

Influence of Blokcholders Ownership, Composition of the Board of Directors and Capital Structure on Financial Performance and Company Value in Manufacturing Sector Companies Listed on the Indonesia Stock Exchange

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Abstract

This research focuses on financial management in manufacturing companies engaged in the basic and chemical industrial sectors for the financial reporting period from 2016 to 2020. This study aims to analyze the Influence of Blokcholders Ownership, Composition of the Board of Directors and Capital Structure on Financial Performance and Company Value in Manufacturing Sector Companies Listed on the Indonesia Stock Exchange. In obtaining data and information related to the problems studied, namely the influence of blockholder ownership, the composition of the board of directors and the capital structure on financial performance and company value, research will be carried out on PT. Indonesia Stock Exchange. This study uses explanatory research, which is causality to explain a relationship between variables through hypothesis testing (Ghozali, 2018). The approach taken is a quantitative approach, where the data used in this study is expressed in the form of numbers. In this study, the sampling technique used is a nonprobability sampling technique using purposive sampling. In this study, the sample is a basic industrial and chemical sector manufacturing company with certain criteria in mind and must be met. The analysis method used is the Structural Equation Modeling (SEM) method using the help of PLS software. PLS-SEM analysis in this study was carried out with two stages of measurement, namely the measurement model (measurement model) or outer model and structural model (structural model) or inner model. The results of this study showed that Blockholder ownership and composition of the Board of Directors had a positive effect on the company's performance in the manufacturing sector companies listed on the Indonesia Stock Exchange. While the Capital Structure has a negative effect on the company's performance in the manufkatur sector companies listed on the Indonesia Stock Exchange.

Keywords: *Blockholder ownership, Composition of the Board of Directors, Capital Structure.*

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I. Introduction

The capital market noted that there are about 68 foreign manufacturing industries out of 256 manufacturing listed on the Indonesia Stock Exchange (IDX). The manufacturing industry is one of the industries that contributes significantly to the total investment in Indonesia. In the first quarter of 2019, the non-oil and gas processing industry contributed 18.5% or around Rp. 16.1 trillion to the realization of domestic investment (PMDN). There are three sectors that support the most in the total PMDN at the beginning of 2019, namely the food industry which issued funds reaching Rp. 7.1 trillion, then followed by the metal industry of Rp. 2.6 trillion and the tobacco processing industry of Rp. 1.2 trillion. The Indonesia Stock Exchange also noted that for 2019 data, manufacturing companies in Indonesia continue to experience an increase in the realization of foreign investment (PMA). It also gives an idea that pma manufacturing in Indonesia has developed and made foreign investors interested in making investments. The high need of the community for products produced by manufacturing companies, making this company a major alternatif for investors to make investments. But on the other hand, with the high expectations of the community towards manufacturing companies then create opportunities for some industry players to bring up new companies that are able to compete with other companies. Analysis of financial statements is needed to understand information on the company's financial performance.

Financial performance analysis is an alternative to test whether financial information is useful for classifying or predicting stock prices. Financial performance analysis is based on historical financial data whose main purpose is to give an indication of the company's future performance. The main research issue is whether financial performance information can provide additional benefits for investors. To test the benefits of

accounting information, financial ratios can be used to determine the strength of the ratio relationship with economic phenomena. The existence of *blockholders* plays a role in reducing *agency problems* between managers and shareholders. The higher the *blockholder ownership*, the lower the cost of age. This is because the *blockholder* who acts as the majority shareholder will be in control of the manager's performance, so the manager's actions are expected to be in accordance with the wishes of shareholders. *Blockholders* as the majority shareholder have the power to influence company decisions through voting rights. This conflict arises when *blockholders* in decision making have different decisions from *minority shareholders* as minority shareholders. The large level of incentives owned by *blockholders* as majority shareholders allows for asymmetric information between *blockholders* and minority shareholders, so that it can eventually cause agency problems.

