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THE EFFECT OF OWNERSHIP STRUCTURE ON CORPORATE FINANCIAL PERFORMANCE: AN EMPIRICAL STUDY OF INDUSTRIAL SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2020–2024 PERIOD

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Abstract
This study aims to analyze the effect of institutional ownership and managerial ownership on firm financial performance, measured using Tobin's Q, in industrial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The study adopts a quantitative approach using panel data regression with 70 observations from 14 companies selected through purposive sampling. The selection of the most appropriate model was conducted using the Chow test and the Hausman test, which indicate that the Fixed Effect Model (FEM) is the most suitable model for the analysis. The results show that, partially, both institutional ownership and managerial ownership do not have a statistically significant effect on Tobin's Q. However, simultaneously, both variables have a significant effect on firm financial performance. These findings suggest that ownership structure mechanisms are more effective in explaining firm performance when operating simultaneously within a corporate governance framework. Based on agency theory, these results confirm that the combination of ownership mechanisms can serve as a more effective monitoring tool in reducing conflicts of interest between managers and shareholders. This study provides empirical contributions to the corporate governance literature in developing countries, particularly in the Indonesian industrial sector.

Keywords: Ownership Structure, Institutional Ownership, Managerial Ownership, Financial Performance, Indonesia Stock Exchange

1. Introduction

Corporate ownership structure is one of the key mechanisms in modern corporate governance that influences managerial decision-making and a firm's financial performance globally. In the context of capital markets, the presence of institutional ownership and managerial ownership is often associated with the effectiveness of monitoring management in enhancing firm value and operational efficiency. In various developing countries, including Indonesia, ownership structure remains a strategic issue due to the relatively high concentration of ownership in certain groups, which may affect investment decisions and firm performance. In industrial sector companies listed on the Indonesia Stock Exchange, these ownership dynamics become increasingly relevant, as the sector contributes significantly to Gross Domestic Product (GDP), employment absorption, and serves as a key indicator of national economic growth that is highly sensitive to changes in corporate governance practices. Therefore, the relationship between ownership structure and financial performance has become an important focus in modern corporate finance research.

Although numerous studies have examined the relationship between ownership structure and firm performance, there is still inconsistency in the empirical findings,

indicating the presence of a research gap in the literature. Several studies find that institutional ownership is able to enhance monitoring and improve firm performance; however, other studies suggest that its effect is not always significant, particularly in the context of developing countries. In addition, managerial ownership also shows mixed results, where in some cases it aligns the interests of managers and shareholders, while in other cases it leads to an entrenchment effect that reduces firm performance. These inconsistent findings suggest that the impact of ownership structure on financial performance cannot yet be fully generalized, especially in the Indonesian industrial sector, which is characterized by unique ownership structures, high levels of competition, and strong efficiency pressures in responding to global market dynamics.

Theoretically, the relationship between ownership structure and firm financial performance can be explained through agency theory, which emphasizes the existence of conflicts of interest between principals and agents within a firm. From this perspective, institutional ownership and managerial ownership are viewed as control mechanisms that can reduce information asymmetry and managerial opportunistic behavior. Firm financial performance, measured using Tobin's Q, reflects the market's perception of firm value and future growth prospects. The more effective the ownership structure is in monitoring management, the higher the firm value will be, as reflected in Tobin's Q as a market-based performance indicator. Therefore, the conceptual framework of this study positions ownership structure as a key determinant in explaining variations in firm financial performance.

The selection of the industrial sector in this study is based on its strategic role in Indonesia's economic structure and its sensitivity to changes in managerial policies and market dynamics. This sector is characterized by high operational complexity, substantial capital requirements, and intense competition, making it a relevant context for examining the effectiveness of corporate governance mechanisms on financial performance. In addition, the industrial sector exhibits diverse ownership structures, both institutional and managerial, allowing for a more comprehensive analysis of their impact on firm value. Therefore, the industrial sector is considered an appropriate empirical setting for evaluating the relationship between ownership structure and financial performance as measured by Tobin's Q.

This study aims to analyze the effect of ownership structure on firm financial performance, measured using Tobin's Q, in industrial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Specifically, the research questions in this study are: (1) Does institutional ownership affect Tobin's Q? (2) Does managerial ownership affect Tobin's Q? and (3) Do institutional ownership and managerial ownership simultaneously affect Tobin's Q?. Hypothesis testing is conducted using a quantitative approach with panel data obtained from companies' annual reports, enabling a more comprehensive representation of the dynamic relationships among the variables.

