioner. An independent board of commissioners oversees the company by giving guidance, overseeing the management of managers, and making sure that the management is in line with the company's plan. The efficiency and competitiveness of the company are increased when one of the organs has an unbiased oversight role **[22]**. The directors will get guidance from independent commissioners who will monitor general and specific compliance with laws and regulations. Independent commissioners tend to steer clear of fraud and can effectively contribute to the production of solid financial reports. Independent commissioners can also supervise management policies, give management advice, and mediate internal manager disagreements **[23]**. Based on the provisions of Financial Services Authority Regulation No. 33/POJK04/2014, the board of commissioners must have a minimum of two people, one of whom is an independent commissioner and the other is the main commissioner or president commissioner. In accordance with these provisions, the minimum number of independent commissioners is 30% of the total number of members of the company's board of commissioners.

H1: An independent board of commissioners partially has a positive effect on firm value.

Managerial ownership is the proportion of stakeholders in management who participate in decision-making in the company, namely the commissioners and directors **[7]**. Managerial ownership will greatly influence the decisions taken by insiders, which ultimately affect the value of the company. Managerial ownership can reduce the risks that occur in the company because it is hoped that every decision taken by managers will benefit them directly from the shares they own in the company **[24]**. A company's yearly financial statements will include the percentage of shares that directors, managers, and the board of commissioners own. This is known as managerial ownership. Management will exercise caution as a result of this share ownership because it also bears the repercussions of the choices made. They are more driven to manage the business more effectively to raise its worth **[25]**. The likelihood of conflict between managers and shareholders decreases as managerial ownership shares increase.

H2: Managerial ownership partially has a positive effect on firm value.

The ability of a business to turn a profit over a specific time is determined or evaluated using the profitability ratio **[10]**. According to **[26]**, profitability can be used to evaluate a business, analyze its efficacy, and define how management treats the company's resources. By examining the quantity of the profit generated from sales and investments, profitability ratios can gauge the efficiency of management as a whole. A

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company's capacity to generate revenues improves with increased profitability ratios **[27]**.
H3: Profitability partially has a positive effect on firm value.

The amount of debt owned by the company and its ability to pay it are factors in financial distress **[15]**. Businesses that employ excessive amounts of debt run the risk of being classified as over-indebted, which means that they are stuck in a cycle of debt that is difficult to exit [28]. The DER proxy, which is determined by dividing the total debt by capital, is used in the study. If a company's DER is below 1 or below 100%, it is said to have an ideal DER; nevertheless, if a company's DER is above 1 or above 100%, it means that its debt or liabilities exceed its net equity.
H4: Financial Distress partially has a negative effect on firm value.

II. RESEARCH METHODS

This study employs quantitative methods because statistics are used in the analysis. A quantitative research method generates findings for the analysis of particular populations or samples using statistical techniques or other metrics. Research instruments are used for data collecting, and statistical data processing tries to test the given hypothesis. Random samples were used in quantitative research so that the findings may be extrapolated to the community from which the sample was drawn **[29]**. By describing the phenomena that occur in the company under study, this research tries to determine whether the hypothesis it will develop is accurate. This study's deployment was timed using panel data gathered between 2018 and 2021. The 53 energy companies that were listed on the Indonesia Stock Exchange (IDX) between 2018 and 2021 made up the group data analysis unit for this study. The following criteria were used in this study's purposive sample approach: (a) Businesses in the energy sector that have regularly been listed on the Indonesia Stock Exchange between 2018 and 2021. (b) Companies in the energy industry that provide annual reports and financial reports for the years 2018 through 2021. (c) Businesses in the energy sector with comprehensive data, particularly in terms of good corporate governance, profitability, and financial distress. A sample of 53 energy sector businesses trading on the Indonesia Stock Exchange (IDX) was obtained over four time periods from 2018 to 2021 by the sampling methodologies used, resulting in a total of 212 observations.

