



Ownership Structure And Firm Value: The Mediating Role Of Financial Performance

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ABSTRACT

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KEYWORDS

*Institutional Ownership;
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Financial Performance;
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Purpose: This study examines the direct and indirect effects of institutional ownership and managerial ownership on firm value, with financial performance as a mediating variable. **Methodology:** The study utilizes secondary data from 155 manufacturing firms listed on the Indonesia Stock Exchange (IDX) for the 2020–2023 period. A purposive sampling technique is used, and data are analyzed using SPSS 26 with regression and path analysis. **Findings:** Institutional ownership negatively affects firm value and positively affects financial performance. Managerial ownership positively influences firm value but does not affect financial performance. Financial performance positively influences firm value. **Results:** Financial performance mediates the relationship between institutional ownership and firm value but does not mediate the relationship between managerial ownership and firm value. **Novelty:** This study extends existing literature by testing the mediating effect of financial performance using recent post-pandemic data. **Originality:** The research uniquely contributes by combining ownership structure variables with financial mediation in an emerging market context. **Conclusions:** Institutional monitoring increases financial performance but may negatively signal firm value. Managerial ownership improves firm value directly but lacks effect on profitability. **Type of Paper:** Empirical research paper.

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INTRODUCTION

There are various industrial sectors in Indonesia, one of which is the manufacturing sector, which was severely affected during the crisis (Sambowo & Hidayatno, 2021). Maulidia et al. (2023), in their research, stated that the economic crisis had occurred in Indonesia from 1960-2021. One of the causes of the crisis is mistakes in business strategy (Pratiwi & Haninda, 2022). Therefore, supervisory activities are needed in a company, because if there is no supervision, it will lead to mistakes by both subordinates and the company environment **Error! Bookmark not defined.** If the

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company's control and supervision are weak, it will open up opportunities for fraud (Fauzia et al., 2023). In the

study of industrial stocks, the manufacturing sector is very attractive to investors, but in this industry it is very vulnerable to economic conditions, and it is also not easy to predict the movement of its share prices (Putu et al., 2022). Firm value is an investor perception that is often associated with stock prices (Syahidah et al., 2024). According to Felisha et al. (2025), firm value is related to investment opportunities. This relationship causes the company to develop in the future which has an impact on increasing company value. Institutional ownership, managerial ownership, and financial performance are the criteria aspects in this study to test their influence on firm value.

This study uses agency theory because it is in accordance with the variables to be studied. Agency theory, according to Jensen & Meckling (1976), explains the contractual relationship between two parties, namely the principal (owner) and the agent (manager), where the principal delegates decision-making authority to the agent to carry out a service on behalf of the principal. This relationship arises because of the separation of functions between the owner who provides capital, and management who manages the company. Among them, according to Rukmana & Widyawati (2022), institutional ownership is the amount of institutional shares of the total shares outstanding, which is useful for monitoring and supervising investment developments so that management control is relatively high which in turn can reduce the potential for fraud. Then managerial ownership can prevent information asymmetry because managerial ownership will align the interests of management and shareholders, so that they will directly benefit from the decisions made and bear the losses caused by wrong decisions (Misrah, 2023). Agency theory provides an explanation of information asymmetry, which is a situation where the agent knows a lot of company information compared to the principal, one of which is related to financial information which is one of the benchmarks for the value of a company (Satria, 2022).

Previous studies have provided different results, including institutional ownership studied by Ashara & Sari (2024), Edeh et al. (2023), and Dewi & Gustyana (2020), concluded that institutional ownership has a significant and positive effect on firm value. Meanwhile, research by Rukmana & Widyawati (2022), Maulina (2023), Susanti et al. (2019), and Doloksaribu & Hutapea (2022), states that institutional ownership has no significant effect on firm value. There is also research conducted by Ermanda & Puspa (2022) and L. Ramadhani et al. (2023) which states that institutional ownership has a negative effect on firm value.