This study provides a novel contribution in several aspects, particularly in the context of the Indonesian industrial sector, where research on ownership structure based on market value of firms remains relatively limited. Empirically, this study extends the literature by using Tobin's Q as a more comprehensive measure of financial performance compared to traditional accounting based indicators such as ROA or ROE. In addition, this study integrates two main ownership structure mechanisms, namely institutional ownership and managerial ownership, into a single simultaneous panel data model, thereby providing a more dynamic perspective on the role of corporate governance. From

a practical perspective, the findings of this study are expected to serve as a reference for investors and corporate management in improving the effectiveness of ownership structure to optimize firm value in the capital market

2. Theoretical Background

2.1 Agency Theory

Agency theory explains the contractual relationship between principals (shareholders) and agents (managers), which has the potential for conflicts of interest due to the separation of ownership and control within a firm. According to Michael C. Jensen dan William H. Meckling (1976), this condition can lead to agency costs that result in inefficiencies in decision making and a decline in firm value. In the context of corporate governance, this theory is used to understand how monitoring mechanisms such as ownership structure, independent boards of commissioners, and performance based incentives can reduce the gap between the objectives of principals and agents and improve firm performance. In modern corporations, governance mechanisms such as ownership structure serve as tools to minimize these conflicts and enhance firm value. Recent empirical studies also confirm that agency theory remains relevant in explaining the relationship between governance mechanisms and market based firm performance such as Tobin's Q (Kartini et al., 2025).

2.2 Ownership Structure

Ownership structure refers to the distribution of company shares that reflects patterns of control and monitoring mechanisms within a firm. This structure plays an important role in reducing agency conflicts by enhancing managerial oversight functions (Wardhana & Tandelilin, 2011). In the context of emerging markets such as Indonesia, ownership structure is often highly concentrated in certain groups, which can significantly affect firm value (Radhitiya & Purwanto, 2017). Other studies indicate that the combination of institutional ownership and managerial ownership can simultaneously influence firm performance through strengthened internal control mechanisms (Widati et al., 2025).

2.3 Institutional Ownership

Institutional ownership refers to shares held by financial institutions such as banks, insurance companies, and investment funds, which generally have stronger monitoring capabilities compared to individual investors. The presence of institutional investors can enhance managerial oversight and thereby reduce opportunistic behavior (Afiah et al., 2023). Empirical studies show that institutional ownership has a significant effect on firm value because it improves managerial discipline and financial reporting transparency (Hidayah et al., 2025). However, its effectiveness may vary depending on the level of ownership concentration and firm characteristics.

2.4 Managerial Ownership

Managerial ownership refers to the proportion of shares owned by members of management within the company they manage. From the perspective of agency theory, this ownership structure functions as an alignment mechanism between managers and shareholders, thereby reducing agency conflicts (Jensen & Meckling, 1976). When managers hold shares in the company, they tend to make decisions that are more oriented toward enhancing the firm's long term value. Several empirical studies indicate that

managerial ownership can improve firm performance as measured by Tobin's Q, although at certain levels it may also lead to an entrenchment effect (Trafalgar & Africa, 2019).

2.5 Firm Financial Performance

Firm financial performance reflects the company's ability to manage its resources to generate profits and create value for shareholders. Its assessment is conducted through financial ratio analysis that measures the firm's effectiveness and profitability over a specific period. In this study, financial performance is measured using profitability ratios, which are used to assess a company's ability to generate profits relative to sales, capital, and assets over a certain period (Martiana et al., 2022). Profitability is crucial for the long term sustainability of a company and serves as an important consideration for stakeholders in evaluating the firm's prospects over time.

In this study, financial performance is also measured using Tobin's Q, which is the ratio between the market value of a firm and the replacement cost of its assets. Tobin's Q reflects the market's perception of a firm's growth prospects and managerial efficiency. This indicator is considered superior to accounting based measures such as ROA or ROE because it is more sensitive to investor expectations. Recent studies indicate that Tobin's Q is strongly influenced by ownership structure and effective corporate governance mechanisms (Kartini et al., 2025).

