MODERATING EFFECT OF ACCOUNTING FIRMS ON RELATIONSHIP GOOD CORPORATE GOVERNANCE, GOVERNMENT OWNERSHIP AND FIRM VALUE

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ABSTRACT

This study aims to explore the effect of good corporate governance, government ownership on firm value. Furthermore, it also tests moderating effect of accounting firms on relationship of good corporate governance, government ownership and firm value in Indonesian state-owned enterprises context that are listed in Indonesian Stock Exchange for 2010-2017. Data are drawn from each corporate's website and finance.yohoo.com. Data-panel regression is used as data analysis technique. The result shows that good corporate governance and government ownership significantly effect on firm value simultaneously. Independent commissioner and government ownership effect positively and significantly on firm value. In the other hand, director board and publication period do not significantly effect on firm value. Furthermore accounting firm moderates the effect of director board on firm value. However, accounting firm fails to moderate significantly the effect of independent commissioner, publication period and government ownership on firm value. Limitation of this research is number of small sample, so for future research should extend the samples into family-controlled enterprises and foreign-controlled enterprises in Indonesia.

Keywords: Good corporate governance, Ownership structure, Big-4 accounting firm, Firm value

INTRODUCTION

Since emerging Enron case as well as some other companies about financial crime in United State, good corporate governance (GCG) is obliged to be implemented for companies that are listed in US. *Sarbanes-Oxley Act* gives some guidance how to implement GCG. A long with time, GCG is not only implemented in US but also in the worldwide. Indonesia is one of countries that persuade all publicly firms in Indonesian Stock Exchange to implement GCG, especially state-owned enterprises.

State-owned enterprise (SOE) is an entity which entire or large part of shares is owned by Indonesian government through both directly or indirectly investment from separated state's wealth (SOE Ministry Regulation No. 01 Year 2011). SOE has two unique functions, namely as agent of development and business entity (Ilmar, 2012). Ambivalence of the functions usually cannot operate simultaneously that causes directors having difficulty to determine strategic and operational paths (Priambodo, 2004). Meanwhile, the challenge that must be confronted by SOE is not simple. In industrial revolution era 4.0, all of corporations or entities are insisted to operate more quickly, more transparently, more effectively and more efficiently in order to be able to keep sustainable or exist. Some efforts have been conducted by the government to keep SOE's competition advantage both in local and global market, such as through implementation of good corporate governance.

Good corporate governance (GCG) can be understood as a mechanism, both in process and structure, which is implemented by the board to promote viability and accountability of firm in manifesting value for shareholders without ignoring other stakeholders' interest (Hamdani, 2016). In Indonesia, implementation of GCG for state-owned enterprises is based on SOE Ministry Regulation No. 01 Year 2011 or known Peraturan Menteri Negara Badan Usaha Milik Negara Per-01/MBU/2011 (SOE Ministry Regulation No. 01 Year 2011). Refer to the regulation, all of firms which are under SOE Ministry are obliged to implement good corporate governance that is based on some of principles, such as transparency, accountability, responsibility, independency and fairness as operating guidance for every SOE.

Based on assessment of Asean Corporate Governance Scorecard in 2018, it shows that there are only five Indonesian firms that acquire the highest value and include Top 100 Asean category in implementing good corporate governance (Market Business, July tenth, 2018). According to the assessments, there are five indicators that are used to measure implementation of good corporate governance, namely rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency as well as responsibilities of the board (OECD, 2015). While Indonesian firms ranking is still under neighboring country such Thailand, Singapore and Malaysia. The low commitment of board in implementing good corporate governance is reflected from dropping SOE's share price constantly in capital market. After conducting initial public offering (IPO) in 2017, three of four state-owned enterprises experienced descending shares performance (Okezone, January, fourth 2018). This problem absolutely is contra-productive with purpose of implementing good corporate governance, namely increasing value for shareholders and other stakeholders. Therefore, it must be solved as soon as possible in order to the same problem does not happen again in the future.