The dependent variable, according to **[29]**, is a variable that is impacted by or develops as a result of the independent (free) variable. Firm value is the study's dependent variable. Asserts that firm value, which is frequently linked to stock prices, is an investor's opinion of how successful managers are managing the resources entrusted to them by the company **[30]**. The independent variables of this study are good corporate governance, profitability, and financial distress. Managerial ownership and an independent board of commissioners are the proxies utilized in good company governance. Independent commissioners are entrusted with overseeing the company's operations in accordance with GCG principles, as well as the board of directors' performance and the execution of board-approved policies **[31]**. The percentage of management stakeholders, specifically commissioners, and directors, who are involved in the company's decision-making is known as managerial ownership **[7]**. A company's capacity to turn a profit over a specific length of time is determined or evaluated using the profitability ratio **[10]**. This study uses Return on Equity (ROE) as a proxy for profitability because can measure the overall efficiency of using capital to generate company profits. Financial distress is a condition where a company experiences financial difficulties that make it unable to pay its obligations when they are due, but the company is still able to carry out its operational activities **[32]**. Financial distress in this study is calculated using the debt-to-equity ratio (DER).

III. RESULTS AND DISCUSSION

Descriptive Statictical Analysis

Descriptive analysis is a method of data analysis that involves summarizing the data as it has been gathered, without drawing any generalizations or inferences. The minimum and maximum values, as well as the mean and standard deviation, are employed as parts of the descriptive statistical analysis. Table 1 presents the conclusions of the descriptive analysis.

Table 1. Descriptive Statistics

	Mean	**Max**	**Min**	**Std. Dev.**	**Observ.**
Independent Boards of Commissioners	0,428	1	0,25	0,1095	212
Managerial Ownership	0,027	0,674	0	0,0981	212
Profitability	0,086	6,144	-2,83	0,625	212
Financial Distress	1,094	34,06	-43,1	5,0897	212
Firm Value	1,857	20,25	0,095	2,7396	212

Source: data results processed by the author, 2023

Table 1 presents the findings of the descriptive statistical analyses performed on each of the research variables. The company value, which serves as the dependent variable, has an average value (mean) of 1.856718 and a standard deviation of 2.739632. Because the data is diverse or spread out and varies, the average value is less than the standard deviation, indicating that the worth of the companies among issuers is extremely different. The maximum value of the firm's value as measured using the Tobin's Q proxy was obtained by PT. Alfa Energi Investama Tbk. (FIRE) in 2018 with a value of 20.25302. This indicates that the FIRE company is in the highest-value category of all issuers. On the other hand, the minimum score is obtained by PT. Sumber Energi Mainstay Tbk. (ITMA) in 2020 with a value of 0.094695. This value indicates that ITMA's company value is in the lowest category compared to the company values of all other issuers. Furthermore, the independent variable good Corporate Governance (GCG) consists of an independent board of commissioners (X1) and managerial ownership (X2). The board of independent commissioners' average value (mean) is 0.427695, and the standard deviation is 0.109500. The data is homogeneous or does not vary if the average value is greater than the standard deviation. The maximum value of the independent board of commissioners obtained by PT.

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Humpuss Intermodal Transportation (HITS) in 2019 and 2020 is $1,000. The minimum value of the independent board of commissioners was obtained by PT. Astrindo Nusantara Infrastructure (BIPI) in 2018, PT. Bayan Resources Tbk. (BYAN) in 2020, PT. Rig Tenders Indonesia Tbk. (RIGS) in 2021, and PT. Super Energy Tbk. (SURE) in 2021 at 0.250000. According to Financial Services Authority Regulation Number S7/PJOK 04/2017, if the board of commissioners consists of more than two people, the percentage of independent commissioners must be at least 30% (thirty percent) of the total number of members of the board of commissioners. The results above state that the average percentage of independent commissioners is 42.76%, which is in accordance with predetermined provisions. If the percentage is greater than the provisions, then supervision of management will be better and the achievement of goals will also be more optimal.

