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### The Influence of the Board of Commissioners, Institutional Ownership, and Managerial Ownership on the Firm Value of Non-Banking State-Owned Enterprises

Deny Prasetyo<sup>1</sup>, Mahatma Kufepaksi<sup>2</sup>, Nindytia Puspitasari Dalimunthe<sup>3</sup>

Management Department, University of Lampung, Indonesia

[denyprasetyo927@gmail.com](mailto:denyprasetyo927@gmail.com)

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#### **Abstract:**

*This study examines the influence of corporate governance mechanisms—specifically the Board of Commissioners, Institutional Ownership, and Managerial Ownership—on the firm value of non-banking state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange from 2014 to 2023. Using a panel data regression model based on purposively selected samples of 15 firms over a ten-year period, the results indicate that while institutional and managerial ownership significantly enhance firm value, the size of the board of commissioners does not exert a statistically significant effect. The findings highlight the importance of active monitoring by institutional investors and alignment of managerial interests with shareholders in improving corporate performance. These insights contribute to understanding effective governance practices in SOEs and offer practical recommendations for policy-makers aiming to enhance transparency and accountability within Indonesian state-owned enterprises.*

**Keywords:** Board of Commissioners, Institutional Ownership, Managerial Ownership, Company Value, Corporate Governance

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#### **Abstrak :**

*Penelitian ini mengkaji pengaruh mekanisme tata kelola perusahaan-kehususnya Dewan Komisaris, Kepemilikan Institusional, dan Kepemilikan Manajerial-terhadap nilai perusahaan pada perusahaan milik negara (BUMN) non-perbankan yang terdaftar di Bursa Efek Indonesia selama periode 2014 hingga 2023. Menggunakan model regresi data panel berdasarkan sampel yang dipilih secara purposif, yaitu 15 perusahaan selama sepuluh tahun, hasil penelitian menunjukkan bahwa kepemilikan institusional dan manajerial secara signifikan meningkatkan nilai perusahaan, sedangkan ukuran dewan komisaris tidak memberikan pengaruh yang signifikan secara statistik. Temuan ini menegaskan pentingnya pengawasan aktif oleh investor institusional serta keselarasan kepentingan manajerial dengan pemegang saham dalam meningkatkan kinerja perusahaan. Insight ini memberikan kontribusi dalam memahami praktik tata kelola perusahaan yang efektif di BUMN serta memberikan rekomendasi praktis bagi para pembuat kebijakan yang ingin meningkatkan transparansi dan akuntabilitas dalam perusahaan milik negara di Indonesia.*

**Kata Kunci:** Dewan Komisaris, Kepemilikan Institusional, Kepemilikan Manajerial, Nilai Perusahaan, Tata Kelola Perusahaan

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## INTRODUCTION

This study investigates the correlation between corporate governance procedures and company value in non-banking State-Owned Enterprises (SOEs) listed on the Indonesia Stock Exchange from 2014 to 2023. The research examines the impact of the Board of Commissioners, Institutional Ownership, and Managerial Ownership on firm value, while accounting for firm size, profitability, and corporate growth. Indonesian State-Owned Enterprises function under Law No. 19 of 2003, establishing them as essential economic entities with dual purposes: ensuring commercial viability while meeting social responsibilities. Sari and Hartini (2020) selected non-banking state-owned enterprises for examination due to their strategic economic significance and unique efficiency issues in contrast to banking sector state-owned enterprises. Putri (2021) observes that these organizations more accurately reflect ownership structure variables, as they are less affected by certain OJK (Financial Services Authority) laws.

Notwithstanding theoretical assumptions that effective corporate governance bolsters company stability, notable fraud incidents, including Garuda Indonesia's financial statement manipulation and PT Waskita Karya's accounting issues, reveal considerable implementation deficiencies. These instances expose deficiencies in internal controls notwithstanding GCG mandates. Ullah et al. (2021) established that proficient governance methods markedly diminish excessive debt risk and bolster financial stability, whilst Ben Fatma and Chouaibi (2023) discovered that firms that use GCG effectively generally possess elevated company values.