Based on previous studies, firm value was affected by several variables, namely good corporate governance (Isshaq *et al*., 2009; Putra, 2016; Mishra and Kapil, 2017), ownership structure (Garcı´a-Meca and Sa´nchez-Ballesta, 2011), political connection and bank loan (Yang *et al*., 2012), customer satisfaction and earnings (O'Sullivian and McCallig, 2012), abnormal audit delay and earning quality (Asthana, 2014), exchange rate movement (Mozumder *et al*., 2015), work capital (Wasiuzzaman, 2015), corporate diversification (Selçuk, 2015), risk management (Krause and Tse, 2016), tax avoidance (Chen *et al*., 2014), dividend policy (Senata, 2016), Hedging (Alam and Gupta, 2017), and corporate social responsibility (Jitmaneeroj, 2018). As author will explain in the next part of this paper that this study determines good corporate governance as independent variable that affect firm value and also consider accounting firm as moderating variable.

Some previous studies show that good corporate governance influences significantly and positively firm value (Siagian *et al*., 2013; Kowalewski, 2016; Mishra and Kapil, 2017; Moradi *at al*., 2017). However, in other studies, good corporate governance fails to affect firm value (Hastuti, 2005; Darwis, 2009; Pertiwi and Pratama, 2012). Based on these inconsistent results, author tries to fill the gap to support previous studies. Furthermore, this study considers accounting firm as a variable that be able to moderate or strengthen relationship of good corporate governance, government ownership and firm value. Alfraih (2017) provided evidence that some companies which implement good corporate governance tend to choose high quality of accounting firm to be employed as external auditor. In the same view, Al-Najjar (2018) showed that board size becomes one of factors that determine accounting firm to be employed as auditor for small and medium enterprises in United Kingdom.

Government ownership is part of concentrated ownership. Author determines it as proxy of concentrated ownership, because this study just focuses on state-owned enterprises. Al-Saidi and Al-Shammari (2015) gave evidence that government ownership influences firm performance in Kuwait Stock Exchange. In the same vein, Ali *et al*. (2018) showed that concentrated ownership significantly and positively affects return on equity. Therefore, high quality of accounting firm is also expected to strengthen relationship between government ownership and firm value. It's referred to previous study results that concentrated ownership tends to choose high quality of accounting firm to be employed as auditor (Darmadi, 2016; Huang and Kang, 2018). In the other, Alfraih (2017) also stated that state-owned enterprises are not audited by high quality accounting firm in China.

LITERATURE REVIEW

Good corporate governance (GCG) plays an important role in keeping sustainability of firms. It persuades all of parties in the firms to obey the principles which are arranged by Organization for Economic and Cooperation Development (OECD, 2015). Under the OECD's guidance, there are five principles, namely; transparency, accountability, responsibility, independency, and fairness. There have been many previous studies which studied relationship good corporate governance and firm value (Isshaq *et al*., 2009; Suhartanti and Asyik, 2009; Kumar and Singh, 2013; Siagian *et al*., 2013; Afrifa and Tauringana, 2015; Lim *at al*., 2015; Kowalewski, 2016; Bhatt and Bhatt 2017). Isshaq *et al.* (2009) stated that good corporate governance has positive effect on firm value. Director board is used as proxy of GCG in the study. In the same vein, Putra (2016) used independent commissioner as proxy of GCG that it has positive impact on firm value. In the other hand, Kumar and Singh (2013) stated that GCG has negative impact on firm value. They studied 176 of Indian corporations which are listed in the Bombay Stock Exchange. Furthermore, Darwis (2009) found that GCG does not impact on firm value. He uses independent commissioner as proxy of GCG.

Theory Development

Agency Theory

Conflict of interest usually comes when there is a separation between ownership and management (Jensen and Meckling, 1976). Managers (agents) as representative of owners (principals) should behave on owner's interest. In the fact, the goal is sometimes not be able to be reached because availability of goal, risk, or information asymmetry among them (Eslami and Imomoh, 2016). By developing of agency theory, it is divided into two types, namely; type-I agency theory and type-II agency theory. Type-I agency theory is conflict of interest between owners and managers or it is usually known as *principal-agent conflict* (Jensen & Meckling, 1976). This type is the most popular kind of agency theory because it emerged in the same time when agency theory was born. Owners (principals) of firms assign managers (agents) to manage firms hopefully they will maximize value for owners. However, orientation gap on both of parties sometimes happen in a firm. Managers behave on their interest, otherwise owners. Panda and Leepsa (2017) explained that cause of conflict of interest on this type is weak of controlling on managers' behavior and less of compensation or bonus for managers.

