



EXAMINING THE INFLUENCE OF OWNERSHIP STRUCTURES ON FIRM VALUE THROUGH SHARIAH- COMPLIANT PROFITABILITY: AN EMPIRICAL STUDY ON ISLAMIC FIRMS

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ABSTRACT

This study investigates the impact of various ownership structures—managerial, institutional, foreign, and domestic—on the value of Sharia-based companies, with profitability as a mediating variable. Employing a quantitative approach grounded in positivism, the research examines companies listed on the Sharia Stock Exchange from 2019 to 2022. A systematic methodology is used, involving variable identification, data collection, and statistical analysis using Econometric Views (Eviews) 9 through a multiple regression model. The sample comprises 30 companies from the JII index, selected via purposive sampling, and uses balanced panel data. The results indicate that managerial ($p = 0.5551$), institutional ($p = 0.0922$), foreign ($p = 0.8073$), and domestic ownership ($p = 0.0651$) do not significantly influence firm value when mediated by profitability. Consequently, the hypotheses are rejected, demonstrating that ownership structures alone do not enhance firm value through profitability in Sharia-based companies. These findings contribute to the understanding of ownership-performance dynamics and highlight the necessity to consider additional factors affecting firm value.

Keywords: Ownership structure; Firm value; Shariah-based profitability; Indonesia stock exchange

ABSTRAK

Penelitian ini menyelidiki dampak berbagai struktur kepemilikan—manajerial, institusional, asing, dan domestik—terhadap nilai perusahaan berbasis Syariah, dengan profitabilitas sebagai variabel mediasi. Menggunakan pendekatan kuantitatif yang berlandaskan positivisme, penelitian ini mengkaji perusahaan yang terdaftar di Bursa Efek Syariah dari tahun 2019 hingga 2022. Metodologi yang sistematis digunakan, yang meliputi identifikasi variabel, pengumpulan data, dan analisis statistik menggunakan Econometric Views (Eviews) 9 melalui model regresi berganda. Sampel terdiri dari 30 perusahaan dari indeks JII, yang dipilih melalui purposive sampling, dan menggunakan data panel seimbang. Hasil penelitian menunjukkan bahwa kepemilikan manajerial ($p = 0.5551$), institusional ($p = 0.0922$), asing ($p = 0.8073$), dan domestik ($p = 0.0651$) tidak secara signifikan mempengaruhi nilai perusahaan ketika dimediasi oleh profitabilitas. Akibatnya, hipotesis ditolak, menunjukkan bahwa struktur kepemilikan saja tidak meningkatkan nilai perusahaan melalui profitabilitas pada perusahaan berbasis Syariah. Temuan ini berkontribusi pada pemahaman tentang dinamika kepemilikan-kinerja dan menyoroti pentingnya mempertimbangkan faktor tambahan yang mempengaruhi nilai perusahaan.

Kata Kunci: Struktur kepemilikan; Nilai perusahaan; Profitabilitas berbasis Syariah; Bursa Efek Indonesia



INTRODUCTION

Indonesia has outperformed traditional investment options such as stocks, bonds, and mutual funds by implementing the Shariah investment system. This achievement was marked by the introduction of the Indonesia Shariah Stock Index (ISSI) by the Indonesia Stock Exchange (IDX) on May 12, 2011 (Hidayah et al., 2022). This initiative builds upon the Shariah Securities List (DES) created by the Capital Market Supervisory Agency (Bapepam) and Financial Institutions (LK) in November 2007. Its purpose is to offer a transparent overview of the performance of Shariah investments on the IDX and to prevent misconceptions regarding Shariah investment. Indonesia has experienced strong growth in Shariah stock investment, bolstered by its significant Muslim population and increasing financial literacy among the younger generation. The IDX formally endorses Shariah blue-chip stocks, particularly those listed in the LQ45 index, such as Telkom Indonesia (Persero) Tbk. (TLKM), Indofood Sukses Makmur Tbk. (INDF), Perusahaan Gas Negara (PGAS), and Japfa Comfeed Indonesia Tbk. (JPFA), which have gained popularity among investors (Dewi & Ratnadi, 2019).

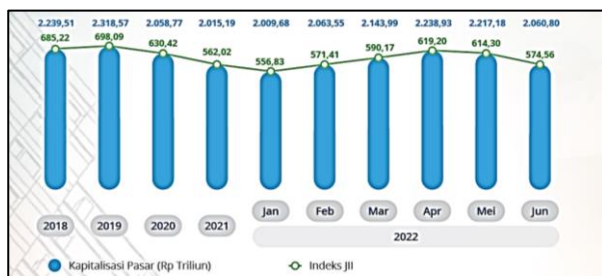
The performance of Shariah-compliant stocks in Indonesia has shown significant growth in recent years. This growth is largely attributed to Indonesia's status as the country with the highest number of Muslims globally. Additionally, the younger generation in Indonesia, who possess greater expertise in financial instruments, has significantly contributed to this phenomenon. The Indonesia Stock Exchange (IDX) documents the trend of

Shariah firm equities listed on the IDX in the table below:

Table 1:
Shariah-Based Companies Based on Stock Development Trends

Stock Codes	Shariah Stock Values				Trend of Shariah Stock Values			Average
	2019	2020	2021	2022	2020	2021	2022	
ADRO	0.68	0.68	1.53	0.95	0.00	1.25	-0.38	-0.29
ANTM	0.65	2.87	2.74	2.04	3.42	-0.05	-0.26	1.04
BRIS	0.61	5.04	2.47	1.84	7.26	-0.51	-0.26	2.17
BRPT	1.87	2.25	1.4	1.13	0.20	-0.38	-0.19	-0.12
CPIN	3.14	4.65	3.44	3.66	0.48	-0.26	0.06	0.09
EMTK	2.58	11.99	5.04	3.29	3.65	-0.58	-0.35	0.91
ERAA	0.59	1.46	1.35	1.15	1.47	-0.08	-0.15	0.42
EXCL	1.59	1.24	1.42	1.13	-0.22	0.15	-0.20	-0.09
HRUM	0.65	2.3	3.1	1.46	2.54	0.35	-0.53	0.79
ICBP	4.38	2.14	1.58	1.97	-0.51	-0.26	0.25	-0.18
INCO	1.12	2.12	1.75	1.82	0.89	-0.17	0.04	0.25
INDF	5.1	0.75	0.61	0.59	-0.85	-0.19	-0.03	-0.36
INKP	0.34	0.94	0.65	0.49	1.76	-0.31	-0.25	0.40
INTP	1.46	2.29	1.91	1.87	0.57	-0.17	-0.02	0.13
ITMG	0.97	1.16	1.76	1.33	0.20	0.52	-0.24	0.16
JPFA	1.43	1.63	1.43	1.13	0.14	-0.12	-0.21	-0.06
KLBF	3.31	3.98	3.56	4.41	0.20	-0.11	0.24	0.11
MDKA	3.12	6.17	7.72	3.38	0.98	0.25	-0.56	0.22
MIKA	5.97	7.13	5.17	6.88	0.19	-0.27	0.33	0.08
MNCN	1.07	1.01	0.85	0.5	-0.06	-0.16	-0.41	-0.21
PGAS	0.33	0.72	0.72	0.71	1.18	0.00	-0.01	0.39
PTBA	1.54	1.86	1.65	1.59	0.21	-0.11	-0.04	0.02
SCMA	3.8	6.52	2.8	1.85	0.72	-0.57	-0.34	-0.06
SMGR	1.16	1.77	1	1.04	0.53	-0.44	0.04	0.04
TINS	0.69	1.3	1.92	1.04	0.88	0.48	-0.46	0.30
TLKM	2.67	2.6	3.2	2.61	-0.03	0.23	-0.18	0.01
TPIA	4.55	6.82	6.21	4.44	0.50	-0.09	-0.29	0.04
UNTR	1.07	1.34	1.33	1.05	0.25	-0.01	-0.21	0.01
UNVR	59.41	55.83	34.17	46.96	-0.06	-0.39	0.37	-0.02
WIKA	0.34	0.86	0.51	0.33	1.53	-0.41	-0.35	0.26
Average	3.873	4.714	3.433	3.421				

Based on the data in Table 1, certain companies exhibited a mix of favorable and unfavorable trends from 2019 to 2022. In 2020, most Shariah stock companies experienced a positive trend, except for EXCL, ICBP, INDF, MNCN, TLKM, and UNVR, which saw a downturn. In 2021, the majority of companies faced a decline, while a few, including ADRO, EXCL, HRUM, ITMG, MDKA, TINS, and TLKM, managed to maintain a positive trajectory. In 2022, most companies' performance declined, except for CPIN, ICBP, INCO, KLBFI, MIKA, SMGR, and UNVR, which experienced a positive trend. According to the Financial Services Authority (OJK) (2023), various factors such as interest rates, currency exchange rates, inflation, and unemployment rates, influenced by societal and political conditions, can affect the fluctuations in the value of stocks of Shariah-based companies. One method for tracking the value of these companies is by observing the changes in the Composite Stock Price Index (IHSG), which reflects the variations in stock prices of Shariah-based companies, as illustrated in the graph below:



Graph 1.

Stock Value Movements of Shariah-Based Companies from 2018 to 2022

As shown in Graph 1, the value of Shariah-based company stocks in 2022 demonstrated an improvement compared to the previous year. In June 2022, the stock index reached 574.56

points, marking a 2.23% increase from the end of 2021. Market capitalization also rose by 2.26% from the previous year, reaching Rp 2,060.80 trillion. Despite the overall rise, there were instances of stock value decreases, such as in January 2022. The implementation of corporate governance is crucial for Indonesia's economic recovery. The government and IMF have introduced this concept to ensure healthy corporate governance practices. Corporate governance operates as a structured framework that safeguards stakeholders' interests and rights, commonly linked to agency theory. Conflicts within organizations can sometimes lead individuals to prioritize short-term profits over long-term gains, potentially impacting earnings quality. Lower earnings quality can negatively affect the company's value, as poor decision-making can adversely affect investors and creditors.

Stock ownership structure illustrates shareholders' power and influence over a company's operations (Endang et al., 2020). This structure includes institutional, domestic, international, and management ownership. It is expected to significantly affect the company's trajectory, influencing its ability to meet goals and maximize value (Hassan et al., 2014). Shareholders utilize financial statements to evaluate management, which handles shareholder funds. Managers own firm shares, making them shareholders (Septiana & Riswandari, 2020). Managerial ownership encourages management to act in shareholders' interests, potentially raising the company's value. High managerial share ownership improves performance as managers are more inclined to make decisions and take actions that benefit the company (Khan & Mather, 2013). Management

ownership is generally measured as a percentage of outstanding shares. Managerial ownership affects business value, according to Ariani et al. (2024). However, Tambalean et al. (2018) found no effect of management ownership on business value.