2.6 Conceptual Synthesis

Based on various theoretical and empirical studies, it can be concluded that ownership structure plays an important role in influencing firm financial performance through the mechanism of reducing agency conflicts. Institutional ownership and managerial ownership function as control mechanisms that can enhance the effectiveness of managerial oversight, thereby contributing to an increase in firm value (Wardhana & Tandelilin, 2011; Widati et al., 2025). The variation in previous empirical findings suggests that this relationship is still contextual and influenced by industry characteristics and capital market structures. Therefore, this study positions ownership structure as the main variable affecting Tobin's Q in industrial sector companies in Indonesia during the 2020–2024 period, using a quantitative approach based on panel data analysis.

2.7 Hypothesis Development

The development of hypotheses in this study is based on theoretical foundations, particularly agency theory, which explains the relationship between owners and managers within a firm. This theory emphasizes the existence of potential conflicts of interest that may affect decision making and ultimately influence firm financial performance. In addition, the hypotheses are formulated by considering previous empirical studies that indicate ownership structure plays an important role in managerial monitoring and control mechanisms. Therefore, based on the theoretical framework and prior empirical evidence, the hypotheses in this study are formulated as follows:

H1: Institutional ownership has an effect on firm financial performance.
H2: Managerial ownership has an effect on firm financial performance.
H3: Institutional ownership and managerial ownership simultaneously have an effect on firm financial performance.

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3. Methods

3.1 Research Design

This study uses a quantitative approach with an explanatory research design. The main objective of the study is to examine the effect of ownership structure on the financial performance of industrial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The research design is associative in nature, employing panel data regression methods that combine cross-sectional and time series data. This approach provides more accurate and stable estimations in firm financial analysis. In the context of corporate governance research, this approach is commonly used to capture the dynamics of the relationship between institutional ownership, managerial ownership, and firm value measured by Tobin's Q.

3.2 Population and Sample

The population in this study consists of all industrial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, with an initial population of 65 companies. The sample selection technique used is purposive sampling, which is a method of selecting samples based on specific criteria aligned with the research objectives. The table below presents the purposive sampling process:

Table 1. Purposive Sampling Process

No	Description	Total
1	Industrial sector companies listed on the Indonesia Stock Exchange (IDX).	65
2	Companies that were not consistently listed on the Indonesia Stock Exchange during the 2020–2024 period.	(19)
3	Companies that did not consistently publish annual reports during the 2020–2024 period.	(8)
4	Companies that did not present financial statements in Indonesian Rupiah.	(3)
5	Companies with incomplete data.	(21)
	Total Companies	14
	Observation Period	5
	Number of Observations	70

Source: Data processed, 2026.

3.3 Data Sources

The data in this study were not obtained directly by the researcher but were collected online from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official websites of each industrial sector company listed on the IDX during the 2020–2024 period. The data sources in this study include financial statements and annual reports published through the official website of the Indonesia Stock Exchange as well as the official websites of industrial sector companies listed on the IDX during the 2020–2024 period. The research variables consist of institutional ownership, managerial ownership, and financial performance, which is measured using Tobin's Q as a market based indicator of firm value.

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3.4 Operational Definition of Variables

Table 2. Operational Definition of Variables

No	Variables	Code	Measurement Indicators	Scale
1	Tobin's Q	TQ	(Total Borrowings + MV Equity) / Total Assets	Ratio
1	Institutional Ownership	INSO	Total Institutional Shares / Total Outstanding Shares	Ratio
2	Managerial Ownership	IO	Total Managerial Shares / Total Outstanding Shares	Ratio

Source: Data processed, 2026.

3.5 Data Analysis Techniques and Regression Model

The data analysis technique in this study uses descriptive statistical analysis and panel data regression analysis with the assistance of EViews 12 software. Panel data regression is chosen because it combines cross-sectional and time series dimensions, resulting in more efficient and robust estimations. The analysis procedure includes selecting the best panel data regression model through the Chow test, Hausman test, and Lagrange Multiplier test to determine whether the appropriate model is the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM). Furthermore, classical assumption tests are conducted to ensure the validity of the model. The regression model in this study is formulated as follows:

$$FP = \alpha + \beta 1 INSO + \beta 2 IO + \varepsilon$$

Information:

FPit = Firm financial performance (Tobin's Q)
INSO = Institutional ownership
IO = Managerial ownership
α = Constant
β1 – β3 = Regression coefficients
ε = Standard Error

Hypothesis testing is conducted using the t test to examine the partial effect of each independent variable on ETR, and the F test to examine the simultaneous effect of the variables, with a significance level of 5%. The use of EViews in this study enables efficient panel data processing and produces more robust estimations in testing the relationships among variables.