The debate about the relationship between a company's capital structure and its value began with Modigliani and Miller's theory of capital structure and corporate value. Kurniasih & Ruzikna (2017) argues that the company's main goal is to maximize the wealth or value of the company. The existing capital structure in each company is not completely the same as certain standards. Until now, the composition between the use of debt and capital itself in one company has not been found to be an ideal standard. It depends on each company how to take a certain policy regarding the composition until it reaches the optimal point. The achievement of the optimal point in the combination of the use of debt and capital itself is expected to have an impact on the company's financial performance so as to contribute to increasing the value of the company.

The Board of Directors is the company's organ that is fully responsible for the management of the company for the interests and purposes of the company and represents the company both inside and outside the court in accordance with the provisions of the articles of association. When the company experiences failure in its performance, there is directly a role from the Board of Directors that needs to be considered. The management of the company carried out by the Board of Directors must be able to improve the company's performance, so as to provide optimal results not only for its personal interests, but also for the benefit of minority shareholders, company owners and other *stakeholders*.

The study specializes in its research objectives to examine the influence of the size of the board of directors, board of commissioners, audit committee and risk monitoring committee on the financial performance of the company. *The proxy* of the board of commissioners and the board of directors is the number of the board of commissioners and the number of the board of directors.

II. Methodology

Manufacturing companies listed on the Indonesia Stock Exchange (IDX) are divided into 3 (three) sectors, namely the basic and chemical industrial sectors, various industrial sectors and the consumer goods sector. Based on the data available until 2020, it shows that there are 193 manufacturing companies listed on the IDX for all three sectors available. The population in this study is all manufacturing companies for the basic industrial and chemical sectors listed on the IDX. sampling techniques used are *nonprobability sampling* techniques using *purposive sampling*. According to (Sugiyono, 2017) that *purposive sampling* is a data source sampling technique with certain considerations. The reason for the use of *purposive sampling* techniques is because not all samples have criteria that match the phenomenon studied. The criteria used as a research sample, namely:

1. Basic industrial and chemical sector manufacturing companies listed on the Indonesia Stock Exchange until 2020,
2. Basic industrial and chemical sector manufacturing companies that are consistently *listed* on the Indonesia Stock Exchange during the research period from 2016 to 2020,
1. Basic industrial and chemical sector manufacturing companies listed on *the main board* of the Indonesia Stock Exchange consistently during the research period from 2016 to 2020, and basic industrial and chemical sector manufacturing companies that published reports with Rupiah currency units during the research period.

Table 1. Number of Company Samples by Criteria

Company Sample Criteria	Sample Count
1. Basic industrial and chemical sector manufacturing companies listed on the Indonesia Stock Exchange until 2020	82 Companies
2. Non-consistent basic industrial and chemical sector manufacturing companies <i>listed</i> on the Indonesia Stock Exchange during the research period from 2016 to 2020	26 Companies
3. Basic industrial and chemical sector manufacturing companies listed on <i>non-main boards</i> on the Indonesia Stock Exchange during the research period from 2016 to 2020	24 Companies
4. Basic industrial and chemical sector manufacturing companies that publish reports with foreign currency units during the research period	0 Companies

Number of Research Samples	32 Companies
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Data Source: IDX Statistics, 2020

The data collection methods used in the research are data collection by access the site on the Indonesia Stock Exchange (www.idx.co.id), *Indonesian Capital Market Directory (ICMD)*, *the company's website* under study, at the corner of the exchange available in several universities and other relevant sources. In this study, the analysis method used is *the Structural Equation Modeling (SEM)* method using the help of PLS software. *Structural Equation Modeling (SEM)* is a statistical method that combines several aspects contained in path analysis and confirmatory factor analysis to estimate several equations simultaneously (Ferdinand, 2016).

With the SEM method, more complex research problems can be addressed including research models involving independent variables, dependent variables and also variable intervening in one linear relationship. As is the case in this study which will test the causal relationship between independent variables to dependent variables and also independent variables to dependent variables through the role of intervening variables. The free variables in this study are blockholder ownership (X1), composition of the board of directors (X2), and capital structure (X3) while the variables tied are the value of the company (Y2) with the company's financial performance (Y1) as an intervening variable.

This study uses a variance-based approach with Partial Least Square (PLS) whose analysis orientation shifts from testing causality/theory models to component-based predictive models. Analytical methods with the use of PLS are used to confirm the theory, but it is also used to explain the presence or absence of relationships between latent variables.