For managerial ownership, Rukmana & Widyawati (2022), Butar-Butar (2023), L. Ramadhani et al. (2023), Edeh et al. (2023), Ashara & Sari (2024), Al-Shouha et al. (2024), and Doloksaribu & Hutapea (2022), stated that managerial ownership has a significant and positive effect on firm value. However, research by Maulina (2023), Ekonomi et al. (2025), Indy et al. (2023), Susanti et al. (2019), and Royani et al. (2021), concluded that managerial ownership has no effect on firm value. There are also research by Adelia (2021) and Rohim & Satriawi (2019), which explain that managerial ownership has a negative effect on firm value.

Regarding financial performance, Indy et al. (2023), Ashara & Sari (2024) and Barokah et al. (2023), stated that financial performance has a positive effect on firm value. However, the results of research by Rafsanjani et al. (2024) and Parahdila et al. (2023), stated that financial performance has no effect on company value. There is also research by Rohim & Satriawi (2019), which concludes that profitability as a reflection of financial performance has a negative effect on firm value.

In addition to institutional ownership and managerial ownership can affect firm value, firm value can also be influenced by financial performance which simultaneously mediates between institutional ownership, managerial ownership, and firm value. In research by Ashara & Sari (2024), stated that profitability (ROA) is able to mediate institutional ownership on firm value. On the other hand, Rachmah & Iswara (2023), stated that ROA (Return on Assets) is unable to mediate between institutional ownership and firm value. There is also research by Royani et al. (2021), that ROA is unable to mediate managerial ownership and company value. On the other hand, by Rachmah & Iswara (2023) and Ashara & Sari (2024), financial performance can be a mediation of managerial ownership and company value.

With the phenomenon and also the inconsistent results of previous research, it creates an impetus to continue research on the effect of institutional ownership and managerial ownership on firm value with financial performance as an intervening variable (mediation). From the background described above, the purpose of this study is to obtain evidence that: 1) Institutional ownership can have a positive effect on firm value; 2) Managerial ownership can have a positive effect on firm value; 3) Institutional ownership can have a positive effect on financial performance; 4) Managerial ownership can have a positive effect on financial performance; 5) Financial performance can have a positive effect on firm value.

METHOD

Analysis Method

This study uses a population of Manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2023 period. The research approach used in this research is a quantitative approach which is used to research on certain populations or samples that have quantitative / statistical properties. The independent variables in this study are institutional ownership and managerial ownership. The dependent variable is firm value, and the intervening variable is financial performance. In this study, purposive sampling method was used to determine the sample, namely, 1) Companies that were not listed consecutively during the 2020-2023 period, 2) Companies that did not publish financial reports consecutively (2020-2023) on the website www.idx.co.id, 3) Companies that did not use the rupiah currency in their financial reports consecutively (2020-2023), and 4) Companies that did not make a profit consecutively (2020-2023). This study uses secondary data obtained from the annual reports of manufacturing companies listed on the IDX during the 2020-2023 period as a reference. The testing technique in this study uses the SPSS 26 application, because according to Edeh et al., (2023), the SPSS is more appropriate to use if the research objective is to test the theory and the sample size is relatively large, usually more than 100 respondents.

Table 1. Operational Definition of Research Variables

No	Variables	Definition Operational	Measuring instrument
1.	Firm Value (Y)	Firm values is investor perception of level success related companies close with price its shares . (Amelia & Anhar, 2019) .	$PBV = \frac{\text{Market Price per share}}{\text{Book Value per Share}}$ (Nurmindanda et al.,2017)
2.	Institutional Ownership (X1)	Institutional Ownership is the magnitude amount shares owned institution of the total shares outstanding . (Rukmana & Widyawati, 2022) .	$KI = \frac{\text{Number of Shares Owned by Institutions}}{\text{Total Number of Outstanding Shares}} \times 100\%$ (Dewi & Gustiyana, 2020)
3.	Ownership Managerial (X2)	Managerial Ownership is presentation ownership shares by managers, directors and board of commissioners which can witnessed in report finance (Widianingsih, 2018) .	$KM = \frac{\text{Number of Shares Owned by Managers}}{\text{Total Number of Outstanding Shares}} \times 100\%$ (Sintyawati & Dewi, 2018)
4.	Financial performance (Z)	Financial performance is size performance based on accounting that emphasizes finance company and is based on reports finance (Sarafina & Saifi, 2019) .	$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$ (Sarafina & Saifi, 2019)