A long with time, agency theory experiences evolution that conflict of interest does not only happen between owners and managers, but it may also happen between (majority) owners and (minority) owners or it is known as *principal-principal conflict* or type-II agency problem. Conflict of this type often happens on firm with concentrated ownership, like state-owned enterprises (Shleifer and Vishny, 1986). Term of majority shareholder refers to individual or group that has majority of firm shares, while minority shareholder is someone who has very little portion of firm shares (Panda and Leepsa, 2017). Majority shareholder has power of voting to decide firm policies which enables to enhance his/her wealth, while it also can impede interest of minority shareholder. So, minority shareholder sometimes has some difficulties to protect his/her wealth, because just be follower of majority shareholder's made-policies.

Hypotheses Development

Some previous studies on good corporate governance still acquire mixed results. Isshaq (2009) stated that size of board as proxy of GCG has positive effect on share price for firms listed in Ghana Stock Exchange. Afrifa and Tauringana (2015) also stated that GCG has positive impact on SME's performance listed in United Kingdom (UK). Age and tenure of CEO, size of board and board remuneration are proxies of GCC. Siagian *et al.* (2013) provided evidence that GCG measured by corporate governance index (CGI) has positive impact on firm value in Indonesian Stock Exchange. In the same vein, Bhatt and Bhatt (2017) found evidence that GCG measured by self-development CGI has positive effect on firm performance listed Malaysia Stock Exchange.

In the other hand, Aluchna (2009) stated that companies which obey on GCG principles experience low return on investment (ROI) in Poland. Kumar and Singh (2013) showed that GCG measured by size of board has negative effect on firm value listed in Bombay Stock Exchange. Furthermore, Arora and Sharma (2016) stated that director as proxy of GCG has negative impact on return on asset (ROA) and return on equity (ROE). Director board as representative of owner should make a business decision which be able to promote profitability for the firms. Because, primary orientation of business is to pursue optimal profit and maximize owners' wealth. Present of director board is hoped to improve good corporate governance, so firm value will be maximized. According to this discussion, hypotheses 1 is stated that number of director board has a positive effect on firm value.

Availability of independent commissioner is absolutely needed by a business organization that the ownership is separated. In Indonesia, it is based on regulation that obliges that minimally 20% of commissioner members consist of independent commissioners (SOE Ministry Regulation No. 01 Year 2011). Furthermore, the regulation mentions that independent commissioners have to monitor and make sure that GCG is implemented effectively. In one of works, Putra (2016) found evidence that GCG measured by number of independent commissioners have positive impact on firm value. It shows that more independent commissioners are, more effectively function of monitoring is implemented.

In other side, Darwis (2009) documented that GCG measured by number of independent commissioners have negative impact on firm performance. It is indicated that availability of independent commissioner is only formality to obey on the regulation. Furthermore, Suhartanti and Asyik (2009) found evidence that independent commissioners have negative impact on firm value. It shows that more independent commissioners, more complicated coordination among members. So, investors give negative sentiment for share price of the firm. Capability of independent commissioners to monitor members of director board and other tasks is deemed be able to improve corporate governance. So, independent commissioners as one of most important organs are hoped possessing good performance in implementing GCG in order to promote value of firm. According to this discussion, hypotheses 2 states that independent commissioners have a positive effect on firm value.

Transparency of information absolutely must be conducted by all of state-owned enterprises both publicly and non-publicly traded shares (SOE Ministry Regulation No. 01 In 2011). It includes annual report and financial statement. One of indicators that companies implement good corporate governance is distributing some of information on time. More fast information is distributed, higher the quality of the information. Investor can make decision properly if information needed is available. Lim *et al.* (2015) stated that relevancy of financial statement is relating with profitability of firm. If some companies get high profit, the boards usually distribute financial information quickly. However, Agyei-Mensah (2018a) found evidence that reporting lag has negative impact on firm value. In the same vein, Siagian *et al.* (2013) showed that quality of financial statement has negative impact on firm value. It means that the information is distributed as soon as possible for all of stakeholders to make business decision. Fast-distributed information means that less of time needed by director to spread it. It is usually measured by counting time lag from the end of book keeping (31^{th} of December) until financial statement audited by external auditors. Based on this discussion, hypotheses 3 states that publication period has a negative effect on firm value.