Agency conflict arises when managers favor personal interests over the goals of shareholders, which may diminish corporate profitability and share prices (Jensen and Meckling, 1976). Adams and Mehran (2003) found multiple determinants influencing corporate value, such as the Board of Commissioners, Institutional Ownership, and Managerial Ownership. The Board of Commissioners, constituted under Law No. 40 of 2007, offers oversight and counsel to directors (Agoes and Ardana, 2014). Coles, Daniel, and Naveen (2008) contend that larger boards provide more collective competence and expertise. Swarte et al. (2019) discovered that commissioners enhance the quality of risk management monitoring, hence aiding in the prevention of fraud and opportunistic management practices. Beasley (1996) established that the existence of commissioners diminishes the likelihood of financial reporting fraud, however Klein (2002) determined that they enhance audit quality. In Indonesia, Prabowo and Simpson (2011) shown that commissioners significantly impact business value by improving openness and accountability.

Institutional Ownership denotes shares possessed by investment firms, banks, and insurance companies (Ainun Rovika and I Gusti Ngurah Agung Suaryana, 2018). Khasanah (2020) posits that institutional shareholders, as external monitors, might improve oversight efficacy. Alfariza and Hermawan (2021) observe that institutional investors exert a substantial influence on innovation policies, whilst Taqiya Shabiya (2022) discovered that these innovation policies enhance corporate quality. Managerial ownership connects management with shareholder interests, promoting judicious decision-making as managers directly face the repercussions of strategic choices (Des Rini Hartati, 2019). Rizki Fitria Putra et al. (2021) established that elevated managerial ownership enhances company asset use. Fenti Awalia (2021) discovered that managers with equity interests strive to optimize both shareholder value and personal advantages. Widianingsih (2018) and I.G.A.J. Pratama (2019) established that managerial ownership strongly impacts firm value.

The research includes control variables to differentiate the effects of governance. Firm size influences access to capital (Indriyani, 2017), with Ngurah et al. (2016) identifying a positive link with firm value, but Ramdhonah et al. (2019) reported negative effects. Profitability, as a control variable, signifies operational efficiency, with Susilo and Haryono (2023) illustrating its positively substantial correlation with company value. Wijaya et al. (2021) discovered that profitability enhances the correlation between institutional ownership and firm value. Corporate growth, as

indicated by Total Asset Growth, reflects market adaptability, with Awan et al. (2021) identifying a positive association with company value, corroborating prior findings by Saputri Dewi et al. (2014).

This thorough investigation examines empirical deficiencies in comprehending governance systems within Indonesian non-banking state-owned enterprises, offering insights into methods that augment value in these strategically significant firms.

## RESEARCH METHODOLOGY

In research, the population denotes the complete set of persons or objects that possess particular qualities and are the focal point of the study. It may comprise individuals, organizations, or occurrences that share common characteristics pertinent to the study. This research focuses on 25 state-owned firms (BUMN) listed on the Indonesia Stock Exchange (IDX) from 2014 to 2023. The adopted sampling approach is purposive sampling, a non-probability strategy that selects study subjects based on established criteria that correspond with the research objectives. The chosen companies satisfy these criteria: (1) they are BUMN entities listed on the IDX from 2014 to 2023, (2) they encompass both banking and non-banking BUMN sectors, and (3) they consistently released annual financial reports and stock-related disclosures during the observation period. These requirements guarantee the incorporation of pertinent and credible data sources to facilitate substantive analysis and precise interpretation of the study's results.

These studies examine how corporate governance affects company value in Indonesian non-banking State-Owned Enterprises. The research uses operational definitions for all variables to guarantee methodological rigor and replicability. In this context, firm value is the full appraisal of long-term potential and future corporate prospects. According to Sugiyono (2017), independent factors affect dependent variables. Yani (2017) stresses that management must increase business value. This research analyzes business value using Price to Book Value (PBV), the ratio of share price to book value per share (Sukmawati Sukamulja, 2019):  $\text{Share Price/Book Value per Share equals PBV}$ . The independent variables are three corporate governance methods. Law No. 40 of 2007 defines the Board of Commissioners as the corporate entity responsible for general and special supervision pursuant to the articles of association and advising directors. Zhou et al. (2018) define board size as the number of corporate commissioners.