RESULTS AND DISCUSSION

RESULTS

1. Analysis Descriptive

Table 2. Descriptive Statistics of Study Variables (N = 155)

Descriptive Statistics					
	N	Min.	Max.	Mean	Std. Deviation
Ownership Institutional (KI)	155	0.37	0.99	0.77	0.15
Ownership Managerial (KM)	155	0.00	0.03	0.00	0.00
Financial Performance (ROA)	155	0.00	0.31	0.08	0.06
Firm Value (PBV)	155	0.11	7.81	1.81	1.72
Valid N (listwise)	155				

Source – Processed secondary data, 2025

Based on table 2 above, it is known that Institutional Ownership, from 155 samples, the minimum value is 0.37 and the maximum value is 0.99. The ability of publicly listed companies to explain institutional ownership on average is 0.77 and the standard deviation is 0.15. A standard deviation value smaller than the average means that the data is less varied. Managerial ownership, from 155 samples, has a minimum value of 0.00 and the maximum value is 0.03. The ability of companies that go public to explain managerial ownership is on average 0.00 and the standard deviation is 0.00. A standard deviation value that is more than the average means that the data varies. Financial performance, from 155 samples, the minimum value is 0.00 and the maximum value is 0.31. The ability of companies that go public to explain financial performance is on average 0.08 and the standard deviation is 0.06. A standard deviation value that is smaller than the average means that the data is less varied. Firm Value, from 155 samples, the minimum value is 0.11 and the maximum value is 7.81. The ability of companies that go public to explain the firm value is on average 1.81 and the standard deviation is 1.72. A standard deviation value that is smaller than the average means that the data is less varied.

2. Classic Assumption Tests:

Table 3. Summary of Classic Assumption Tests:

Testing	Monte Carlo Sig. (2-tailed)		DW		Tolerance Value		VIF		probability value (sig)	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Normality	0.103	0.079								
Autocorrelation			2.152	1,626						
Multicollinearity					(KI;KM;KK) (0.887; 0.986; 0.895)	(KI;KM) (0.987; 0.987)	(KI;KM;KK) (1.127; 1,014; 1.117)	(KI;KM) (1,013; 1.013)		
Heteroscedasticity									(KI;KM ;KK) (0.390; 0.359; 0.393)	(KI;K M) (0.6 71; 0.80 7)

Source – Processed secondary data, 2025

From table 3 above, it can be seen that the normality test of model 1, have a Monte Carlo Sig. (2-tailed) value of 0.103, which is more than 0.05, so the data is normally distributed so that regression model 1 can be considered good. Meanwhile for model 2, the value of Monte Carlo Sig. (2-tailed) is 0.079, which is more than 0.05, indicating that the data is normally distributed, so regression model 2 can be considered good. In the autocorrelation test, model 1 has a DW (Durbin