Based on efficient-monitoring hypotheses, concentrated ownership can monitor behavior of management in managing an entity (Jiang *et al.,* 2009). So, it can force managers or directors to behave on owner's interest. This argument is common with agency theory that concentrated ownership can improve firm performance by monitoring and controlling manager's behavior in order to operate it properly (Shleifer and Vishny, 1986). Previous empirical studies have shown mixed results. Al-Saidi and Al-Shammari (2015) provided evidence that government ownership has positive effect on firm performance listed in Kuwait Stock Exchange. Boateng *et al*. (2016) documented that concentrated ownership has positive effect on operational performance listed in China Stock Exchange. In the same vein, Ali *el al.* (2018) found that concentrated ownership has positive effect on return on equity (ROE).

However, Zeitun and Tian (2007) gave evidence that government ownership has negative effect on firm performance. Gracía-Meca and Sánchez-Ballesta (2011) showed that concentrated ownership has negative effect on firm value listed Madrid Stock Exchange. Furthermore, Niskanen *et al.* (2011) documented that block ownership has negative effect on *market-to-book value.* Refer on this discussion, hypotheses 4 states that government ownership has positive effect on firm value.

Accounting firm generally is classified into two parts, namely Big-4 accounting firm and Nonbig-4 accounting firm. Big 4 accounting firms consist of Ernst & Young, Price Waterhouse Cooper, Delloite and KPMG or other accounting firms which affiliate with them. Several studies have been conducted about choosing accounting firm as external auditor. Alfraih (2017) found evidence that majority of director board chooses good quality of auditors, namely Big-4 accounting firms, to be employed as external auditors. Al-Najjar (2018) showed that a firm which has big portion of director board determines to employ Big-4 accounting firm in small-medium enterprises.

Based on empirical studies, it showed that director boards choose Big-4 accounting firm to audit their financial statements. Interaction between director board and Big-4 accounting firm are to make sure stakeholders especially investors that good corporate governance has been implemented effectively. Based on this discussion, hypotheses 5 is stated that an accounting firm moderates (strengthens) the effect of director board on firm value.

Several studies have been conducted about relationship between accounting firm and independent commissioner. In one of works, Agyei-Mensah (2018b) gave evidence that *Big-4 accounting firm* helps audit committee to present or report voluntary disclosure with better quality. Furthermore, Oussii and Taktak (2018) found evidence that *Big-4 accounting firm* helps audit committee to reduce audit delay. Based on this discussion, it can also be understood that commissioner has function to give suggestions for shareholders generally meeting to determine in choosing good-quality accounting firm to be employed as auditor. Best suggestion given by commissioner will promote firm performance and induce investors to invest their funds in the company. So, hypotheses 6 states that an accounting firm moderates relationship between independent commissioner and firm value.

A qualified accounting firm is known as professional firm while it audits financial statement. A company that implements good corporate governance is insisted to distribute information includes financial statement and annual report on time. So, many companies choose a qualified accounting firm in order to be able to distribute information relevantly. McGee and Yuan (2012) stated that companies listed in China report financial statement relevantly when are audited by *Big-4 accounting firms*. Furthermore, Alfraih (2016) found evidence that companies audited by *Big-4 accounting firms* reduce reporting lag. Based on empirical studies, it can be understood that *Big-4 accounting firms* affords to work or audit with shorter period. It also can help to provide available information for investors to make decision properly. So, hypotheses 7 states that an accounting firm moderates relationship publication period between and firm value.