Institutions such as insurance corporations, banks, investment firms, pension funds, and others own corporate stock (Shleifer & Vishny, 1989). The capital market share volume indicates institutional ownership's monitoring effect. Capital market share investment improves company supervision (Ariyono & Setiyono, 2020). The company's profitability indirectly implies shareholders' strong return expectations. Research on institutional ownership and firm value is inconsistent. Dewi & Sanica (2017), Sholekah & Venusita (2014), and Yuslirizal (2017) found no influence of institutional ownership on business value. Gwenda & Juniarti (2013) and Chang et al. (2016) claim institutional ownership greatly impacts firm value. Dominant institutional ownership externally controls opportunistic managerial behaviors that reduce business value.

Foreign ownership also affects corporate value. According to Tayles (2011), foreign ownership can greatly increase a company's worth. Foreign investors bring more experience, improving corporate operations and creating value (Noerlina & Mursitama, 2023). Foreign investors' worldwide business experience boosts the value of companies with foreign shareholders. Damayanthi (2019) found that foreign board members and ownership increase firm value. However, Zulaecha & Murtanto (2019), Muhammad & Aryani (2021), and Hasanah et al. (2023) found that foreign ownership did not increase business value.

Domestic shareholders have proximity to the company and possess private information to anticipate adverse transactions, creating asymmetric information where one party benefits from issuer transaction information while others do not (Bozec & Dia, 2015). Domestic ownership, mostly by insurance firms, banks, and other institutions, tightens managerial control and improves corporate governance transparency.

Several factors affect corporate value, including profitability (Hardiyanti, 2023). Profitability indicates a company's ability to pay dividends as profits rise. ROA, which measures asset net profit contribution, is a common profitability indicator. Net profit performance improves with increasing ROA. Profitability's impact on business value has been studied differently by Aydoğmuş et al. (2022), Elsayed (2023), and Hermuningsih et al. (2022). In contrast, Sudiyatno et al. (2021), Agwili and Gerged (2020), and Ragil Saputri and Bahri (2021) found that profitability does not impact business value. Thus, this research aims to analyze the impact of managerial, institutional, foreign, and domestic ownership on the development of Shariah-based firm value mediated by profitability, listed on the Shariah Stock Exchange from 2019 to 2022.

RESEARCH METHOD

Quantitative research, grounded in the philosophy of positivism, was employed to examine hypotheses on populations using research instruments and statistical analysis (Creswell & Creswell, 2018). This method employed a rigorous approach with a theoretical framework to formulate hypotheses that are statistically tested, emphasizing research that

examines causal associations and analyzes relationships between variables. The research follows a systematic process, beginning with identifying the population, variables, operational definitions, and data collection techniques, and determining the analysis model for hypothesis testing. The aim is to conduct a scientific investigation into the impact of various factors, such as managerial, institutional, foreign, and domestic ownership, on the growth of companies within the context of Sharia-based companies listed on the Sharia Stock Exchange from 2019 to 2022. The focus is on analyzing the relationship between these factors and profitability. The study was carried out at the Indonesia Stock Exchange from January to July 2023. The population included all Sharia-based companies listed in the JII index, totaling 30 companies. Samples were selected using purposive sampling techniques. All Sharia-based companies listed on the Indonesia Stock Exchange (IDX) under the JII index were used as samples, as detailed in Table 2 below:

Table 2.
Sharia Stocks Listed on the Indonesia Stock Exchange (IDX)

No	Company Names	Stock Codes
1	Adaro Energy Indonesia TBK	ADRO
2	Aneka Tambang Tbk	ANTM
3	Bank Syariah Indonesia Tbk	BRIS
4	Barito Pacific Tbk	BRPT
5	Charoen Pokphand Indonesia Tbk	CPIN
6.	Elang Mahkota Teknologi Tbk.	EMTK
7	Erajaya Swasembada Tbk.	ERAA
8	XL Axiata Tbk.	EXCL
9	Harum Energy Tbk.	HRUM
10	Indofood CBP Sukses Makmur Tbk.	ICBP
11	Vale Indonesia Tbk.	INCO

No	Company Names	Stock Codes
12	Indofood Sukses Makmur Tbk.	INDF
13	Indah Kiat Pulp & Paper Tbk.	INKP
14	Indocement Tunggul Prakarsa Tbk	INTP
15	Indo Tambangraya Megah Tbk.	ITMG
16	Japfa Comfeed Indonesia Tbk	JPFA
17	Kalbe Farma Tbk.	KLBF
18	Merdeka Copper Gold Tbk.	MDKA
19	Mitra Keluarga Karyasehat Tbk.	MIKA
20	Media Nusantara Citra Tbk.	MNCN
21	Perusahaan Gas Negara Tbk	PGAS
22	Bukit Asam Tbk.	PTBA
23	Surya Citra Media Tbk	SCMA
24	Semen Indonesia (Persero) Tbk.	SMGR
25	Timah Tbk.	TINS
26	Telkom Indonesia (Persero) Tbk.	TLKM
27	Chandra Asri Petrochemical Tbk	TPIA
28	United Tractors Tbk	UNTR
29	Unilever Indonesia Tbk.	UNVR
30	Wijaya Karya (Persero) Tbk.	WIKA