Watson) value of 2.152, which is between dU and $4-dU$ ($1.7770 < 2.152 < 2.223$), so it is concluded that there is no autocorrelation. Meanwhile for model 2, the DW value is 1.626, so $dU > d < 4-dU$ ($1.7636 > 1.626 < 2.2364$), meaning that autocorrelation occurs. Then the maintenance step was taken for model 2 using the Run Test, then produces an Asymp. Sig (2-tailed) value of 0.295, this value is more than 0.05, so it is concluded that there is no autocorrelation. In the multicollinearity test of model 1, the tolerance value of the institutional ownership variable, managerial ownership, and financial performance shows results of more than 0.10, namely 0.887; 0.986; 0.895. While the results of the calculation of the variance inflation factor (VIF) value are 1.127; 1.014; 1.117 which is lower than 10, so it can be said that the first model test is free from multicollinearity issues. Meanwhile in model 2, the tolerance value of the institutional ownership variable and managerial ownership shows a value of more than 0.10, namely 0.987. While the results of the calculation of the VIF value are lower than 10, namely 1.013, it is concluded that the second model is free from multicollinearity. In the heteroscedasticity test of model 1, it is free of heteroscedasticity. This is because the probability value (sig) for all independent variables is more than 0.05. Institutional ownership (0.390), managerial ownership (0.359), and finance performance (0.393). Meanwhile for model 2, it is free of heteroscedasticity. This is because the probability value (sig) for all independent variables is more than 0.05, institutional ownership (0.671) and managerial ownership (0.807).

3. Simultant Test Result (F-Test)

Table 4. F-test of model 1

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	196.69	3	65.56	38.40	0.00 ^b
Residual	257.80	151	1.71		
Total	454.49	154			

a. Dependent Variable: Firm Value

b. Predictors: (Constant), Financial Performance , Ownership Managerial , Ownership Institutional

Source – Processed secondary data, 2025

Table 5. F-test of model 2

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	0.06	2	0.03	8.92	0.00 ^b
Residual	0.48	152	0.00		
Total	0.54	154			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Ownership Managerial , Ownership Institutional

Source – Processed secondary data, 2025

In table 4 of the F test model 1 above, it shows the statistical results with a significance value of 0.00. In accordance with the provisions that the significance value is less than 0.05, it means that there is a significant influence of the independent variables simultaneously on the dependent variable. In other words, the variables of institutional ownership (KI), managerial ownership (KM), and financial performance (ROA) simultaneously affect the variable of firm value (PBV).

Meanwhile, in table 5, the F test on model 2 above, shows the statistical results with a significance of 0.00. Based on the criteria, which is the significance value is less than 0.05, it means that there is a significant influence of the independent variables simultaneously on the dependent

variable (bound). In other words, the institutional ownership (KI) and managerial ownership (KM) variables simultaneously affect the financial performance variable (ROA).

4. Parsial Test Result (t-test)

Table 6. t-test of Model 1

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.53	0.56		2.75	0.01
	Ownership Institutional	-1.88	0.74	-0.17	-2.55	0.01
	Ownership Managerial	55.07	18.89	0.18	2.91	0.00
	Financial performance	19.68	1.89	0.67	10.41	0.00

a. Dependent Variable: Firm Value

Source – Processed secondary data, 2025

Table 7. t- test of Model 2

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-0.01	0.02		-0.55	0.58
	Ownership Institutional	0.12	0.03	0.32	4.13	0.00
	Ownership Managerial	-0.32	0.81	-0.03	-0.40	0.69

a. Dependent Variable: Financial Performance

Source – Processed secondary data, 2025

From the results of data processing in table 6 above, equation 1 gives the result that, the influence of institutional ownership on firm value based on the test table above, shows that the institutional ownership coefficient has a value of 1.88 with a negative direction and a significant value of 0.01 which is smaller than 0.05. So, it can be concluded that institutional ownership has a negative effect on firm value. The influence of managerial ownership on firm value, based on the test table above, shows that the managerial ownership coefficient has a value of 55.07 with a positive direction and a significant value of 0.00, which is smaller than 0.05. So, it can be concluded that managerial ownership has a positive effect on firm value. The influence of financial performance on firm value, based on the test table above, shows that the financial performance coefficient has a value of 19.68 with a positive direction and a significant value of 0.00, which is smaller than 0.05. So, it can be concluded that financial performance has a positive effect on firm value.