Second, institutional ownership includes shares held by investment firms, banks, insurance companies, and others. The proportion of institutionally-owned shares to total outstanding shares is how Hadri and Koning (2008) assess institutional ownership:  $\text{Institutional ownership} = (\text{Number of share owned by institutions}) / (\text{Total outstanding shares}) \times 100\%$ . Third, active decision-making directors own managerial ownership shares. Dewi and Nyoman (2019) remark that management share ownership aligns managers' views with shareholders, allowing them to act in shareholder interests. Operationally, managerial ownership is calculated as:  $(\text{Number of Management Owned Shares}) / (\text{Total Outstanding Shares}) \times 100\%$ . The study uses three control variables to strengthen empirical models. Sugiyono (2017) defines control variables as those maintained constant to avoid extraneous effects from affecting independent and dependent variables. To create more complete empirical models, Retno and Priantinah (2012) stress that control variables complete the causal link.

The natural logarithm of total assets is used to calculate firm size, "Size," (Dahlia and Siregar, 2008). This logarithmic adjustment is used since sample firms' asset values vary by size. Total assets are more stable than other proxies and reduce considerable discrepancies between very big and tiny enterprises, according to Ariswari and Damayanthi (2019). Following Wijaya et al. (2020), the operational formula:  $\text{Size} = \text{Total Assets}/\text{Ln. Profitability}$ , measured by Return on Assets (ROA), indicates corporate efficiency in using resources to make money. Susilo and Haryono (2023) showed that highly successful enterprises attract more investors, increasing market value.

Calculation formula:  $ROA = \text{Net Profit} / \text{Total Assets} \times 100\%$ . Finally, Asset Growth Ratio measures company growth. According to Sukmawati (2020), this indicator measures the percentage growth in total assets from the preceding year:  $\text{Asset Growth (AG)} = (t - t-1) / (t-1)$ . These operational concepts provide the platform for studying how governance systems affect Indonesian SOE business value, controlling for size, profitability, and growth.

The link between corporate governance procedures and company value in Indonesian State-Owned Enterprises is examined using thorough analytical methods. Descriptive statistics, panel data model estimates, classical assumption tests, and EViews hypothesis testing comprise the analytical framework. Using mean, standard deviation, variance, maximum, minimum values, total, range, kurtosis, and skewness, descriptive statistics summarize data (Ghozali, 2009). This analysis describes corporate valuation, Board of Commissioners, Institutional Ownership, and Managerial Ownership.

We utilize panel data analysis because it mixes cross-sectional data from 15 organizations with 2014-2023 time-series data. According to Gujarati and Porter (2012), panel data accommodates individual variable specificity, provides more information and variations with less collinearity, increases degrees of freedom, improves efficiency, helps study dynamic changes, detects complex effects better, and minimizes bias through expanded data points. Following Basuki and Prawoto (2016), three model estimation methods are investigated. The simplest method, the Common Effect Model, uses Ordinary Least Square (OLS) to combine time-series and cross-sectional data without addressing time or dimensions and assumes homogeneous corporate behavior across periods. The Least Squares Dummy Variable (LSDV) approach is used in the Fixed Effect Model to capture company-specific variations while preserving similar slopes across businesses. Error Component Model (ECM) or Generalized Least Squares (GLS) techniques like the Random Effect Model estimate relationships where disturbance variables may correlate across time and individuals, accommodating intercept differences through company-specific error terms and eliminating heteroscedasticity.

Systematic model selection uses three tests. The Chow Test uses probability F-values to find the best model: Common Effect if  $F > 0.05$ , Fixed Effect if  $F < 0.05$ . The Hausman Test uses Chi-Square probability values to choose the best model: Random Effect if probability  $> 0.05$ , Fixed Effect if probability  $< 0.05$ . The Lagrange Multiplier Test compares LM statistics with Chi-Square values to see whether the Random Effect Model surpasses the Common Effect Model when the Chow Test chooses the latter.