4. Results and Discussion

4.1 Descriptive Analysis

Table 3. Descriptive Statistics of Research Variables

Variable	Mean	Median	Minimum	Maximum	Std. Deviation
Financial Performance (Y)	1.4046	0.9686	0.3638	5.4900	1.3300
Institutional Ownership (X_1)	0.3890	0.3513	0.0116	0.9279	0.3111
Managerial Ownership (X_2)	0.0851	0.0157	0.0010	0.5981	0.1845

Source: Data processed by the author (2025)

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Table 4. Summary of Descriptive Statistics Interpretation

Variable	Mean vs Median	Distribution	Data Range	Dispersion	Interpretation
Financial Performance (Y)	Mean > Median	Positively skewed (right-skewed)	Wide (0.3638 – 5.4900)	High (Std. Dev. 1.330)	Several high values pull the average upward; substantial variation across observations
Institutional Ownership (X_1)	Mean > Median (small difference)	Slight positive skew	Diverse (0.0116 – 0.9279)	Moderate (Std. Dev. 0.3111)	Relatively stable distribution; fairly diverse ownership range
Managerial Ownership (X_2)	Mean >> Median	Highly positively skewed	Considerable (0.0010 – 0.5981)	Considerable (Std. Dev. 0.1845)	Most values are relatively small, with few significantly higher values; unevenly distributed

Source: Data processed by the author (2025)

Based on the descriptive analysis of 70 observations, the following conclusions can be drawn:

1) Financial Performance (Y) has a mean value of 1.4046 and a median of 0.9686, indicating that the mean is greater than the median, suggesting that the data distribution is positively skewed (right-skewed), meaning that several high values of Y pull the average upward. The minimum value of 0.3638 and the maximum value of 5.4900 indicate a relatively wide data range, reflecting substantial variation in Y across observations. Furthermore, the relatively high standard deviation of 1.330 suggests that the data exhibit a high level of dispersion or are less homogeneous.
2) Institutional Ownership (X_1) has a mean value of 0.3890 and a median of 0.3513, showing a relatively small difference, indicating a more stable data distribution with a slight positive skew. The minimum value of 0.0116 and the maximum value of 0.9279 reflect a fairly diverse range of ownership, although still within a non-extreme range. Meanwhile, the standard deviation of 0.3111 indicates a moderate level of data dispersion.

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3) Managerial Ownership (X_2) has a mean value of 0.0851, which is substantially higher than the median of 0.0157, indicating a highly positively skewed distribution. This suggests that most X_2 values are relatively small, with a few significantly higher values. This is further supported by the minimum value of 0.0010, the maximum value of 0.5981, and a standard deviation of 0.1845, indicating that the data for X_2 exhibit considerable dispersion and are unevenly distributed.

4.2 Panel Data Regression Model Selection Results

Table 5. Panel Data Model Selection Summary

Test	Probability	Result	Selected Model
Chow Test (CEM vs FEM)	0.0000	Prob < 0.05	FEM
Hausman Test (FEM vs REM)	0.0000	Prob < 0.05	FEM

Source: Data processed with EViews 12 (2026)

The results of the Chow test and Hausman test, both of which show probability values below 0.05, indicate that the Fixed Effect Model (FEM) is the most appropriate model to be used in this study. This model is able to capture individual differences across companies, resulting in more accurate and relevant estimations in explaining the relationship between ownership structure and firm financial performance.

The selection of the panel data regression model is conducted to determine the most appropriate estimation approach in analyzing the effect of ownership structure on firm financial performance. In panel data analysis, there are three main models that can be used, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To identify the most suitable model, a series of model specification tests are conducted, including the Chow test, Hausman test, and Lagrange Multiplier test. Based on the overall results of these tests, the most consistent and efficient model is selected as the basis for empirical analysis in this study.