The next independent variable is managerial ownership. The average value (mean) of managerial ownership is 0.027401, and the standard deviation is 0.098105. Judging from the magnitude of these figures, it can be concluded that the standard deviation value of the managerial ownership variable is higher than the average value (mean). This means that these variables are varied and not heterogeneous (grouped). The managerial ownership variable in this study has varied or different sample data and is stated if the managerial ownership variable cannot describe the overall characteristics. The maximum value of managerial ownership obtained by PT. Bayan Resources Tbk. (BYAN) in 2021 is 0.674403. Meanwhile, the minimum value of managerial ownership is quite a lot obtained by companies; namely, there are 28 companies with a value of 0.000000.

Profitability is the next independent variable. According to Table 1, the profitability average (mean) is 0.086457, and the standard deviation is 0.624976. The data is diverse and variable since the mean value is lower than the standard deviation. The profitability variable in this study has varied or different sample data and is stated if the profitability variable cannot describe the overall characteristics. The maximum value of profitability as measured using the ROE (Return on Equity) proxy obtained by PT. Queen Prabu Energi Tbk. (ARTI) in 2020 is 6.144461, which shows that the company has been effective in utilizing its equity to obtain high profits. While the minimum value of profitability obtained by PT. Atlas Resources Tbk. (ARII) in 2018 amounted to -2.829762, which shows that the company has not been effective in utilizing its equity to obtain high profits,

Financial distress is the following independent variable. Financial distress has an average value (mean) of 1.093690 and a standard deviation of 5.089684. The data is diverse and variable since the mean value is lower than the standard deviation. In this study, the financial distress variable is mentioned if the sample data are diverse or different and the financial hardship variable is unable to adequately capture the general features. The maximum value of financial distress as measured using the Debt to Equity Ratio (DER) proxy obtained by PT. Atlas Resources Tbk. (ARII) in 2018 amounted to 34.05558. While the minimum value of financial distress obtained by PT. Dwi Guna Laksana Tbk. (DWGL) in 2018 was -43.08635,

Classical Assumption Test

The purpose of the classical assumption test is to confirm the validity of the regression equation that has been generated. The only tests used in this inquiry as the traditional assumption tests were the multicollinearity test and the heteroskedasticity test.

a) Multicollinearity Test

Table 2. Multicollinearity Test Results

Variance Inflation Factors
Date: 05/28/23 Time: 21:22
Sample: 1 212
Included observations: 212

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.052128	21.08897	NA
X1	0.047953	15.99276	1.047074
X2	0.000255	1.740903	1.021444
X3	0.001291	3.595097	1.085933
X4	0.001557	1.112880	1.107339

Source: data results processed by the author, 2023

Based on table 2, it is obvious that the Centered VIF value for all independent variables is less than 10 (≤ 10), according to the findings of the multicollinearity test. Based on the test results, it can be concluded that there is no multicollinearity among the independent variables in this study.

b) Heteroskedasticity Test

Table 3. Heteroskedasticity Test Results

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	1.427934	Prob. F(14,197)	0.1429
Obs*R-squared	19.53126	Prob. Chi-Square(14)	0.1456
Scaled explained SS	47.63289	Prob. Chi-Square(14)	0.0000

Source: data results processed by the author, 2023

Based on table 3, it is obvious that the results of the White test show a probability value of Chi-Square (14) of 0.1456 > 0.05, so it can be stated that there is no heteroscedasticity between the independent variables.

Panel Data Regression Analysis

Using the outcomes of the random effect model testing, the regression equation for the research panel data may be computed as follows:

$$Y = -0{,}008188 - 0{,}254437\,(X1) + 0{,}019047\,(X2) - 0{,}015884\,(X3) + 0{,}151268\,(X4) + e$$

Keterangan:
Y : Firm Value
X1 : Independent Board of Commissioners
X2 : Managerial Ownership
X3 : Profitability
X4 : *Financial Distress*
e : *Error term*