Concentrated ownership still dominates in developing country, like Indonesia (Darmadi, 2016; Setiawan *et al*., 2016). Consequently, majority shareholders sometimes have more information than minority shareholders. Conflict of interest will happen among them. Fortunately, concentrated ownership can control management to keep in line with owners' interest. To keep minority shareholders' trust, majority shareholders employ quality accounting firms to audit financial statement. Darmadi (2016) showed that concentrated ownership of firms tend to choose Big-4 accounting firm as auditor in Indonesia. However, Alfraih (2017) found evidence that state-owned enterprises are not audited by Big-4 accounting firm. It is shown with poor auditing quality in Kuwait Stock Exchange. Furthermore, Zureigat (2011) stated that state-owned enterprises have negative effect on audit quality in Jordan.

Based on empirical studies, this research supposes that Indonesian state-owned enterprises audited by Big-4 accounting firms afford to promote firm value. It is referred to stakeholders of SOE who have interest on company. So, chosen of reputed accounting firm is something crucial to keep stakeholders' trust. So, hypotheses 8 states that an accounting firm moderates relationship government ownership between and firm value.

RESEARCH METHODOLOGY

This study uses quantitative approach to examine influence of good corporate governance and government ownership on firm value and also their interactions with accounting firm. Data collected from each company's website are annual reports and audited financial statements for 2010-2017, while share prices are collected from finance.yohoo.com. There are 14 Indonesian state-owned enterprises which available become samples in this research. Data-panel regression is used as data analysis technique in regard to type of data of this research is data panel, namely combination between cross section and time series (Ghozali, 2016)

Measurement of independent, moderating and dependent variables

Based on several previous studies, good corporate governance as independent variable is measured by size or number of director board and independent commissioner, so author adopts this way. Moreover, publication period is also used as proxy of GCG. Meanwhile, government ownership is measured by portion of government's equity investment in state-owned enterprises.

Accounting firm is moderating variable. It includes dummy variable in this research, whereas accounting firm is coded as one (1) if SOE is audited by one of Big-4 accounting firms (Ernst & Young, Price Waterhouse Cooper, Delloite and KPMG). Otherwise, it is coded as zero (0).

Firm value as dependent variable is measured by Tobin's Q value. The formula can be seen following.

$$\text{Tobin's Q} = \frac{\text{Market Value of Equity} + \text{Total Liabilities}}{\text{Total Assets}}$$

Research models

To make easy understanding on relationship among variables, following will be illustrated research models. At least, there are 4 models that will be depicted and used in this research.

$$\text{Tobin's Q} = \alpha + \beta_1 NDB_{it} + \beta_2 PIC_{it} - \beta_3 PP_{it} + \beta_4 PGO_{it} + \varepsilon_{it} \qquad \text{(M1)}$$

$$\text{Tobin's Q} = \alpha + \beta_1 NDB_{it} + \beta_2 PIC_{it} - \beta_3 PP_{it} + \beta_4 PGO_{it} + \beta_5 AF_{it} + \varepsilon_{it} \qquad \text{(M2)}$$

$$\text{Tobin's Q} = \alpha + \beta_1 NDB_{it} + \beta_2 PIC_{it} - \beta_3 PP_{it} + \beta_4 pPGO_{it} + \beta_5 (NDB*AF)_{it} + \beta_6 (PIC*AF)_{it} - \beta_7 (PP*AF)_{it} + \beta_8 (PGO*AF)_{it} + \varepsilon_{it} \qquad \text{(M3)}$$

$$\text{Tobin's Q} = \alpha + \beta_1 NDB_{it} + \beta_2 PIC_{it} - \beta_3 PP_{it} + \beta_4 pPGO_{it} + \beta_5 (NDB*AF)_{it} + \beta_6 (PIC*AF)_{it} - \beta_7 (PP*AF)_{it} + \beta_8 (PGO*AF)_{it} + \beta_9 UP_{it} + \beta_{10} JI_{it} + \varepsilon_{it} \qquad \text{(M4)}$$

Where,

Tobin's Q	= proxy of firm value
NDB	= number of director board
PIC	= portion of independent commissioner
PP	= publication period
PGO	= portion of government ownership
AF	= accounting firm
SF	= size of firm
KI	= kind of industry

First model is meant to examine effect of director board, independent commissioner, publication period and government ownership on firm value. In other word, the model is to illustrate examination of H1, H2, H3 and H4. On this path, it has not included interaction effect yet. Second model, it is to examine whether accounting firm can become moderating variable or not. Next, third model is to examine interaction effect between independent variables and accounting firms on firm value. In the other word, it is to examine H5, H6, H7, and H8. While, fourth model is robustness test to identify whether size of firm and kind of industry as control variable also have effect on firm value or not. Size of firm is measured with natural logarithm of each company's total assets, while kind of industry is measured with dummy variable, namely; SOE operate in financial industry is coded as 1, and 0 for non-financial industry.