This study employed purposive sampling, where not all members of the population were selected (Creswell, 2014). This strategy was used because the selected companies were believed to provide the necessary data for the study. Purposive sampling, also known as judgment sampling, uses specific criteria to choose samples. The samples included sharia-compliant companies listed on the Indonesia Stock Exchange (IDX) during 2019–2022, those that filed annual reports, companies with a negative PBV trend, and other companies relevant to the research. This study used secondary data from previous studies or institutions. According to Webster, "Secondary data is data obtained, collected, and consolidated by previous studies or published by various other agencies, serving

as indirect sources such as documentation and official archives." Data on Indonesian sharia stocks related to managerial ownership, institutional ownership, foreign ownership, domestic ownership, profitability, and the development of sharia-compliant companies were obtained from the website <https://idx.co.id/daftar>. Documented 2019–2022 Sharia Stock Reports served as secondary data. The study examined the development of real estate companies, management ownership, institutional ownership, international ownership, and domestic ownership from 2016 to 2020.

Data were collected, processed, and interpreted using quantitative analysis to provide accurate and comprehensive knowledge for problem-solving. This study utilized Econometric Views (Eviews) 9, a Windows-based statistical and econometric data processing application, to analyze data using a multiple regression model. Eviews facilitated economic and business researchers in analyzing statistical data using linear regression, correlation, Granger causality, ARCH, and GARCH. The analysis employed both balanced and unbalanced panel data, combining time-series and cross-sectional data. Unbalanced panel data indicate different observations across cross-sectional units, while balanced panel data indicate the same number of time series observations. This study employed balanced panel data and followed a comprehensive quantitative analysis procedure, including panel data regression model estimation, model selection, assumption testing, and hypothesis testing. Descriptive statistical analysis involved methods related to data collection and presentation, utilizing descriptive statistics to elucidate data based on respondents' answers to each variable indicator, encompassing

mean, median, maximum, minimum, and standard deviation values.

The classic assumption tests comprised several components. The normality test assessed the data distribution, ensuring that the dependent and independent variables in the regression analysis followed a normal distribution, as indicated by the Kolmogorov-Smirnov test. A significance value below 0.05 denoted a non-normal distribution, while a value above 0.05 denoted normality. The heteroscedasticity test checked if the residuals in the regression model varied between observations, using the Glejser test. A significance value below 0.05 indicated heteroscedasticity, while a value above 0.05 indicated the absence of heteroscedasticity. The multicollinearity test examined if independent variables were significantly correlated, using tolerance and Variance Inflation Factor (VIF) values; tolerance greater than 0.10 and VIF less than 10 indicated no multicollinearity. The autocorrelation test investigated the correlation between period t and period $t-1$ in a linear regression model using the Durbin-Watson statistic, with a DW value between -2 and +2 indicating no autocorrelation.

To select the appropriate estimation model, the study conducted the Chow-Test and Hausman-Test. The F Test (Chow Test) compared the Common Effect and Fixed Effect models through steps including estimation with Fixed Effect, testing using the Chow Test, and observing F probability value and Chi-square. A value greater than 5% indicated the Common Effect model, while a value less than 5% indicated the Fixed Effect model. The Hausman Test compared Fixed Effect and Random Effect models through steps including estimation with

Random Effect, testing using the Hausman Test, and observing F probability value and Chi-square. A value greater than 5% indicated the Random Effect model, while a value less than 5% indicated the Fixed Effect model. The Lagrange Multiplier Test determined the suitability of the Common Effect or Random Effect models through hypothesis testing, with a p-value greater than 0.05 indicating the Common Effect model and a value less than 0.05 indicating the Random Effect model.

Hypothesis testing was conducted using several methods. The multiple regression test employed multiple regression coefficient analysis to determine the impact of independent variables on the dependent variable within a linear equation. The regression equation used is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

where Y represents company value and (X1, X2, X3,) and (X4) represent different types of ownership, with (α) as the constant and (β) as the coefficients of independent variables. Variable mediation test employs Moderated Regression Analysis (MRA) to examine moderating variables using the equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Z + \beta_6 X_1 Z + \beta_7 X_2 Z + \beta_8 X_3 Z + e$$

where (X1Z, X2Z) and (X3\) represent interaction terms. Partial t-Test measures the impact of each independent variable on the dependent variable by evaluating the significance value (< 0.05) and comparing the calculated t-value to the t-table value. The F Test (Simultaneous) assesses the collective impact of independent variables on the dependent variable, with a significance value < 0.05 and an estimated F-value greater than the F-table value indicating influence. The correlation test analyzes the relationship between two variables, with criteria

such as ($r > 0$) indicating a positive relationship and ($r < 0$) indicating a negative relationship. Finally, the coefficient of determination test evaluates model adequacy through the R^2 value, indicating the proportion of variance in the dependent variable explained by the independent variables. A higher R^2 value suggests better explanatory power.

To evaluate the validity of the proposed perspective, it is imperative to formulate and test hypotheses through empirical verification. This study adopts a two-tailed hypothesis approach, designed to detect differences or effects in both directions, as suggested by Nuryadi (2017). The research hypotheses are as follows: Hypothesis 1 posits that managerial ownership affects the development of Sharia-based companies when mediated by profitability, while the null hypothesis (H0) asserts that managerial ownership does not have this effect. Hypothesis 2 proposes that institutional ownership influences the development of Sharia-based companies, mediated by profitability, with the null hypothesis stating the opposite. Hypothesis 3 suggests that foreign ownership impacts the development of Sharia-based companies, mediated by profitability, and the null hypothesis denies this relationship. Lastly, Hypothesis 4 asserts that domestic ownership affects the development of Sharia-based companies when mediated by profitability, whereas the null hypothesis claims no such effect.