Based on the processing result in table 7 above, equation 2 shows that the influence of institutional ownership on financial performance, based on the test table above, indicates that the institutional ownership coefficient has a value of 0.12 with a positive direction and a significant value of 0.00, which is smaller than 0.05. So, it can be concluded that institutional ownership has a positive effect on financial performance. The influence of managerial ownership on financial performance, based on the test table above, shows that the coefficient of managerial ownership has a value of 0.32 with a negative direction and a significant value of 0.69, which is more than 0.05. So, it can be proven and concluded that managerial ownership does not affect financial performance.

5. Coefficient of Determination (R²)

Table 8. Coefficient of Determination (R²) of model 1

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.66 ^a	0.43	0.42	1.31

a. Predictors: (Constant), Financial Performance , Ownership Managerial , Ownership Institutional

Source – Processed secondary data, 2025

Table 9. Coefficient of Determination (R²) of model 2

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.32 ^a	0.10	0.09	0.06

a. Predictors: (Constant), Ownership Managerial , Ownership Institutional

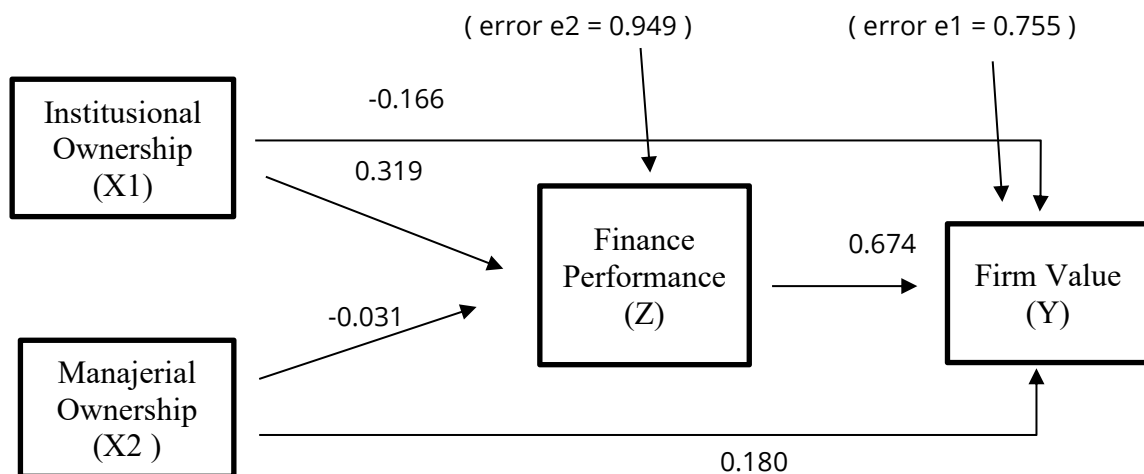
Source – Processed secondary data, 2025

In table 8, the test of the coefficient of determination model 1 shows that the value of Adjusted R square obtained is 0.42. This condition provides an indication that the independent variables, namely institutional ownership (KI), managerial ownership (KM), and financial performance (ROA), contribute an influence of 42% to the level of the dependent variable, namely the firm value (PBV). While the remaining 58% are influenced by other variables which not mentioned in this study.

Meanwhile, in table 9, the determination coefficient test in model 2 shows that the value of Adjusted R square obtained is 0.09. This condition provides an indication that the independent variables, namely institutional ownership (KI) and managerial ownership (KM), contribute 9% to the level of financial performance variables (ROA). While the remaining 91% are influenced by other variables which not mentioned in this study.