RESULT AND DISCUSSION

Descriptive Statistic

Table I presents descriptive statistic about variables used in this study. It is begun with discussing value of Tobin's Q as independent variable. The average Tobin's Q shows 1.4. It means that value of Indonesian state-owned enterprises are higher that stated on financial statement (stated value). The mean of numerous director boards is 6.56. It can be understood that member of director board is around 7 people. The average independent commissioner is 37.59%. It is common with regulation stated that number of independent commissioner minimally 20% of commissioner members. The mean of publication period is 56.69. It means that a company needs time range around 57 days to distribute financial statement or annual report to public. The average government ownership is 63.90%. It means that around 36.10% of shares is owned by public. The average accounting firm is 0.68. It means that 68% of state-owned enterprises are audited by Big-4 accounting firms. The average size of firm is 13.57. Size of firm is measured by calculating natural logarithm of total asset each state-owned enterprise. The average kind of industry is 0.29. It means that around 29% of state-owned enterprises studied are financial industry.

Table 1 descriptive statistic

Variables	Descriptive Statistic			
	Mean	Deviation Standard	Minimum	Maximum
Tobin's Q	1.40	1.55	0.47	12.61
Number of director board	6.56	2.08	3	11
Portion of independent commissioner (%)	37.59	16.64	0	66.67
Publication Period	56.69	17.09	15	101
Portion of government ownership (%)	63.90	8.77	51	80.66
Accounting firm	0.68	0.47	0	1
Size of firm	13.57	0.80	11.87	15.05
Kind of industry	0.29	0.45	0	1

Notes: Researcher calculation (2019)

Data-Panel Regression

This study conducts examining on models before testing hypotheses supposed. In data-panel regression, the models include common effect, fixed effect and random effect model. Based on model specification test, fixed effect model is the best one to be used in this study. However, this study shows all of models in one table as comparison. Table II shows result data-panel regression analysis.

Based on fixed effect model at model I, hypotheses 1 which states that number of director board has positive effect on firm value is rejected. It can be seen on coefficient value -0.34 (negative) and it is not also significance (-1.1 < 1.29). This result supports Kumar and Singh (2013) and Arora and Sharma (2016) that number of director board has negative effect on firm value. However, it opposes Afrifa and Tauringana (2015) that director board has positive effect on firm performance. Larger director board is deemed inefficient in operating business, because it sometimes makes difficult to coordinate and communicate among them. Normatively, board director as representative of shareholders has responsibility to make strategic decision that be able to maximizes firm value (Kumar and Singh, 2013). But, unique phenomena that happens in Indonesian state-owned enterprise emerges some speculation. The average number of director board that reaches seven people enable conflict of interest among them. They make decision inefficiently, so investors make a bad response to share price. The impact is share price will slow down although number of director board is large.