Pls-SEM analysis in this study was carried out with two stages of measurement, namely the measurement model (measurement model) or outer model and structural model (structural model) or inner model. Each of these stages is as follows:

1. Test the measurement model or *outer model*. The evaluation of measurement models through affirmative factor analysis is to use the *MultiTrait-MultiMethod (MTMM)* approach *by testing convergent and discriminant* validity. While the reliability test is carried out in two ways, namely with Cronbach's Alpha and Composite Reliability (Ghozali & Latan, 2017). The respective tests are *Convergent Validity, Discriminant Validity and Reliability*.
2. Test the structural or *inner model model*. The respective tests on this model test are R-Square, F-Square, and *Estimate For Path Coefficients*.
3. Indirect influence test. This test is done to see the magnitude of indirect influence values between variables. This test was done using the *bootstrapping* method using smartPLS 3.0. In this study there is an intervening variable, namely financial performance. Intervening variables are said to be able to mediate the influence of exogenous (independent) variables on endogenous variables (dependents) if the statistical t value is greater than that of the table t and the P value is smaller than the significant rate used (5%).

III. Research And Discussion Results

1. Variable Description

1. Company Value

The value of the company is an important thing that reflects the wealth of its shareholders. The higher the stock price, the higher the value of the company (Safira and Widajantie, 2021). The high value of the company will make the market believe not only in the company's current performance, but also in the company's future prospects. The value of the company is reflected in the stable stock price and in the long run has increased. The value of the company is the price that is willing to be paid by the market if the company in the future will be sold. Fama (1978) stated that the value of the company is a reflection of its stock market price. From the data obtained on each company's basic industrial and chemical sectors related to the company's value as measured through *the Price Earning Ratio and Price to Book Value* are as follows:

Table 2. Disripsipsi Statistical Variable Value of The Company

Sub-Sector Companies	PER	PBV
<i>Cement</i>	86,708	24,167
<i>Ceramics, Glass & Porcelain</i>	42,373	4,410
<i>Metal & Allied Products</i>	37,855	3,498
<i>Chemicals</i>	7,660	0,897
<i>Plastics & Packaging</i>	10,327	0,609
<i>Animal Feed</i>	12,647	2,239
<i>Wood Industries</i>	25,321	7,333
<i>Pulp & Paper</i>	12,371	1,677

Data Source: Data Processed, 2022

Description of the value of the company, obtained data related to PER and PBV. Specifically for the price earning ratio (PER) data of each sub-sector in the basic industrial and chemical sector manufacturing companies, it shows that the PER value is in the range of 7 times to 86 times. The company with the highest PER value is a company in the cement sub-sector with a value of 86,708. This indicates that the market is willing to buy 86.7 times higher, if the cement company in the future is to be sold. Or in other words, the market is willing to buy the profit generated by the company 86.7 times. While the value of the company based on *the price to book value* (PBV) measuring instrument shows a range of values between 0.6 times to 24 times.

2. Company Financial Performance

In this study, the company's financial performance was measured based on the level of corporate liquidity represented by *the current ratio* (CR), the level of profitability of the company represented by *the return on assets* (ROA) and the level of activity of the company as measured through *total assets turn over* (TATO). Each of these ratio data is presented on the table as follows:

Table 3. Variable Description of Company Financial Performance

Sub-Sector Companies	CR	ROA	TATTOO
<i>Cement</i>	178,028	3,688	52,800
<i>Ceramics, Glass & Porcelain</i>	158,740	4,690	83,620
<i>Metal & Allied Products</i>	193,864	0,056	62,420
<i>Chemicals</i>	102,069	8,603	69,234
<i>Plastics & Packaging</i>	274,215	4,520	93,230
<i>Animal Feed</i>	189,647	7,993	156,227
<i>Wood Industries</i>	75,190	1,270	80,140
<i>Pulp & Paper</i>	166,855	5,190	62,050

Data Source: Data Processed, 2022

Based on the data available in the table above shows a high cr value for companies in each sub-sector. The CR value is in the range of 75% to 274%. The lowest level of corporate capability is companies in the wood industries sub-sector with a CR value of 75.19%. This means that 100% of the current liabilities held in this company can be borne by the current assets owned by the company at 75.19%. While for companies with the highest liquefaction rate is in companies that have a plastics and packaging sub-sector with a CR value of 274.21%. This means that 100% of the current liabilities held by the company are able to be covered by the company's current assets of 274.21%. Or in other words, 1 company's current obligations in the plastics and packaging sub-sector can be paid using the company's current assets 2.74 times.