6. Path Analysis

Figure 1. Path Analysis of Ownership and Firm Value



Based on Figure 1 above, the data obtained from the standardized coefficients analysis, to determine the direct influence of each model, it can be explained as follows:

The regression output of model 1 in the coefficient section, states the significance value of the three variables, namely KI = 0.01, KM = 0.010, and KK = 0.000, which is smaller than 0.05. This means that the regression model 1, namely the variables KI, KM, and ROA have an effect on the firm value (PBV). In the Standardized Coefficients model 1, the value of KI is negative 0.17, KM is positive 0.18, and KK is 0.67. KI has a negative value, so if the firm value increases, KI will decrease. While KM

and KK show a unidirectional relationship, which means that if KM and ROA increase, it will also be followed by an increase in the firm value assuming other variables are constant. The R square value in the model summary table is 0.43. This indicates that the KI and KM variables contribute an influence of 43% while the remaining 57% is the contribution of other variables that are not in the study. Besides that, to find the value of e1 you can use the formula $e1 = \sqrt{(1 - 0.43)} = 0.755$.

The regression output of model 2 in the coefficient section, states the significance value of the two variables, namely institutional ownership (KI) = 0.00 is smaller than 0.05 and the significance value of managerial ownership (KM) = 0.69 is more than 0.05. So it is concluded that KI has an effect on financial performance (ROA), while KM does not have an effect on financial performance (ROA). In the Standardized Coefficients model 2, the value of the KI variable is positive 0.32, KM is negative 0.03. variables show a unidirectional relationship, which means that if KI increases, financial performance will increase assuming other variables are constant. The KM variable has a negative value, meaning that if financial performance increases, KM will decrease. The R square value in the model summary table is 0.10, this indicates that the KI and KM variables contribute an influence of 10% while the remaining 90% is the contribution of other variables that are not in this study. In addition, to find the value of e2, you can use the formula $e1 = \sqrt{(1 - 0.10)} = 0.949$.

7. Sobel test

Figure 2. Sobel test model 1

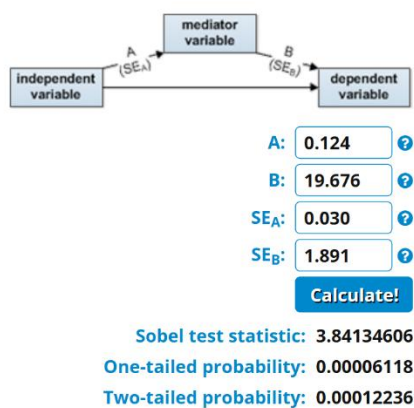
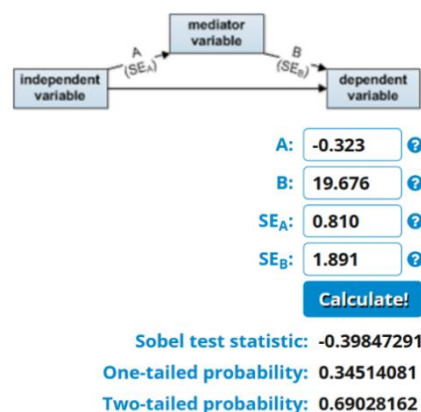


Figure 3. Sobel test model 2



source: web danielsooper.com processed by researchers in 2025

Based on figure 2 above, the independent variable is the institutional ownership variable, the mediator variable is financial performance, and the dependent variable is the firm value. From the figure above, it can be seen that the calculated Z value is 3.841, while the value of the Z table, using a one-way alpha of 5%, the Z table value is 1.65. From the calculation results, the calculated Z value is 3.841 and the Z table value is 1.65. So, it can be concluded that the calculated Z > Z table, which means that the financial performance variable can mediate the institutional ownership variable and the firm value.

Figure 3 above, the independent variable is the managerial ownership variable, the mediator variable is financial performance, and the dependent variable is the firm value. From the table above, it can be seen that the calculated Z value is -0.398, while the value of the Z table using a one-way alpha of 5%, then the Z table value is 1.65. From the calculation results, the calculated Z value is -0.398 and the Z table value is 1.65. So, it can be concluded that the calculated Z < Z table, means that the financial performance variable cannot mediate the managerial ownership variable and firm value.