RESULTS AND DISCUSSION

Results

First, Selection of Panel Data Regression Model: **(1) Common Effect Model (CEM).** This method is the easiest way to guess the values of a panel data model. It considers only differences in time and between things but

combines cross-sectional data and time series data as a single thing.

Table 3.
Common Effect Model (CEM)

Dependent Variable: Y
Method: Panel Least Squares
Date: 02/15/24 Time: 11:52
Sample: 2019 2022
Periods included: 4
Cross-sections included: 8
Total panel (balanced) observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.353528	1.409964	0.959973	0.3459
X1	0.008238	0.013844	0.595070	0.5569
X2	0.008824	0.017605	0.501206	0.6204
X3	-0.014255	0.008273	-1.723115	0.0967
X4	-0.008769	0.011180	-0.784401	0.4399
Z	0.115993	0.056633	2.048153	0.0508
R-squared	0.301148	Mean dependent var	1.781563	
Adjusted R-squared	0.166753	S.D. dependent var	1.374475	
S.E. of regression	1.254653	Akaike info criterion	3.458956	
Sum squared resid	40.92800	Schwarz criterion	3.733781	
Log likelihood	-49.34329	Hannan-Quinn criter.	3.550053	
F-statistic	2.240774	Durbin-Watson stat	1.423152	
Prob(F-statistic)	0.080310			

Source: Analysis Results from Eviews 9 2024

(2) Fixed Effect Model (FEM). In the fixed effect model approach, it is assumed that the intercept varies for everyone, while the slope remains constant across people.

Table 4.
Fixed Effect Model (FEM)

Dependent Variable: Y
Method: Panel Least Squares
Date: 02/15/24 Time: 11:54
Sample: 2019 2022
Periods included: 4
Cross-sections included: 8
Total panel (balanced) observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.667035	9.242091	-0.072174	0.9432
X1	0.057825	0.395272	0.146292	0.8852
X2	0.025459	0.087568	0.290734	0.7744
X3	-0.003285	0.019512	-0.168355	0.8681
X4	-0.011551	0.031148	-0.370832	0.7149
Z	0.118058	0.063464	1.860237	0.0784

Effects
Specification

Cross-section fixed (dummy variables)			
R-squared	0.525210	Mean dependent var	1.781563
Adjusted R-squared	0.225343	S.D. dependent var	1.374475
S.E. of regression	1.209739	Akaike info criterion	3.509889
Sum squared resid	27.80589	Schwarz criterion	4.105344
Log likelihood	-43.15823	Hannan-Quinn criter.	3.707266
F-statistic	1.751475	Durbin-Watson stat	2.072778
Prob(F-statistic)	0.132953		

Source: Analysis Results from Eviews 9 2024

(3) Random Effect Model (REM). The random effect model is used to estimate panel data by incorporating an error term, which allows for the possibility of associated disturbances across both time and individuals. This technique also takes into consideration the potential correlation of errors across both the time series and cross-sectional data.

Table 5.
Random Effect Model (FEM)

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 02/15/24 Time: 11:55
Sample: 2019 2022
Periods included: 4

Cross-sections included: 8

Total panel (balanced) observations: 32

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.107562	2.387250	0.463949	0.6465
X1	0.009050	0.025708	0.352023	0.7277
X2	0.010124	0.028960	0.349583	0.7295
X3	-0.010445	0.013181	-0.792449	0.4353
X4	-0.008606	0.015887	-0.541740	0.5926
Z	0.118882	0.058022	2.048926	0.0507
Effects Specification				
			S.D.	Rho
Cross-section random			1.090832	0.4485
Idiosyncratic random			1.209739	0.5515
Weighted Statistics				
R-squared	0.209063	Mean dependent var		0.863949
Adjusted R-squared	0.056960	S.D. dependent var		1.127444
S.E. of regression	1.094864	Sum squared resid		31.16690
F-statistic	1.374481	Durbin-Watson stat		1.853080
Prob(F-statistic)	0.266124			
Unweighted Statistics				
R-squared	0.295311	Mean dependent var		1.781563
Sum squared resid	41.26985	Durbin-Watson stat		1.399442

Source: Analysis Results from Eviews 9 2024

Second, Determination of Estimation Model:

(1) F Test (Chow Test). Based on the probability of the Cross-section Chi-square being less than 0.05, the appropriate model to use would be the Fixed Effect model. On the other hand, if the probability for the Cross-section Chi-square is higher than 0.05, the suitable model would be the Common Effect model.

Table 6.
Chow Test

Redundant Fixed Effects Tests

Equation: FEM

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.416926	(7,20)	0.2531
Cross-section Chi-square	12.88781	7	0.0749

Source: Analysis Results from Eviews 9 2024

Table 6 displays the outcomes of the Chow Test, revealing that the probability value for the Cross-section Chi-square is 0.0749. Therefore, since the cross-sectional chi-square value exceeds 0.05, the proper model to use is the Common Effect model. According to the analysis conducted using the Chow Test, the Common Effect Model has been chosen. The subsequent stage involves doing the Lagrange Multiplier (LM) test.