Classical assumption tests validate regression models. When probability values surpass 0.05, the Normality Test uses the Jarque-Bera test to demonstrate residual normality (Mansuri, 2016). The Multicollinearity Test checks independent variable correlation; scores below 0.80 indicate no multicollinearity (Ghazali, 2016). The Glejser Test ensures variance consistency across data in the Heteroscedasticity Test, which accepts homoscedasticity when probability values surpass 0.05. The Durbin-Watson test verifies residual independence over time periods in the Autocorrelation Test, using decision criteria based on upper and lower limits.

Many linear regression predicts a dependent variable using many independent variables. This statistical technique is useful in social sciences, economics, and education, where variables commonly interact hierarchically. The regression model analyzes how three independent variables—Board of Commissioners ( $X_1$ ), Institutional Ownership ( $X_2$ ), and Managerial Ownership ( $X_3$ )—impact business value ( $Y$ ).  $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$ , where 'a' is the constant value, 'b<sub>1</sub>', 'b<sub>2</sub>', and 'b<sub>3</sub>' are the coefficients showing the degree and direction of impact for each independent variable, and 'e' is the residual error.

Hypothesis testing is essential for multiple linear regression to confirm variable correlations. Common hypothesis testing procedures include t-test, F-test, and Coefficient of Determination

(R<sup>2</sup>). The t-test determines whether each independent variable affects the dependent variable. Comparisons of significance thresholds, usually 5%, determine decisions. If the significance level exceeds 0.05, the hypothesis is rejected; otherwise, it is accepted. This test helps researchers identify independent factors that affect the dependent variable. F-tests if all independent factors impact the dependent variable simultaneously. The testing F-significance level is compared to the 5% significance value in this collective evaluation. Researchers may infer that all independent factors impact the dependent variable when the F-significance is less than 5%. The collective impact is minimal if the F-significance surpasses 5%.

The Coefficient of Determination (R<sup>2</sup>) evaluates the model's ability to explain changes in the dependent variable. Higher R<sup>2</sup> values imply stronger explanatory power of independent variables, ranging from 0 to 1. A low R<sup>2</sup> indicates that independent factors cannot fully explain fluctuations in the dependent variable. According to Gujarati (2003), a negative adjusted R<sup>2</sup> value is deemed zero. These statistical methods assist corporate governance researchers analyze how board structure and ownership patterns affect business value. Multiple regression captures the intricate links between governance characteristics and company performance, revealing insights that simpler models cannot. These statistical methods may help academics discover important corporate value drivers, rank their relevance, and measure governance procedures' explanatory power. This research supports evidence-based corporate governance guidelines that increase business value.

## DISCUSSION

### Descriptive Statistical Analysis

From 25 enterprises, 18 were selected utilizing purposive selection for this study. Due to outlier data that might affect classical assumption testing, the sample size was reduced to 15 businesses. Descriptive statistical analysis is needed to understand research variables due to outliers. The independent variables are board of commissioners (DK), institutional ownership (KI), and management ownership (KM); the dependent variable is firm value; and the control variables are firm size, profitability (ROA), and business growth (PP). Descriptive statistics show data distribution and variability among chosen organizations using minimum, maximum, mean, and standard deviation values, as table 1.

Table 1. Descriptive Statistic

	PBV	DK	KI	KM	SIZE	ROA	PP
Mean	1.589254	6.106667	0.182794	0.000237	28.88464 (Rp.33 Triliun)	3.194084	0.14283
Maximum	7.036771	10.00000	0.684500	0.008600	33.29060 (Rp.287 Triliun)	76.24080	1.421600
Minimum	-0.7728	3.000000	0.000000	0.000000	21.67820 (Rp.2.5 Miliar)	-0.5803	-0.3334
Std. Dev.	1.372054	1.069069	0.261908	0.000991	4.021135	12.65449	0.257923

The findings reveal that the average Price to Book Value (PBV) is 1.589, signifying that, on average, the market price of the businesses' shares is almost 1.6 times their book value, indicating market confidence in these entities. The PBV exhibits significant fluctuation, with a peak value of 7.036 for PT Pembangunan Perumahan Tbk (PTPP) and a minimum negative value of -0.7728 for PT Garuda Indonesia Tbk (GIAA), indicating financial difficulty in some firms. The mean board

size is 6.11 members, consistent with effective corporate governance standards. Institutional ownership is 18.3%, exhibiting significant variability across businesses, however management ownership is very low with an average of 0.024%, signifying little managerial shares. The average firm size is roughly Rp33 trillion, with considerable variety that indicates diverse operational sizes. Profitability, as shown by ROA, is 3.19%, whereas corporate growth averages 14.28%, with significant variations across firms. These descriptive statistics are essential for comprehending the sample's attributes and mitigating the influence of outliers in later studies.