DISCUSSION

Institutional ownership and firm value, in manufacturing companies listed on the IDX for the period 2020-2023. The results of the study explain that institutional ownership has a negative effect on firm value. This means that institutional ownership cannot explain its effect on the firm value variable. The higher the proportion of institutional ownership in a company, the lower the firm value will be. This finding is not in line with agency theory, which states that institutional ownership can increase firm value through optimal supervision of management. One of the reasons is that institutional shareholders may be less active in monitoring the company's strategic decision-making. The results of this study are in line with research conducted by Putu et al. (2022), Edeh et al. (2023), Ermanda & Puspa (2022), and Ramadhan & Munawaroh (2024), which state that institutional ownership has a negative effect on firm value. However, the results of this study contradict the research conducted by Attarit (2023), Rafsanjani et al. (2024), Septiani & Yoewono (2023), Imaduddin et al. (2023), Dewi & Gustyana (2020), which states that institutional ownership affects firm value.

Managerial ownership and firm value, in manufacturing companies listed on the IDX for the period 2020-2023. The results of the study show that managerial ownership has a positive effect on firm value. This means that the managerial ownership variable is able to explain its effect on the firm value variable. The higher the level of managerial ownership, the more it will support the increase in firm value. With managerial ownership, aspects of the company will be under supervision. The impact is that aspects of the company that require improvement and enhancement will be guaranteed. In agency theory, managerial ownership has a role as self-monitoring, which empirically proves that it can increase firm value through steps to harmonize interests and operational efficiency. This is in line with research conducted by Rukmana & Widyawati (2022), Edeh et al. (2023), Butar-Butar (2023), Sofiamira & Haryono (2017), Rafsanjani et al. (2024), Taba et al. (2022), which states that managerial ownership has a positive effect on firm value. However, the results of this study contradict the research conducted by Septiani & Yoewono (2023), Wirawardhana & Sitardja (2019), Putu et al. (2022), Rusmanto & Setyaningrum (2021), and Royani et al. (2021), which stated that managerial ownership has no effect on firm value.

Institutional ownership and financial performance, in manufacturing companies listed on the IDX for the period 2020-2023. The results of the testing activities show that institutional ownership has a positive effect on financial performance. This means that the institutional ownership variable is able to explain its effect on financial performance. The higher the level of institutional ownership, the more it will support the improvement of financial performance. The existence of institutional ownership will provide confidence to solve problems that arise. Institutional ownership acts as a supervisory tool for management which will encourage them to make the right decisions so that financial performance can improve. Institutional ownership also functions as an external monitoring mechanism in agency theory, which has been shown to improve financial performance through increased transparency, reduced conflicts of interest, and operational efficiency. This is in accordance with research conducted by Indarwanta et al. (2025), Petta & Tarigan (2017), and Margaret (2023), which states that institutional ownership has a positive effect on financial performance. However, the results of this study contradict research conducted by Rafsanjani et al. (2024), Edeh et al. (2023), and Safitri & Hidayat (2023), which states that institutional ownership has no effect on financial performance.

Managerial ownership and performance finance. Based on results study managerial ownership does not contribute to influencing performance finance. This condition can happen allegedly Because proportion managerial ownership still relatively low, the result is utilization participation management for carry out action supervision and repair performance has not been effectively applied. Low managerial ownership results in very little voice and contribution from management, so managerial ownership is not considered by investors as signal positive in increase profitability or performance of finance company. Low proportion ownership share

managerial also hinders the effective alignment management and shareholders interests, so there is still any potential conflict agency. The results of the study were not influential, this in line with results research conducted by Rafsanjani et al. (2024), Safitri & Hidayat (2023), Nainggolan (2022), and Nurmayanti & Shanti (2023), stated that managerial ownership no influential to performance finance. However this result is contradictory with research conducted by Indy et al. (2023), Edeh et al. (2023), and Sutrisno & Riduwan (2022), stated that managerial ownership has a positive influence to finance performance.