It is known that the average ROA value owned by companies in the basic and chemical industrial sectors is above the value of 1%. Companies in the *chemicals* sub-sector have a high average profitability rate compared to other sub-sector companies with a ROA value of 8.603%. In other words, in this sub-sector company, the asset value of 1 unit can generate a profit of 8.603%.

Description of the company's previous financial performance variables, obtained an overview of the value of TATTOOS for each of the company's sub-factors in the basic industrial and chemical sector companies. The average turnover rate of assets owned by each existing sub-sector company, indicates a high turnover rate that is above 50%. This shows that, the level of activity of the company based on the total assets owned is very high in relation to the existing level of sales.

3. Company Capital Structure

In this study, the capital structure was measured using two main indicators, namely *debt to equity ratio* (DER) and *debt to assets ratio* (DAR). Der's approach is to compare the company's debt to the equity in the company. While the DAR approach is an assessment of the capital structure of the comparison between the amount of company debt to the assets owned by the company.

Table 4. Variable Description of The Company's Capital Structure

Sub-Sector Companies	DER	DAR
<i>Cement</i>	55,352	43,252
<i>Ceramics, Glass & Porcelain</i>	56,500	43,590
<i>Metal & Allied Products</i>	59,336	50,448
<i>Chemicals</i>	43,263	39,220
<i>Plastics & Packaging</i>	45,580	36,475
<i>Animal Feed</i>	58,067	47,147
<i>Wood Industries</i>	46,120	48,340
<i>Pulp & Paper</i>	64,610	54,185

Data Source: Data Processed, 2022

From table 4 above shows that the average DER value owned by companies in this sub-sector is between 43% to 64%. This shows that there are several companies in several sub-sectors that use their equity above 50% to finance the company's activities. While dominant companies in each sub-sector use the proportion of debt above 50% in the company for spending on company activities. The highest average DER value is in the *Pulp & Paper* sub-sector company with a DER value of 64.610%. While the average value of DER is indicated by companies in the chemicals sub-sector at 43.263%.

From the previous table 4 above obtained the result that the average value of DAR is in the range of 30% to 55%. This shows predominantly that the average DAR value owned by the company is below 50%. Sub-sector *plastics & packaging* companies have a fairly low average DAR value of 36.47% compared to the average dar value in *pulp & paper* sub-sector companies of 54.18%.

4. Blockholder Ownership

The description of blockholder ownership in each of the basic industrial and chemical sub-sector companies obtained based on data in this study is as follows:

Table 5. Descriptive Statistics Blockholder Ownership

	N	Minimum	Maximum	Mean	Std. Deviation
OWN	160	49,00	99,00	71,1688	14,44104
Valid N (listwise)	160				

Data Source: Data Processed, 2022

Blockholder ownership is related to the number of shareholders or the large percentage of share ownership other than ownership by the public within the company's shareholding structure. The more concentrated shareholding in the company will reduce deviant management policies (Atmojo and Darsono, 2017). *Blockholder ownership* is a shareholding that has a percentage of 5% or more (Juhmani, 2013). *Blockholders* have the ability to monitor and ensure that managers act in accordance with the wishes of shareholders. As stated by Shleifer and Vishny (in Setiawan, *et al.*, 2019) namely *large shareholders better monitor managers, which in turn increases firm value*.

From the data obtained information that the minimum *blockholder* in the company is 49% concentrated ownership of the total shares in the company. This shows that the standard deviation in this data is smaller than the average value of *blockholders* in the company so that ownership is concentrated in each company in the sector is not far from the number of ownership of 49% and 99%. Based on this information, it shows that ownership is concentrated within basic industrial and chemical sub-sector companies is on average above 50%. Or in other words, companies in this sub-sector are owned and controlled by the majority group in the form of *blockholder ownership*.