Table II data-panel regression result analysis

Variables	Model I			Model II	Model III			Model IV
	Common Effect	Fixed Effect	Random Effect		Common Effect	Fixed Effect	Random Effect	
(Constant)	0.92(0.7)	-9.77 (-2.7)	-0.38 (0.2)	-10.1 (2.7)	2.61 (1.7)	-12.9 (-3.4)	2.6 (1.9)	6.8 (1.1)
NDB	-0.34 (3.7)	-0.17 (-1.1)	-0.37 (-3.9)	-0.17 (-1.1)	-1,13 (-5.5)	-0.41 (-1.4)	-1.1(-6.2)	-1.08(-5.0)
PIC	0.02 (1.9)	0.07 (4.7)	0.04 (3,1)	0.07 (4.7)	0.01 (3.4)	0.13 (6.5)	0.05 (3.9)	0.06 (3.4)
PP	-0.1 (-1.2)	-0.01 (-1.2)	-0.01 (-1.2)	-0.01 (-1.1)	-0.02 (-1.1)	-0.02 (-1.3)	-0.02 (-1.2)	-0.02(-1.2)
PGO	0.1 (2.2)	0.17 (3.4)	0.05 (2.6)	0.16 (3.4)	0.07 (3.8)	0.20 (4.7)	0.07 (4.3)	0.07 (3.7)
AF				0.28 (0.4)				
NDB*AF					1.07 (5.1)	0.50 (1.7)	1.08 (5.7)	1.09 (5.0)
PIC*AF					-0.05 (-2.6)	-0.13 (-4.6)	-0.05 (-2.9)	-0.05 (-2.3)
PP*AF					0.02 (1.1)	0.01 (0.8)	0.01 (1.2)	0.02 (1.2)
PGO*AF					-0.09 (-4.9)	0,01 (0.4)	-0.09 (-5.4)	-0.09 (-4.6)
SF								-0.33 (-0.7)
KI								-0.09 (-0.1)
Adj-R^2	0.13	0.34	0.13	0.33	0.34	0.47	0.34	0.34
Prob. (F)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dependent Variable: Tobin's Q								

According to statistical analysis, H2 that states that independent commissioner has positive effect on firm value is accepted. The coefficient shows 0.07, while t-value is 4.7 greater than 1.29 (t-table). This study supports Putra (2016) showed that good corporate governance measured with commissioner has positive impact on firm value. However, it is contra with Suhartanti and Asyik (2015), independent commissioner has negative impact on firm value. Moreover, Darwis (2009) stated that it does not have impact on firm value. Independent commissioners have duty to monitor behavior of board in order to behave according to stated planning. Arora and Sharma (2016) argued that independent commissioner helps to minimize divergence between shareholders and director board. Furthermore, independent commissioners also have function to give suggestion to director board (SOE Ministry Regulation No. 01 Year 2011). It aims in order to director boards execute their duties with best practice according to SOE's planning as well as pay attention on stakeholders' interest. If the independent commissioners work well, it also means that corporate governance is implemented well. Consequently, firm value will be high caused investors trust to the entities.

Result of statistical analysis states that publication period has negative impact on firm value is accepted. It can be seen value of coefficient -0.01 (although no significance). So, this study supports Agyei-Mensah (2018a) and Siagian *et al*. (2013) that publication period has negative impact on firm value. Agyei-Mensah (2018a) added that relevancy aspect is one of qualitative characteristics of financial statement that helps users to make decisions immediately and properly. Financial statement will decrease the utilization if it is late to be distributed (Al-Ajmi, 2008). It is why timelines of distributing financial statement becomes something crucial for users. Related on insignificance of the result, there are several arguments that able to be considered. First, high number of director board in SOE causes difficulty for them to coordinate and communicate one another. So, substance or core of information disseminated to users is ineffective (Alfraih, 2016). Secondly, information asymmetry is suspected becoming trigger insignificantly relation of the variables. So, investors tend to ignore information distributed by company.

Based on statistical analysis states that government ownership has positive impact on firm value is accepted. The coefficient is 0.17, while t-value is 3.4. This study supports some previous studies that government ownership has positive impact on firm value (Al-Saidi and Al-Shammari, 2015; Boateng *et al*., 2016; Ali *et al.,* 2018). However, it is contra with other studies (Zeitun and Tian, 2007; Gracía-Meca and Sánchez-Ballesta, 2011; and Niskanen *et al*., 2011). Government as majority owner has right to control and monitor director's behavior in order to behave best practice on sustainability of firm. Beside of it, concentrated ownership like government ownership can also minimalize conflict of interest. As Al-Saidi and Al-Shammari (2015) argued that ownership structure is one of important mechanism to reduce conflict of interest in an entity. Therefore, investors will not afraid to invest in concentrated-ownership firm. Consequently, share price will increase and firm value will be high.