### **Classical Assumption Test**

The normality test determines whether regression model variables are normally distributed. Regularly distributed data is needed for regression. This study tested normality using histograms and the Jarque-Bera (JB) statistical test. JB test probability values above 0.05 (5%) indicate normally distributed data, according to the judgment criteria. Non-regular distribution occurs when the probability is below 0.05.

The preliminary histogram normality evaluation returned a JB probability value of 0.0000, which is within the 0.05 threshold, suggesting that the data did not follow a normal distribution. This phenomenon was caused by dataset outliers. The researcher used natural logarithms to adjust data. The logarithmic correction failed owing to the preponderance of negative values, making the data non-normally distributed. The researcher removed outliers from the sample. The study began with 180 observations from 18 businesses spanning 10 years. After eliminating outliers, 150 observations were left, comprising 15 firms over 10 years. Further normality testing on the adjusted dataset yielded a JB probability of 0.0622, above 0.05. After removing outliers, the data showed a normal distribution. Multicollinearity analysis identified substantial connections between regression model independent variables. A strong correlation, frequently above 0.80, indicates multicollinearity, which may distort regression findings. Independent variables should not be highly correlated. All independent variables—the board of commissioners (DK), institutional ownership (KI), managerial ownership (KM), company size (SIZE), profitability (ROA), and business growth (PP)—had correlation coefficients below 0.80. Price to Book Value (PBV) correlated -0.0406 with the board of commissioners and 0.3527 with institutional ownership. If correlations are modest, the regression model shows no multicollinearity.

The heteroscedasticity test evaluates regression model residual variance consistency across data. A regression model without heteroscedasticity has uniform residual variance. This study employed the White test to find heteroscedasticity by analyzing variable probabilities. The test showed all factors were significant above 0.05. The board of commissioners had 0.5087 probability and company size 0.6386. The model lacks heteroscedasticity since all p-values are over 0.05. Autocorrelation testing examines residual correlations between data, possibly compromising regression assumptions. A good regression model needs no autocorrelation. Autocorrelation was assessed using the Durbin-Watson (DW) test, which yielded 1.969. Test critical values were 1.817 (lower limit) and 2.183 (upper limit). The regression model lacks autocorrelation according to the DW statistic, which ranges from 1.817 to 2.183.

### **Panel Data Regression Analysis**

The Fixed Effect Model is the best estimate strategy for this research based on panel data regression model selection results from the Lagrange Multiplier, Chow, and Hausman tests. Chow liked Fixed Effect over Common Effect, although Lagrange Multiplier chose Random Effect. The Hausman test proved Fixed Effect outperformed Random Effect. These tests support using the Fixed Effect Model to analyze panel data in this study.

The Fixed Effect Model yields more consistent and unbiased findings by correcting for firm-level variables that do not vary over time. This research examines the effect of independent elements on firm value across various periods, and this methodology is useful for examining variables that change over time within the same entity. The Fixed Effect Model regression study's coefficients, standard errors, t-statistics, and p-values for each independent variable are in Table 2. Analysis yielded the regression equation:

$$PBV = 45.50577 - 0.118838 DK + 3.294677 KI + 170.5396 KM + 1.464138 SIZE + 0.005000 ROA + 0.452494 PP$$

Table 2. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	45.50577	4.364701	10.42586	0.0000
DK	-0.118838	0.079840	-1.488456	0.1391
KI	3.294677	0.637350	5.169337	0.0000
KM	170.5396	75.85089	2.248354	0.0263
SIZE	1.464138	0.148514	9.858589	0.0000
ROA	0.005000	0.013378	0.373784	0.7092
PP	0.452494	0.249871	4.810906	0.0025
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	0.675385	R-squared	0.900692	
Mean dependent var	2.689757	Adjusted R-squared	0.885296	
S.D. dependent var	2.150367	S.E. of regression	0.728286	
Akaike info criterion	2.332931	Sum squared resid	68.42165	
Schwarz criterion	2.754420	Log likelihood	-153.9698	
Hannan-Quinn criter.	2.504169	F-statistic	58.49974	
Durbin-Watson stat	1.969264	Prob(F-statistic)	0.000000	