(2) Lagrange Multiplier (LM). The Lagrange Multiplier (LM) test is employed to ascertain the suitability of either the Common Effect Model or the Random Effect Model for the panel data regression model. The Lagrange Multiplier test evaluates this by employing the Breusch-Pagan statistic with a significance threshold of 0.05 (5%).

Table 7.
Lagrange Multiplier (LM)

Lagrange Multiplier Tests for Random Effects

Null hypotheses: No effects

Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided

(all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.318549	0.152520	0.471069
	(0.5725)	(0.6961)	(0.4925)

Source: Analysis Results from Eviews 9 2024

The results of the Lagrange Multiplier test, as presented in Table 4.5, yield a Breusch-Pagan statistic of 0.471069, indicating that the value surpasses the significance threshold of 0.05. This outcome suggests that the Common Effect Model (CEM) is the more appropriate model for this analysis. Consequently, several inferences can be drawn from these findings: Firstly, the Chow test has identified the Common Effect Model (CEM) as the optimal choice. Secondly,

the Lagrange Multiplier test corroborates this selection by also indicating the Common Effect Model (CEM). Therefore, it is evident that the Common Effect Model (CEM) is the most suitable model employed in this research.

Third, Descriptive Statistical Analysis.

Descriptive statistics evaluate data by describing or displaying it without making universal inferences or generalizations, according to Sugiyono (2018:147). Descriptive statistics include tables, pie charts, graphs, mean, median, mode, standard deviation, and percentage calculations.

Table 8.
Descriptive Analysis

	Y	X1	X2	X3	X4	Z
Mean	1.78 1563	18.5 9358	48.5 6438	36.9 5698	46.2 5019	6.71 3750
Median	1.42 5000	6.28 7081	51.2 4800	23.4 7951	25.4 9283	5.25 5000
Maximum	6.52 0000	71.8 2376	80.5 3295	83.8 0770	101. 9858	23.1 2000
Minimum	0.50 0000	0.01 5717	1.26 7134	9.30 0708	8.59 8537	0.02 0000
Std. Dev.	1.37 4475	25.1 4139	22.8 7584	27.6 0580	35.4 1241	5.63 2086
Observations	32	32	32	32	32	32

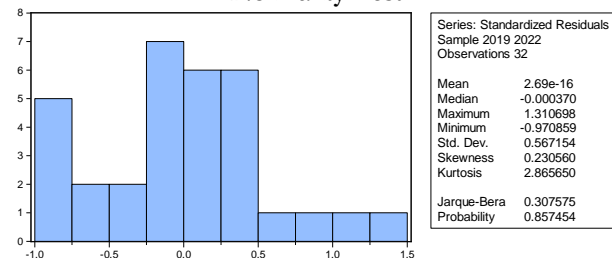
Source: Analysis Results from Eviews 9 2024

Upon analyzing the data presented, several key conclusions can be drawn. Firstly, the overall value of the company (Y) has an average of 1.781563, with a minimum value of 0.5, a maximum value of 6.52, and a standard deviation of 1.374475. In terms of managerial ownership (X1), the average value is 18.59438, ranging from a minimum of 0.02 to a maximum of 71.82, with a standard deviation of 25.14053. Institutional ownership (X2) shows an average value of

48.5638, with the values spanning from 1.27 to 80.53 and a standard deviation of 22.87524. Foreign ownership (X3) has an average of 36.95687, a minimum value of 9.3007, a maximum value of 83.81, and a standard deviation of 27.60580. Domestic ownership (X4) records an average of 46.25019, with a minimum value of 8.598537 and a maximum value of 101.9858, along with a standard deviation of 35.41241. Finally, profitability (Z) shows an average of 6.713750, with values ranging from a minimum of 0.02 to a maximum of 23.12, and a standard deviation of 5.632086.

Fourth, Classical Assumption Test. (1) Normality test. The normality test determines if regression model disturbance variables or residuals have a normal distribution (Ghozali, 2011). Kolmogorov-Smirnov was used to test normality in this study. This test's evaluation criteria: Normal distribution is assumed if the data calculation's significance value (Sig) is greater than 5%. A significance value (Sig) of less than 5% indicates that the data does not have a normal distribution.

Figure 2.
Normality Test



Source: Analysis Results from Eviews 9 2024

Figure 2 shows that the histogram shows a Jarque-Bera probability value > 0.05, 0.857454, indicating that the data in this study is normally distributed. Because the Jarque-Bera probability value exceeds 0.05.

(2) Multicollinearity Test. The multicollinearity test determines whether independent variables in the regression model have a strong association or substantial correlation. Multicollinearity can be identified from Eviews' Correlation Matrix correlation coefficient data. Research data is multicollinear if each pair of independent variables has a correlation coefficient of more than 1.000. If the Correlation Matrix is less than 1.000, the research data is not multicollinear.

Table 8: Multicollinearity Test

	X1	X2	X3	X4	Z
X1	1.000000	-0.570262	0.055985	-0.256201	-0.394445
X2	-0.570262	1.000000	-0.077853	-0.363526	0.205369
X3	0.055985	-0.077853	1.000000	-0.079231	-0.132897
X4	-0.256201	-0.363526	-0.079231	1.000000	0.550336
Z	-0.394445	0.205369	-0.132897	0.550336	1.000000

Source: Analysis Results from Eviews 9 2024

Table 8 demonstrates that the values of the Correlation Matrix are all less than 1.000, suggesting that the research data is not influenced by Multicollinearity.