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Table 4. Random Effect Model Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 05/28/23 Time: 21:15
Sample: 2018 2021
Periods included: 4
Cross-sections included: 53
Total panel (balanced) observations: 212
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.008188	0.211431	-0.038725	0.9691
X1	-0.254437	0.190416	-1.336217	0.1829
X2	0.019047	0.018153	1.049222	0.2953
X3	-0.015884	0.025463	-0.623784	0.5335
X4	0.151268	0.038279	3.951710	0.0001

Effects Specification

	S.D.	Rho
Cross-section random	0.624153	0.7238
Idiosyncratic random	0.385602	0.2762

Weighted Statistics

R-squared	0.081413	Mean dependent var	0.063125
Adjusted R-squared	0.063662	S.D. dependent var	0.398229
S.E. of regression	0.385345	Sum squared resid	30.73754
F-statistic	4.586499	Durbin-Watson stat	1.592564
Prob(F-statistic)	0.001437		

Source: data results processed by the author, 2023

Using the outcomes of the random effect model testing, the regression equation for the research panel data may be computed as follows:

The explanation of the equation above is:

1. A constant value of -0.008188 indicates that the independent variables, which include good corporate governance, profitability, and financial distress, are zero, so the value of the dependent variable is the company value of -0.008188 units.
2. The coefficient value of the board of independent commissioners (X1) is -0.254437, indicating a negative direction, meaning that every time there is an increase in the board of independent commissioners by 1 unit, the company's value will decrease by -0.254437 units.
3. The managerial ownership coefficient (X2) is 0.019047, indicating a positive direction, meaning that every time there is an increase in managerial ownership by 1 unit, the firm value increases by 0.019047 units.
4. The value of the profitability coefficient (X3) is -0.015884, indicating a negative direction, meaning that every time there is an increase in profitability by 1 unit, the company's value will decrease by -0.015884 unit.
5. The value of the financial distress coefficient (X4) of 0.151268 indicates a positive direction, \meaning that every time there is an increase in financial distress by 1 unit, the firm value increases by 0.151268 units.

Table 5. Coefficient of Determination Results

R-squared	0.081413	Mean dependent var	0.063125
Adjusted R-squared	0.063662	S.D. dependent var	0.398229
S.E. of regression	0.385345	Sum squared resid	30.73754
F-statistic	4.586499	Durbin-Watson stat	1.592564
Prob(F-statistic)	0.001437		

Source: data results processed by the author, 2023

According to table 5, this research model's R-Squared value is 0.081413, or 8%. According to these findings, just 8% of the dependent variable's variability accounts for its variability, with the remaining 92% being explained by variables unrelated to those that were the subject of the study.

Table 6. Simultaneous Test Results

R-squared	0.081413	Mean dependent var	0.063125
Adjusted R-squared	0.063662	S.D. dependent var	0.398229
S.E. of regression	0.385345	Sum squared resid	30.73754
F-statistic	4.586499	Durbin-Watson stat	1.592564
Prob(F-statistic)	0.001437		

Source: data results processed by the author, 2023

Based on table 6, displays a simultaneous probability value (F-statistic) of 0.001437. Given that the probability value is less than 0.05, this indicates that the independent factors and dependent variables in this study have an impact on each other simultaneously. Based on the statistical results, it can be concluded that the variables of good corporate governance, profitability, and financial distress simultaneously affect firm value.

Table 7. Partial Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.008188	0.211431	-0.038725	0.9691
X1	-0.254437	0.190416	-1.336217	0.1829
X2	0.019047	0.018153	1.049222	0.2953
X3	-0.015884	0.025463	-0.623784	0.5335
X4	0.151268	0.038279	3.951710	0.0001

Source: data results processed by the author, 2023

The Effect of Independent Board of Commissioners on Firm Value

The partial test (t-test) results in Table 7 indicate that the Board of independent commissioners' regression coefficient is -0.254437, with a probability of 0.1829 higher than the significance level (α = 0.05). H01 is thus approved whereas Ha1 is disapproved. The independent board of commissioners variable does not affect firm value, it might be said. The hypothesis, which argues that the independent board of commissioners somewhat has a positive effect on firm value, is not supported by the findings of this study. Because the independent board of commissioners' control role has not been able to completely sway every decision made by the board of commissioners, the independent board of commissioners has not been able to exert any influence. According to literature analyzed by **[5]**, independent commissioners have a favorable and considerable impact on company value. The findings of this study conflict with that finding. According to studies analyzed by **[33]**, independent commissioners have a negative and insignificant effect on corporate value. The findings of this study support that assertion.