As presented in Table 5, the Chow test results show a probability value of 0.0000, which is less than 0.05, indicating that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model (CEM). Subsequently, Table 6 presents the Hausman test results, which also show a probability value of 0.0000, below the 0.05 significance level. This indicates that the Fixed Effect Model (FEM) is more appropriate than the Random Effect Model (REM). Table 7 summarizes both test results, confirming that the Fixed Effect Model (FEM) is the most suitable model for this study. This model is capable of capturing individual differences across companies, thereby producing more accurate and relevant estimations in explaining the relationship between ownership structure and firm financial performance.

4.3 Panel Data Regression Analysis

The panel data regression analysis in this study is used to examine the effect of institutional ownership and managerial ownership on firm financial performance measured by Tobin's Q in industrial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

Table 6. Panel Data Regression Results

Variable	Coefficient
C	7.8544
INSO (Institutional Ownership)	-1.5722
IO (Managerial Ownership)	-68.5603

Source: Data processed with EViews 12 (2026)

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Based on the results of data processing presented in Table 7, the resulting regression equation model is as follows:

$$FP = 7.8544 – 1.5722(INSO) – 68.5603(IO) + \varepsilon$$

The panel data regression results show that the constant value of 7.854 indicates the value of Tobin's Q (financial performance) when the institutional ownership (INSO) and managerial ownership (IO) variables are held constant. The INSO coefficient is negative (-1.572), indicating that an increase in institutional ownership tends to reduce firm performance, although the effect is relatively small. Meanwhile, IO also has a negative effect with a much larger coefficient (-68.560), suggesting that an increase in managerial ownership has a stronger negative impact on firm performance. Overall, these results indicate that both types of ownership have a negative relationship with firm value, which may reflect potential agency conflicts or suboptimal monitoring mechanisms within the industrial sector firms under study.

Table 7. Partial t-Test Results under the Fixed Effect Model (FEM)

Variable	Coefficient	Prob.	Conclusion
INSO (Institutional Ownership)	-1.5722	0.0754	Not Significant
IO (Managerial Ownership)	-68.5603	0.2724	Not Significant

Source: Data processed with EViews 12 (2026)

The t-test results presented in Table 8 show that the institutional ownership variable (X_1) has a coefficient of -1.5722 with a probability value of 0.0754. Since the probability value is greater than 0.05, institutional ownership does not have a significant effect on financial performance (Tobin's Q). Although the coefficient indicates a negative relationship, statistically this effect cannot be confirmed at the 5% significance level, meaning that changes in institutional ownership are not able to convincingly explain changes in firm value.

Furthermore, the managerial ownership variable (X_2) has a coefficient of -68.5603 with a probability value of 0.2724. This value is also greater than 0.05, indicating that managerial ownership does not have a significant effect on Tobin's Q. The negative direction of the relationship suggests a tendency that an increase in managerial ownership may reduce firm performance, but statistically the relationship is not significant. Therefore, both institutional ownership and managerial ownership are not able to significantly influence firm financial performance at the 5% significance level.

Table 8. F-Test Results (Simultaneous) Using FEM

R-squared	Adjusted R-squared	F-statistic	Prob(F-statistic)	S.E. of regression	Durbin-Watson
0.9079	0.8808	33.52	0.0000	0.4594	1.4086

Source: Data processed with EViews 12 (2026)

The F-test (simultaneous test) results using the Fixed Effect Model (FEM) show that the research model has an R-squared value of 0.9079 and an Adjusted R-squared value of 0.8808, meaning that approximately 90.79% of the variation in financial performance (Tobin's Q) can be explained by the independent variables in the model, while the remaining 9.21% is influenced by other factors outside the study.

The F-statistic value of 33.52 with a Prob(F-statistic) of 0.0000 indicates that the independent variables simultaneously have a significant effect on firm financial

performance, leading to the acceptance of the simultaneous hypothesis. In addition, the S.E. of regression value of 0.4594 indicates a relatively low level of estimation error.

Meanwhile, the Akaike Information Criterion (AIC) of 1.4097 and Schwarz Criterion of 1.9324 serve as model suitability indicators for comparison with other models. The Durbin-Watson value of 1.4086 suggests a possibility of mild positive autocorrelation in the residuals. However, overall, the FEM model is considered strong, highly explanatory, statistically significant, and appropriate for analyzing the effect of ownership structure on firm financial performance.