(3) Heteroscedasticity Test. The purpose of the heteroscedasticity test is to ascertain if there is a disparity in the variance of the residuals between different observations in a regression model. The White test is a formal approach used to test for heteroscedasticity. The data is not heteroscedastic if the value of the firm's variable Obs*R-squared exceeds the significance level α (5%). If the Obs*R-squared profitability value is lower than the significance level α (5%), then the data is considered to be heteroscedastic.

**Table 9.
Heteroscedasticity Test**

Heteroskedasticity Test: White			
F-statistic	1.297485	Prob. F(20,11)	0.3358
Obs*R-squared	22.47353	Prob. Chi-Square(20)	0.3154

Scaled explained SS	40.64107	Prob. Chi-Square(20)	0.0041
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Source: Analysis Results from Eviews 9 2024

Table 9 indicates that the chi-square probability value (Obs*R-Squared) is 0.3154, which exceeds the threshold of 0.05. This suggests the absence of heteroscedasticity.

(4) Autocorrelation Test. Time series data is utilized to estimate the linear regression model, assuming no autocorrelation. Breusch-Godfrey or LM (Lagrange Multiplier) Tests can eliminate autocorrelation in linear regression models.

**Table 10.
Autocorrelation Test**

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.876310	Prob. F (2,24)	0.4292
Obs*R-squared	2.177791	Prob. Chi-Square (2)	0.3366

Source: Analysis Results from Eviews 9 2024

The autocorrelation test results are displayed in Table 4.9. The test results show that the Obs*R-Square value is 0.3366, which exceeds the threshold of 0.05. This suggests the absence of autocorrelation.

Fifth, Hypotheses Testing. Hypothesis testing in this study includes panel data regression tests, T-tests, F-tests, and R² analysis. Here are the statistical values for regression tests using panel data, T-test, F-test, and R²: **(1) Panel Data Regression Analysis.** The results of the multiple linear regression analysis are as follows:

**Table 11.
The Results of Common Effect Model Regression**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.353528	1.409964	0.959973	0.3459
X1	0.008238	0.013844	0.595070	0.5569
X2	0.008824	0.017605	0.501206	0.6204
X3	-0.014255	0.008273	-1.723115	0.0967

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X4	-0.008769	0.011180	-0.784401	0.4399
Z	0.115993	0.056633	2.048153	0.0508

Source: Analysis Results from Eviews 9 2024

The regression model used in this study is as follows:

$$Y = 1,353528 + 0,00838X1 + 0,008824X2 - 0,01455X3 - 0,008769X4 + 0,115993Z + e$$

Therefore, the outcomes of the panel data regression can be interpreted as follows: The coefficient of 1.353528 signifies that when the variables for managerial ownership (X1), institutional ownership (X2), international ownership (X3), domestic ownership (X4), and profitability (Z) are all set to zero or remain constant, the firm value (Y) is 1.353528. The regression test findings show that the managerial ownership variable (X1) has a positive regression coefficient of $b = 0.008238$, indicating that a 1-point increase in managerial ownership (X1) leads to a 0.008238 increase in firm value (Y). Similarly, the institutional ownership variable (X2) exhibits a positive regression coefficient of $b = 0.008824$, suggesting that a 1-point rise in institutional ownership (X2) results in a 0.008824 increase in firm value (Y). Conversely, the regression test results reveal that the foreign ownership variable (X3) has a negative regression coefficient of $b = -0.014255$, meaning that a 1-point increase in foreign ownership (X3) causes a 0.014255 decrease in firm value (Y). Likewise, the domestic ownership variable (X4) also shows a negative regression coefficient of $b = -0.008769$, implying that a 1-point rise in domestic ownership (X4) leads to a 0.008769 decrease in firm value (Y). Lastly, the regression test findings indicate that the profitability variable (Z) has a positive regression coefficient

of $b = 0.115993$, demonstrating that a 1-point increase in profitability (Z) results in a 0.115993 increase in firm value (Y).

(2) F Test (Simultaneous). The results of the F Test analysis are as follows

Table 12.
The Results of F Test

R-squared	0.301148	Mean dependent var	1.781563
Adjusted R-squared	0.166753	S.D. dependent var	1.374475
S.E. of regression	1.254653	Akaike info criterion	3.458956
Sum squared resid	40.92800	Schwarz criterion	3.733781
Log likelihood	-49.34329	Hannan-Quinn criter.	3.550053
F-statistic	2.240774	Durbin-Watson stat	1.423152
Prob(F-statistic)	0.080310		

Source: Analysis Results from Eviews 9 2024

Table 12 shows that the firm value variable's F-statistic probability is 0.080310. Probability F exceeds 0.05. This suggests that managerial, institutional, foreign, domestic, and profitability do not affect business value concurrently.

(3) Coefficient of Determination (R^2). The results of the coefficient of determination test analysis are as follows:

Table 13.
The Results of Coefficient of Determination (R^2)

R-squared	0.301148	Mean dependent var	1.781563
Adjusted R-squared	0.166753	S.D. dependent var	1.374475
S.E. of regression	1.254653	Akaike info criterion	3.458956
Sum squared resid	40.92800	Schwarz criterion	3.733781
Log likelihood	-49.34329	Hannan-Quinn criter.	3.550053
F-statistic	2.240774	Durbin-Watson stat	1.423152
Prob(F-statistic)	0.080310		

Source: Analysis Results from Eviews 9 2024

The coefficient of determination, R^2 , is equal to 0.167 or 16.7%. These findings suggest that the factors of managerial ownership, institutional ownership, foreign ownership, domestic ownership, and profitability can account for just 16.7% of the variation in company value. The

remaining 83.3% is accounted for by additional factors that are not included in the regression model used in this study.