The largest *percentage of blockholder ownership* in basic and chemical industrial companies in this study was PT. PT. Fajar Surya Wisesa Tbk. for 2020 is owned by pt. Sempana created 44.476% and SCGP Solutions (Singapore) Pte. Ltd. as much as 55.235% of the total outstanding shares. While the rest is the shares of companies owned by the public or other parties less than 5%.

Another case with companies with the lowest *percentage of blockholder ownership* in basic industrial and chemical companies is PT. Pt. Intanwijaya Internasional Tbk. The company is owned by three majority shareholders with a ownership rate above 5% and each owner is a commissioner and director within the company. The shareholdings of these respectively are as much as 18.80%, 17.20% and 15.29%.

5. Composition of the Board of Directors

The results of the description of the composition of the board of directors in this study are as follows:

Table6. Descriptive Statistics of the Composition of the Board of Directors

	N	Minimum	Maximum	Mean	Std. Deviation
DIR	160	2,00	11,00	5,8938	1,87535
Valid N (listwise)	160				

Data Source: Data Processed, 2022

The composition of the board of directors in this data is an illustration with respect to the number of members of the board of directors in the company. The increasing number of members of the board of directors indicates that the higher the composition of the board of directors used within the company.

The results of descriptive analysis in table 14 previously above, showed that there is the lowest number of boards of directors in basic industrial and chemical sub-sector companies, namely as many as two board members. While the largest number of boards of directors owned by companies in the sub-sector is as many as eleven members of the board of directors. The results showed that the average number of boards of directors in basic industrial and chemical sub-sector companies was as many as 5 to 6 members with a standard deviation of

1.87 < 5.89. This shows that the average number of boards of directors in the company is not far from the distribution of the number of board members as many as 5 or 7 members. This means that the dominant basic industrial and chemical sub-sector companies require more than 5 members of the board of directors in carrying out the company's activities.

A. Data Analysis

The model proposed in this study using the SEM approach based on each description of the relationship between the variables built, can be seen in the full model image below:

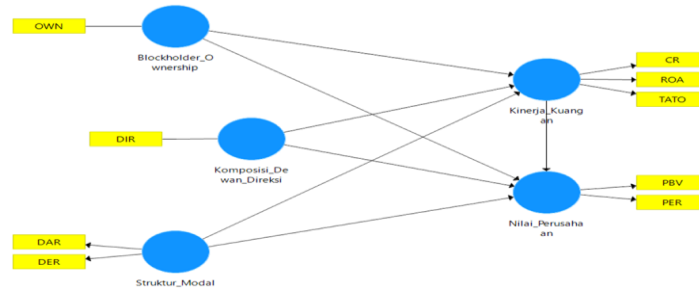


Figure 1. Full Research Model

In data testing using the PLS-SEM concept in this study was carried out with two stages of measurement, namely *the measurement model (measurement model) or outer model* and structural model (*structural model*) or *inner model*. Each of these test stages is as follows:

1. Test measurement model (outer model)

The evaluation of measurement models through affirmative factor analysis is to use the MultiTrait-MultiMethod (MTMM) approach by testing convergent validity, discriminant validity and average variance extracted (AVE). While the reliability test is carried out in two ways, namely with Cronbach's Alpha and Composite Reliability (Ghozali & Latan, 2017). Each test of the outer model can be described as follows:

1. Validity Test

The validity test in this study used convergent validity, discriminant validity and average variance extracted (AVE) approaches. From the analysis that has been done, the results for each loading factor at the first test stage are as follows:

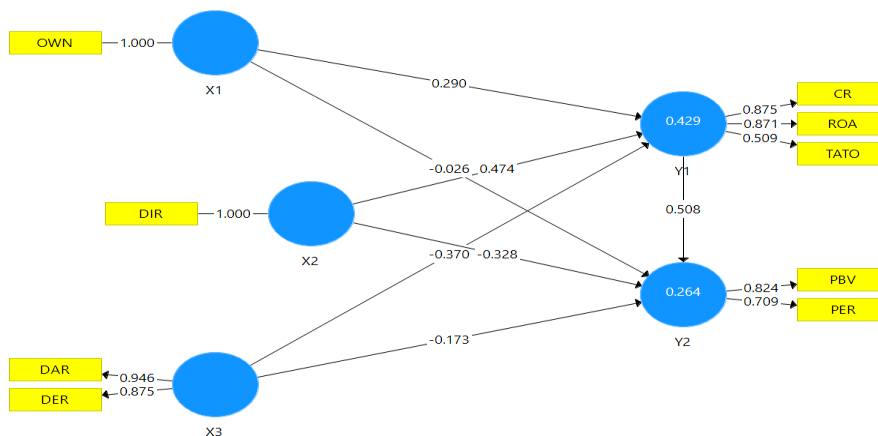


Figure 2. PLS Algorithm Stage 1

The results of iterations based on consideration of elimination of indicators with *loading factor* values < 0.60 are as follows:

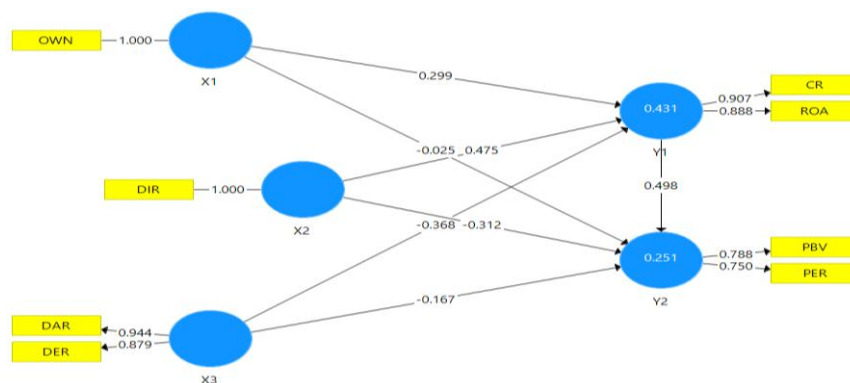


Figure 3. PLS Algorithm Stage 2

While for validity testing based on the *average variance extracted* value is can be displayed as follows:

Table 7. Average Variance Extracted

Variable	Average Variance Extracted (AVE)
Blockholder	1,000
Company Financial Performance	0,806
Composition of the Board of Directors	1,000
Company Value	0,692
Capital Structure	0,831

Source: PLS smart data processing results, 2022

Based on the AVE value for each variable in this model is > 0.50 . It can be concluded that each indicator on this variable can be declared valid.

1. Reliability Test

The test standards used are based on cronbach's alpha values and composite reliability. The decision-making standard for cronbach's alpha value is > 0.6 can be expressed reliably. Meanwhile, the composite reliability value is > 0.7 to be reliable. The test results of these two decisions are outlined as follows:

Table 8. Cronbach's Alpha

Variable	Cronbach's Alpha
Blockholder	1,000
Company Financial Performance	0,760
Composition of the Board of Directors	1,000
Company Value	0,631
Capital Structure	0,803

Source: PLS smart data processing results, 2022

Based on the test results of *cronbach's alpha* value, it can be seen that the entire value > 0.60 . It can be concluded that the variable in this study is reliable. While reliability testing based on *composite reliability* obtained the following results:

Table 9. Composite Reliability

Variable	Composite Reliability
Blockholder	1,000
Company Financial Performance	0,893
Composition of the Board of Directors	1,000
Company Value	0,744
Capital Structure	0,908

Source: PLS smart data processing results, 2022

For each of these tests, it can be concluded that the indicators on each construct in the research model are declared valid and reliable. Therefore, after the model is declared to have passed the validity and reliability test, then testing is carried out for the next stage, namely *the inner model* analysis based on the new research model from the results of the second iteration.