Table 9. Coefficient of Determination Results (R-squared Test)

R-squared	Adjusted R-squared
0.907911	0.880826

Source: Data processed with EViews 12 (2026)

The coefficient of determination indicates that the model has a very strong explanatory power, where the R-squared value of 0.907911 shows that approximately 90.79% of the variation in the dependent variable can be explained by the independent variables in the model, while the remaining 9.21% is influenced by other factors outside the study. The Adjusted R-squared value, which is also high at 0.880826, indicates that after adjusting for the number of variables, the model still has very strong explanatory power and does not suffer from significant overfitting. Therefore, it can be concluded that the model used is highly effective in explaining the relationship between the independent and dependent variables.

4.3 Discussion

4.3.1 The Effect of Institutional Ownership on Financial Performance

The test results show that institutional ownership does not have a significant effect on financial performance. This finding indicates that institutional investors in industrial sector companies do not play an active role in monitoring management to improve firm value. Although institutional ownership theoretically should reduce agency conflicts, the lack of significance may be due to passive investment strategies or conflicts of interest among institutional investors themselves. This result aligns with research that suggests institutional ownership does not always have a direct impact on firm performance, particularly in emerging markets where institutional investors may have short-term orientations or lack sufficient power to influence management decisions.

4.3.2 The Effect of Managerial Ownership on Financial Performance

The test results also show that managerial ownership does not have a significant effect on financial performance. This finding suggests that increasing managerial ownership does not automatically align the interests of managers with those of shareholders. In the Indonesian industrial sector context, the relatively low levels of managerial ownership may not be sufficient to create strong incentive alignment. Additionally, managers may have other motivations beyond ownership that drive their decision-making. This result contradicts the convergence-of-interest hypothesis, which predicts that higher managerial ownership reduces agency costs and improves firm performance.

4.3.3 Simultaneous Effect of Ownership Structure on Financial Performance

The F-test results indicate that institutional ownership and managerial ownership simultaneously have a significant effect on financial performance. This finding suggests

that although individually each variable may not significantly affect firm performance, collectively they contribute to explaining variations in firm value. The high R-squared value of 90.79% indicates that ownership structure variables are important determinants of financial performance in industrial sector companies. However, the negative coefficients for both variables suggest that current ownership structures may not be optimally designed to enhance firm value, highlighting the need for better corporate governance mechanisms.

5. Conclusion

This study aimed to examine the effect of institutional ownership and managerial ownership on firm financial performance, measured by Tobin's Q, in industrial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Based on the results of data analysis, hypothesis testing, and discussion, the following conclusions can be drawn.

First, institutional ownership does not have a significant effect on financial performance. The negative coefficient indicates that an increase in institutional ownership tends to reduce firm performance, but statistically this effect is not significant at the 5% level. This suggests that institutional investors in the Indonesian industrial sector do not play an active role in monitoring management to improve firm value. Thus, the first hypothesis (H_1) is rejected.

Second, managerial ownership does not have a significant effect on financial performance. Although the coefficient indicates a strong negative relationship, suggesting that an increase in managerial ownership may reduce firm performance, this effect is not statistically significant. This finding contradicts the convergence-of-interest hypothesis, which predicts that higher managerial ownership aligns manager and shareholder interests. Thus, the second hypothesis (H_2) is rejected.

Third, institutional ownership and managerial ownership simultaneously have a significant effect on financial performance. The F-statistic value of 33.52 with a probability of 0.0000 indicates that both variables collectively contribute to explaining variations in firm value. Therefore, the simultaneous hypothesis (H_3) is accepted.

The findings of this research provide several practical implications. Companies should be aware that current ownership structures may not be optimally designed to enhance firm value. Regulators and policymakers should encourage more active monitoring roles for institutional investors and design incentive mechanisms that better align managerial interests with shareholder value creation. Investors should consider ownership structure as one of many factors when assessing firm performance potential.

This study has several limitations. The sample is limited to industrial sector companies listed on the IDX, which may not represent other sectors. The observation period of 2020-2024 is relatively short. The study only examined two ownership structure variables, leaving room for other factors such as board composition, audit quality, and firm size to be explored in future research.

Future research should expand the sample to other sectors, extend the observation period, and include additional variables such as board independence, audit committee effectiveness, leverage, and firm size to obtain more comprehensive results. Despite these limitations, this study contributes to the literature by providing empirical evidence on the relationship between ownership structure and firm financial performance in the Indonesian industrial sector context.

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