(4) Partial t-Test. The outcomes of the hypothesis testing conducted with the utilization of mediating variables on the website danielsofer.com are as follows:

Table 14.

Results of a partial t-test that incorporates mediating variables

Variabel	Sobel test statistic	Probably
$X_1 \rightarrow Z \rightarrow Y$	0,5900	0,5551
$X_2 \rightarrow Z \rightarrow Y$	1,6839	0,0922
$X_3 \rightarrow Z \rightarrow Y$	-0,2440	0,8073
$X_4 \rightarrow Z \rightarrow Y$	1,844	0,0651

Source: danielsofer.com

Based on the results presented in Table 14 and processed using Eviews 9, the partial t-test analysis yields the following insights: Firstly, managerial ownership does not significantly affect firm value when mediated by profitability, as evidenced by a significance value of 0.5551, which is greater than the threshold of 0.05, and a t-value of 0.5900. Consequently, the hypothesis that managerial ownership impacts firm value through profitability is rejected. Secondly, the influence of institutional ownership on firm value, mediated by profitability, is also found to be insignificant, with a significance value of 0.0922 and a t-value of 1.6839, both indicating the rejection of the proposed hypothesis. Thirdly, foreign ownership shows no significant effect on firm value when profitability is considered as a mediating variable, as the analysis reveals a significance value of 0.8073 and a t-value of -0.2440, leading to the rejection of the hypothesis. Lastly, the analysis of domestic ownership indicates a significance value of 0.0651 and a coefficient value of 1.844, which

also suggests that domestic ownership does not significantly impact firm value through profitability. Hence, the hypothesis is rejected. These findings collectively suggest that the various forms of ownership examined in this study do not enhance firm value through profitability, highlighting the need for further research into other potential mediating factors.

Discussion

The analysis yielded a significance value of 0.5551 and a t-value of 0.5900, suggesting that there is no significant impact of managerial ownership on firm value when profitability is considered. This discovery is consistent with multiple prior studies that indicate the connection between managerial ownership and firm performance can be intricate and not straightforward. As an example, Tambalean et al. (2018) present the argument that managerial ownership does not always result in enhanced firm value. In addition, Ariani et al. (2024) point out that when managers have high levels of ownership, they may become entrenched and make decisions that do not necessarily benefit the company's value. Thus, the absence of a notable correlation in this study adds to the ongoing discussion regarding the efficacy of managerial ownership in improving firm value through profitability.

The study concluded that there is no significant impact of institutional ownership on firm value when mediated by profitability, based on a significance value of 0.0922 and a t-value of 1.6839. This finding is somewhat unexpected considering the prevailing agreement in the scientific literature that institutional investors, thanks to their knowledge and capabilities, are generally more successful in overseeing

management and enhancing company performance. For instance, Gwenda & Juniarti (2013), and Chang et al. (2016) propose that institutional ownership can result in improved governance practices, ultimately leading to increased profitability and firm value. Nevertheless, the findings of this study suggest that the impact of institutional ownership on firm value could be indirect or influenced by other factors, such as the specific type of institutional investor or prevailing market conditions (Dewi & Sanica, 2017; Sholehkah & Venusita, 2014).

The p-value of 0.8073 and a t-value of -0.2440 indicate that there is no significant impact of foreign ownership on company value when profitability is considered. This aligns with prior research suggesting that the advantages of foreign ownership, such as the exchange of technology and implementation of superior management methods, may not consistently result in enhanced profitability or company worth. According to Zulaecha & Murtanto (2019), Muhammad & Aryani (2021) and Hasanah et al. (2023) the effect of foreign ownership on a company's performance can differ greatly depending on several factors such as the legislative framework of the host nation and the strategic goals of the foreign investors. The findings of this study add to our sophisticated understanding that foreign ownership alone is not a cure-all for improving firm value through profitability.

The research resulted in a significance value of 0.0651 and a coefficient value of 1.844. This suggests that domestic ownership does not have a substantial effect on business value through profitability. This finding contradicts previous research that indicates that homeowners have a

greater understanding of local market conditions and can use this knowledge to enhance the operation of their businesses. Aydoğmuş et al. (2022), Elsayed (2023), and Hermuningsih et al. (2022) contend that domestic investors possess a superior understanding of local business practices and regulatory contexts, which may result in enhanced firm performance. Nevertheless, the results of this study reveal that having local owners may not have a substantial impact on increasing a company's value through profitability (Sudiyatno et al. 2021) (Agwili and Gerged 2020) (Ragil Saputri and Bahri 2021). This implies that a more detailed analysis is required to understand how various sorts of domestic investors affect the outcomes of a corporation.

CONCLUSION

The findings reveal that various forms of ownership structures, including managerial, institutional, foreign, and domestic, do not significantly influence business value when accounting for profitability. These results contribute to the ongoing academic discourse on the effectiveness of different ownership structures in enhancing company performance. The lack of significant correlations observed in this study underscores the complex relationship between ownership and performance. This suggests that additional factors, such as market conditions, regulatory environments, and specific organizational characteristics, may play a more critical role in determining firm value. Future research should delve deeper into these dynamics, particularly exploring the interactions between various ownership types and other mediating variables, such as innovation capacity, market competition, and strategic management practices.

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