The Effect of Managerial Ownership on Firm Value

The management ownership regression coefficient is 0.019047, with a probability of 0.2953 greater than the significance value (α = 0.05), according to the partial test findings (t-test) in Table 7. H02 is thus approved whereas Ha2 is disapproved. The management ownership variable does not affect business value, it can be said. The findings of this study do not support the notion that management ownership has a partly positive effect on business value. Because institutions own the majority of the company's shares, the percentage of managerial share ownership is relatively low. As a result, the dominant shareholder has more control over the company. The research evaluated by **[4]** and **[8]**, which state that managerial ownership has a positive and significant effect on firm value, does not support the findings of this study.

The Effect of Profitability on Firm Value

The results of the partial test (t-test) in Table 7 show that the profitability regression coefficient is -0.015884 with a probability of 0.5335 greater than the significance value ($\alpha = 0.05$). So, H03 is accepted and Ha3 is rejected. It can be concluded that the profitability variable does not affect firm value. The results of this study are not by the hypothesis, which states that profitability partially has a positive effect on firm value. Profitability is the company's ability to generate profits during a certain period. The higher the level of profitability in a company, the higher the value of the company will rise. This indicates that a high level of profitability will provide good prospects for companies, thus triggering investors to participate in the increasing demand for shares. Increased demand for shares will lead to an increase in the value of the company. Low profitability in a firm indicates inadequate management of the business. The findings of this study conflict with those of **[34]** assessment of the literature, which claims that profitability has a strong positive influence on firm value to a lesser extent. The research of **[35]**, which demonstrates that profitability does not significantly affect company value, supports the findings of this study. They stated that an increase in profitability does not guarantee that it will be followed by an increase in firm value. This can be caused by deviant behavior by the internal part of the company when managing the company's profits, so that profits look high even though these numbers are not actual figures. This will instead send a negative signal to the company.

The Effect of Financial Distress on Firm Value

The financial distress regression coefficient is smaller than the significance value ($\alpha = 0.05$) and has a probability of 0.0001 according to the partial test findings (t-test) in Table 7. Therefore, Ha4 is approved whereas H04 is refused. It can be said that the firm value is impacted by the financial hardship variable. The findings of this study support the theory, which claims that financial distress has a negative impact on business value in part. The value of the company will decrease in direct proportion to how much financial misery it has generated. This is so that a company's stable foundation may be maintained by solid finances. Consequently, it becomes one of the elements that determines how high value affects firm value. Conversely, the more the firm value generated, the less likely it is that the company will be in financial trouble. The findings of this study concur with those of **[36]** survey of the literature, which demonstrates that financial distress has a significant effect on firm value. However, **[17]** which claims that financial distress has little to no significant effect on firm value, contradicts this result.

IV. CONCLUSION

According to the research's findings, the independent board of commissioners variables, managerial ownership, profitability, and financial distress have an effect on firm value in energy sector companies listed on the Indonesia Stock Exchange in 2018–2021. Partially, managerial ownership, profitability, and the independent board of commissioners variables have no impact on the value of energy sector companies listed on the Indonesia Stock Exchange in 2018–2021, whereas financial distress has a significant positive impact on the firm value of energy sector companies listed on the Indonesia Stock Exchange in 2018–2021. There are few allusions to firm value in this study. As a result, it is recommended that this research include references about firm value for future research. Suggestions for businesses so that managers are guided in making choices that can lessen the financial suffering of the organization. Given that this study's findings show that financial crisis significantly boosts firm value, The study's findings can be used to advise investors to invest in businesses with little financial distress since they have greater firm values and better long-term prospects.

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