The equation may be read as When all independent variables are zero, the constant term of 45.50577 estimates firm value (PBV). The Board of Commissioners (DK) coefficient is -0.118838, but statistically insignificant, indicating that board composition does not effect business value in this sample. While leaving other factors constant, Institutional Ownership (KI) has a positive and significant coefficient of 3.294677, indicating that 1% institutional ownership increases company value by 3.29 units. This supports the idea that institutional investors may create value via monitoring and oversight. Managerial Ownership (KM) also exhibits a high and statistically significant positive correlation with company value at 170.5396. Management's stake in business success and investor confidence is shown by a 1% rise in managerial ownership and a significant increase in firm value. Firm size (SIZE) and business growth (PP) both positively and statistically significantly affect firm value, but Return on Assets (ROA) has a modest and inconsequential relationship. The model explains 90% of firm value variance among sample businesses (R-squared = 0.900692), indicating excellent explanatory power of the included variables.

### Coefficient of Determination Test (R<sup>2</sup>)

The coefficient of determination (R<sup>2</sup>) indicates how well independent factors explain variance in the dependent variable. According to Ghozali and Ratmono (2011), R<sup>2</sup> values vary from 0 to 1, with higher values suggesting better model fit. The findings show an Adjusted R-squared of 0.885296, or 88.5%. This shows that the independent variables Board of Commissioners (DK),

Institutional Ownership (KI), Managerial Ownership (KM), and Firm Size (SIZE), Profitability (ROA), and Company Growth (PP) explain 88.5% of firm value (PBV) variance. Non-model variables account for 11.5% of variance.

### F Statistic Test (Simultaneous)

F-statistic tests whether all regression model independent variables impact the dependent variable simultaneously. Ghazali and Ratmono (2013) provide a test that compares F-statistic probability to significant level ( $\alpha$ ). Independent variables affect the dependent variable if probability is less than 0.05. The F-statistic is 58.49974 with 0.000000 probability. The null hypothesis is rejected since this probability is much lower than 5%. Thus, in this research, Board of Commissioners, Institutional Ownership, Managerial Ownership, firm Size, Return on Assets, and Company Growth greatly impact firm value. These factors impact the dependent variable and explain business value variations.

### T Test (Partial)

This research uses the partial t-test to analyze how each independent variable affects firm value (Y). Board of Commissioners (X1), Institutional Ownership (X2), Managerial Ownership (X3), and business size, profitability, and growth are the independent factors.

Table 3. T Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	45.50577	4.364701	10.42586	0.0000
DK	-0.118838	0.079840	-1.488456	0.1391
KI	3.294677	0.637350	5.169337	0.0000
KM	170.5396	75.85089	2.248354	0.0263
SIZE	1.464138	0.148514	9.858589	0.0000
ROA	0.005000	0.013378	0.373784	0.7092
PP	0.452494	0.249871	4.810906	0.0025

Table 3 shows incomplete t-test findings. The table reveals that the Board of Commissioners variable has a t-value of -1.488456 and a significance level of 0.1391, which is larger than 0.05. Firm value is negatively affected by the Board of Commissioners although statistically insignificantly. Thus, H1 is rejected. The t-value for Institutional Ownership is 5.169337 and the significance level is 0.0000. Institutional Ownership positively and significantly affects business value, supporting premise 2. Managerial Ownership has a t-value of 2.248354 and a significance level of 0.0263, both below 0.05. Hypothesis 3 (H3) is accepted because Managerial Ownership increases business value greatly. This research shows that Institutional and Managerial Ownership improve business value, while the Board of Commissioners does not.