1. Structural model test (Inner Model)

1) Analysis of determination values (*R-Square*)

Table 10. Determination Value

Endogenous Latent Variables	R Square	R Square Adjusted
Company Financial Performance	0,431	0,420
Company Value	0,251	0,232

Source: PLS smart data processing results, 2022

Based on the table of previous determination values above, the *adjusted value of R square* for endogenous latent variables of the company's financial performance is 0.420. While the *adjusted value of R square* for endogenous latent variables the company value is 0.232. Of each of *the adjusted R square* values in the study, *adjusted R square* values for endogenous latent variables of the company's financial performance were $0.25 > 0.420$ and $0.420 < 0.50$ so it is classified as a *moderate model*. While the *adjusted value of R square* for endogenous latent variables the company value is $0.232 < 0.25$ so it is classified as a *weak model*. It can be concluded that the predicted value for endogenous latent variables of the company's financial performance in this model is included in the moderate category and the predicted value for endogenous latent variables of the company's value in this model is included in the weak category .

1. Analysis of Q square predictive relevance (Q2)

The Q square predictive relevance (Q2) value is used to measure how well the observation value is generated from the model and also the estimation of its parameters (Jaya & Sumertajaya, 2008). The Q² value in this study can be calculated as follows:

$$Q2 = 1 - (1 - R12) (1 - R22)$$

$$Q2 = 1 - (1 - 0.420) (1 - 0.232)$$

$$Q2 = 1 - (0.580) (0.768)$$

$$Q2 = 1 - (0.445)$$

$$Q2 = 0.555$$

Based on the calculation results for the Q square predictive relevance value shows that the value is in the range of $0 < 0.555 < 1$. In other words, that the value of Q2 is greater and close to the value of 1, so it can be concluded that the model has a fairly strong predictive relevance.

2. Hypothesis Testing with Bootstrapping

The results of data testing with bootstrapping methods on SEM-PLS analysis are as follows:

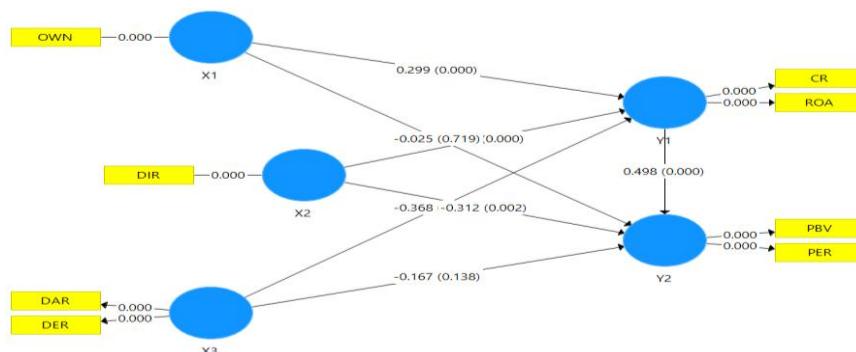


Figure 4. SEM-PLS Analysis bootstrapping method for P-Value

From the results of the analysis of the direct relationship between the variables in this study, it was concluded that there are two negative and real (significant) relationships among variables, namely the influence of variable composition of the board of directors on the company's financial performance and the variable capital structure on the company's performance. While there are also two direct relationships that are not real (insignificant) in this study, namely the influence of blockholder variables on company values and the influence of capital structure variables on company values. While the other three relationships, obtained positive and tangible results (significant) namely the influence of blockholders and the composition of the board of directors

on the company's financial performance and the direct influence between the company's financial performance on the value of the company.

Table 11. Spesifict Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Blockholder -> Company's Financial Performance -> Company Value	0,149	0,148	0,040	3,687	0,000
Composition of the Board of Directors -> Financial Performance of the Company -> the Value of the Company	0,237	0,237	0,054	4,383	0,000
Capital Structure -> Company's Financial Performance -> Company Value	-0,183	-0,186	0,057	3,219	0,001

Source: PLS smart data processing results, 2022

Based on the table specificsifict indirect effect previously above, the results of the analysis for indirect effects (indirect effects) with the following description:

- 1) The coefficient value for the indirect relationship between *the blockholder* and the value of the company through the company's financial performance is 0.149. While *the T-statistics* for this relationship were $3,687 > 1.96$ at the real level of $0.000 < 0.05$. This shows that there is a positive and real relationship between *the blokcholder* variable and the company's value variable through the company's financial performance variables.
- 2) The coefficient value for the indirect relationship between the composition of the board of directors and the value of the company through the financial performance of the company is 0.237. While *the T-statistics* for this relationship were $4,383 > 1.96$ at the real level of $0.000 < 0.05$. This shows that there is a positive and real relationship between the composition variables of the board of directors and the variables of the company's value through variables of the company's financial performance.
- 3) As for the last indirect relationship, the coefficient value for the relationship between the capital structure and the value of the company through the company's financial performance is -0.183.