Financial performance and firm value, in manufacturing companies listed on the IDX for the 2020-2023 period. The test results state that financial performance has a positive effect on firm value, this means that the financial performance variable is able to explain its effect on the firm value variable. Positive financial performance illustrates that the company is managed efficiently and effectively, this is in accordance with agency theory in terms of reducing conflicts of interest between management and institutions. Good financial performance provides a positive signal to investors and then increases trust so that it will encourage an increase in firm value. Firm value is certain to grow positively and sustainably if the company improves its financial performance. With good financial performance, the stock price will be maximized, which can increase the firm value. This is in line with research conducted by Imaduddin et al. (2023), Rusmanto & Setyaningrum (2021), Azizah & Widyawati (2021), and also by Barokah et al. (2023), which states that financial performance has a positive effect on firm value. However, the results of this study contradict research conducted by Rafsanjani et al. (2024) and Parahdila et al. (2023) which states that financial performance does not affect firm value.

Financial performance mediates institutional ownership with firm value. Based on the results testing concluded performance finance capable mediate between ownership institutional with firm value, then the increase or decline performance finance company can influence connection between ownership institutional with firm value. Financial performance play a role as the bridge that strengthens connection between ownership institutional with firm. The existence of ownership institutional increase supervision to management moment undergoing repair process performance finance company. Improved financial performance then will increase firm value. This is in line with theory agency that explains that ownership institutional as holder share big play a role in reduce conflict agency, so that push manager for increase performance finances that finally can increase firm value. Institutions that have share in company can push management for increase efficiency operational, managing asset optimally, and also fix it structure finance, so that finally give positive impact to performance finance. performance good finance reflected in the increase firm value in the eyes of investors and stakeholders interest others. This is in line with research conducted by Ashara & Sari (2024) and Ramadhani & Andayani (2019), stated that that profitability (ROA) is able mediate ownership institutional to firm value . However results study This contradictory with results research conducted by Rachmah & Iswara (2023) and Rafsanjani et al. (2024), which states that ROA is not can mediate ownership institutional with firm value. In other words, ROA is not capable become intervening variable between ownership variables institutional with firm values.

Financial performance mediates managerial ownership with firm value. Based on the test, financial performance cannot mediate between managerial ownership and firm value. This means that even though managers have shares in the company, this does not contribute significantly to improving aspects of financial performance which will later have an impact on firm value. In this study, the proportion of managerial ownership is relatively low, so that managerial shareholders lose in terms of voting rights. Managerial ownership is not effective enough in aligning the interests of management with shareholders, as a result, agency conflicts can continue to occur and financial performance does not become an effective intermediary mechanism in efforts to increase firm value. This is in line with research conducted by Rafsanjani et al. (2024), Ramadhani & Andayani (2019) , and Royani et al. (2021), which states that ROA is unable to mediate managerial ownership on firm value. However, the results of this study contradict the results of research

conducted by Ashara & Sari (2024) and Rachmah & Iswara (2023), which states that financial performance can mediate managerial ownership on firm value.

CONCLUSION

This study contributes to agency theory development in emerging markets by demonstrating differing roles of institutional and managerial ownership. Practically, it encourages firms to reevaluate the role of managerial shareholding in long-term performance strategies. Limitations in the study, namely 1) this study uses data from outliers because the original data is not fit, 2) data processing does not pass the normality test of the asymptotic method so that healing is carried out using the Monte Carlo method, 3) the heteroscedasticity test fails to use the glesjer test method which finally uses the Spearman-Rho method, 4) the results R^2 of the determination test of model 2 are low, which only contributes 9%. So the suggestion for further research activities is to use samples from different populations or groups in order to expand the generalization of the research results. This is considered necessary because considering that in the determination test of the second model, namely institutional ownership and managerial ownership of financial performance, only contributed a relatively small contribution of 9%. Further researchers can also add variables that contain elements of social and environmental accounting. This is considered necessary to carefully review the impact of the emergence of agency theory conflicts that do not prioritize the interests of the company.

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