### The Influence of the Board of Commissioners on Company Value

The Board of Commissioners (DK) has a probability value of 0.1391, which exceeds 0.05 or 5%. Here, the Board of Commissioners has little impact on corporate value. Thus, H1 is rejected. The data imply that more board members do not inevitably increase managerial oversight and control. This suggests that a Board of Commissioners' existence alone does not affect corporate value unless they successfully supervise. To improve its function, the Board of Commissioners should improve their education, professional experience, and supervisory independence. These reforms are essential for the board to perform well and increase corporate governance and value.

This study supports prior studies by Abaharis, Henryanto, and Wela Gusanda (2021) and Muntahanah, Siti, and Heru Cahyo (2022), which revealed no substantial influence of the Board of Commissioners on business value. These findings contradict Prabowo and Simpson (2011), who concluded that the Board of Commissioners increases corporate value. The conclusions may alter owing to corporate governance procedures, industry characteristics, or board members' control roles in various circumstances. This research shows that board quality, not number, affects corporate value.

### **The Influence of Institutional Ownership on Company Value**

Institutional ownership (KI) has a chance of 0.0000, below 0.05 or 5%. A positive coefficient of 3.294677 is also present. Institutional ownership positively affects the company value of non-bank state-owned companies (BUMN) listed on the Indonesia Stock Exchange (BEI) from 2014 to 2023. This accepts hypothesis 2 (H2). Manik (2011) and Sunardi (2019) similarly observed that institutional ownership increases business value. The findings imply that institutional investor ownership of shares strengthens and improves corporate oversight. According to Muntahanah, Siti, and Heru Cahyo (2022), better management control reduces firm opportunism. Institutional investors assist optimize corporate value by scrutinizing management. Institutional ownership may boost the company's stock price by sending a good signal to investors. Effective firm supervision and control improves management performance. According to Sunardi (2019), better management performance increases business value.

### **The Influence of Managerial Ownership on Company Value**

Management ownership (KM) has a probability of 0.0263, below the significance threshold of 0.05 or 5%, according to Table 3. Its coefficient value is 170.5396, suggesting that managerial ownership increases the firm value of non-bank state-owned businesses (BUMN) listed on the Indonesia Stock Exchange (BEI) from 2014 to 2023. More management ownership equals more corporate value. Accepting hypothesis 3 (H3). This finding supports Septia Artika (2021), Widia Ningsih (2018), and I.G.A.J. Pratama (2019) findings that management ownership increases business value. When managers own more, they want to boost firm performance. The market values the business more due to this improved performance (Nyoman, Ni Luh, L.S., Partiwidiana, & I Nyoman S., 2023). Managerial ownership affects stock prices and signals investors. According to Brailsford, Oliver, and Pua (2002), as referenced in Devi, Anisa Lestari, and Zulaikha (2021), dominating managers as shareholders diminish information asymmetry. Transparency eliminates uncertainty and encourages investment, affecting stock prices. Thus, managerial ownership improves business value by aligning management and shareholder objectives.

## **CONCLUSION**

This research examined how board of commissioners, institutional ownership, and management ownership affect the company value of Indonesia Stock Exchange-listed non-bank state-owned businesses (BUMN). The board of commissioners does not substantially increase business value, demonstrating that more board members do not ensure better management oversight and control to safeguard shareholders. Agency theory suggests managers (agents) may behave against shareholders' (principals) interests. In contrast, institutional ownership boosts corporate value. Institutional investors may monitor and incentivize managers to enhance performance, increasing business value. This supports agency theory's reliance on oversight to avoid opportunistic management and maximize shareholder value. Managerial ownership boosts firm value because managers with holdings engage more in the company's long-term performance,

aligning their interests with shareholders. Information asymmetry decreases and investor confidence rises, affecting stock prices.

This research suggests that BEI-listed enterprises should consider these aspects when designing their boards and ownership distribution to increase value. Assessing how governance and ownership impact firm value may help investors make investment choices. To further understand company value drivers, future study should increase sample size and examine independent factors. Increasing the board of commissioners' education, experience, and independence is also important. Competent boards can effectively oversee management, protecting shareholders and increasing corporate value.

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