Model II shows result of statistical analysis whereas accounting firm plays a role as moderating variable or not. Ghozali (2016) stated that a variable can become as moderating variable if it is not significantly related on dependent variable. Table II shows that t-value of accounting firm is 0.4 less than 1.29. It means that an accounting firm can become moderating variable in this study. Next part explains how interaction effect of accounting firm with good corporate governance and government ownership on firm value.

Based on model 3 in Table II, it can be seen that accounting firm moderates effect of director board on firm value. The coefficient is 0.5 higher than -0.34 (before including accounting firm). It means that director board member commit to employ Big-4 accounting firms to audit stated-owned enterprises (Alfraih, 2017; Al-Najjar, 2018). Determining to choose external auditor is one of important thing in implementing corporate governance mechanism (Lin and Liu, 2009). Because, stakeholders, especially like, investors also consider auditor employed to audit financial statement which published by a firm (OECD, 2015). Director board holds heavy responsibility to employ external auditor, because they also have to consider firm's resource prudently. Big-4 accounting firm is prestigious auditor. So, properly if investors give good response on entity which is audited by one of Big-4 accounting firms.

Hypothesis 6 states that an accounting firm moderate effect of independent commissioners on firm value is accepted. T-value shows -4.6 that significant statistically. Unfortunately, the coefficient is -0.13 (negative). If it is looked from the absolute number, namely 0.13 is absolutely higher than 0.07 (before including accounting firm). This study is in line with Alfraih (2017) that independent commissioners insist a firm board to choose best quality of auditor to be employed. However, investors give unexpected response till share price or firm value correlates negatively with independent commissioners. It enables that good coordination between independent commissioners and accounting firm can reveal poor behavior of director board. Consequently, investors will be reluctant to invest in state-owned enterprises.

Hypothesis 7 is rejected statistically. T-value is 0.8 (lower than 1.29) as well as coefficient is 0.01 (lower before including accounting firm). This study is contra with previous studies. McGee and Yuan (2012) and Alfraih (2016) stated entities audited by Big-4 accounting firm significantly disseminate information on time or reduce reporting lag respectively. However, it indicates that Big-4 accounting firms work prudently in Indonesia. It can be seen that time needed to finish audit process reaching around 56 days, although it is still lower than in China (average 92,1 days) (McGee and Yuan, 2012). Longer time-range needed by entities to publish information affects to firm value. Lim *et al.* (2015) stated that investment decision depends on good quality of financial statement. If a financial statement is distributed lately, it will reduce its relevancy and reliability. So, based on this finding, investors do not consider auditor. Whoever the auditor (namely Big-4 accounting firm or otherwise), investor keep to prudent in making financial decision.

Hypothesis 8 that states that an accounting firm moderates relationship of government ownership on firm value is rejected. Based on statistical analysis result, it is rejected. T-value is 0.4 under t-table 1.29. However, the coefficient keeps positive (0.01) although lower than before including accounting firm as moderating variable. Although majority of SOEs are audited by Big-4 accounting firms. It enables government has private information so information asymmetry happens in this circumstances (Zureigat, 2011). Low protection of minority shareholders cause majority shareholders behave on their interest. In the other hand, Chen *et al.* (2014) revealed that concentrated ownership sometimes influences auditor in deciding opinion, so quality of audit is so poor. It emerges conflict of interest between majority shareholders and minority shareholders.

CONCLUSION

This study aims to explore effect of good corporate governance good and government ownership on firm value. Furthermore, it also tests moderating effect of accounting firm on relationship between good corporate governance, government ownership and firm value in Indonesian state-owned enterprises context that listed in Indonesian Stock Exchange for 2010-2017.

The result shows that good corporate governance and government ownership significantly effect on firm value simultaneously. Independent commissioner and government ownership effect positively and significantly on firm value. In the other hand, director board and publication period does not significantly effect on firm value. Furthermore, an accounting firm moderates (strengthens) the effect of director board on firm value. However, accounting firm fails to strengthen positively and significantly the effect of independent commissioner, publication period and government ownership on firm value.

Limitation of this studies include small samples, so for future research should extend the samples into family-controlled enterprises and foreign-controlled enterprises in Indonesian context. Besides, data is not normal-distributed. It enables result bias. So, readers of this paper should carefully use the result of study for making decisions.

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