3. Structural Equation Model

The structural equation models in this study are as follows:

- 1) Model of structural equation 1

$$Y1 = f(X1, X2, X3)$$

$$Y1 = \beta_1X1 + \beta_2X2 + \beta_3X3 + \varepsilon_1$$

$$Y1 = 0.299X1 + 0.475X2 - 0.368X3 + 0.761$$

Based on the equation of structure 1 arranged above, it can be explained as follows:

- a. The coefficient value for *the blockholder* variable in the equation is 0.299. This can be interpreted that, if *the blockholder* value increases by 1 unit assuming the value of other variable coefficients, namely the composition of the board of directors and the capital structure in this structure equation is considered fixed, then the variable value of the company's financial performance will increase by 0.299 units.
- b. The coefficient value for the composition variable of the board of directors in the equation is 0.475. This can be interpreted that, if the composition value of the board of directors increases by 1 unit assuming the coefficient value of other variables, namely *blockholders* and capital structures in this structure equation is considered fixed, then the variable value of the company's financial performance will increase by 0.475 units.
- c. The coefficient value for the capital structure variable in the equation is -0.368. This can be interpreted that, if the variable value of the capital structure increases by 1 unit assuming the coefficient value of other variables, namely *blockholders* and the composition of the board of directors in this structure equation is considered fixed, then the variable value of the company's financial performance will decrease by 0.368 units.

- 2) Model of structural equation 2

$$Y2 = f(X1, X2, X3, Y1)$$

$$Y2 = \beta_4X1 + \beta_5X2 + \beta_6X3 + \beta_7Y1 + \varepsilon_2$$

$$Y2 = -0.025X1 - 0.312X2 - 0.167X3 + 0.498Y1 + 0.876$$

Based on the equation of structure 2 arranged above, it can be explained as follows:

- a. The coefficient value for *the blockholder* variable in the equation is -0.025. This can be interpreted that, if *the blockholder* value increases by 1 unit assuming the value of other variable coefficients, namely the composition of the board of directors, capital structure and financial performance of the company in this structure equation is considered fixed, then the value on the variable value of the company will decrease by 0.025 units.

b. The coefficient value for the composition variable of the board of directors in the equation is -0.312. This can be interpreted that, if the composition value of the board of directors increases by 1 unit assuming the value of other variable coefficients, namely *blockholders*, capital structure and financial performance of the company in this structure equation is considered fixed, then the value on the variable value of the company will decrease by 0.312 units.

c. The coefficient value for the capital structure variable in the equation is -0.167. This can be interpreted that, if the value of the capital structure increases by 1 unit assuming the value of other variable coefficients, namely *blockholders*, the composition of the board of directors and the financial performance of the company in this structure equation is considered fixed, then the value on the variable value of the company will decrease by 0.167.

The coefficient value for the financial performance variable of the company in the equation is 0.498. This can be interpreted that, if the value for the company's financial performance variable increases by 1 unit assuming the value of other variable coefficients, namely *blockholders*, composition of the board of directors and capital structure in this structure equation is considered fixed, then the value on the company value variable will increase by 0.498 units.

4. Hypothesis Test Results

Table 12. Hypothesis Test Results

Hip.	Variable Relationships	Beta	T- Statistics	P-Values	Ket.	Hypothesis Decision
1	Blokholder -> The Company's Financial Performance	0,299	5,474	0,000	(+) Sig.	Accepted
2	Composition of the Board of Directors -> financial performance of the Company	0,475	7,536	0,000	(+) Sig.	Accepted
3	Capital Structure -> Financial Performance of the Company	-0,368	5,737	0,000	(-) Sig.	Not successfully accepted
4	Blokholder -> Company Value	-0,025	0,360	0,719	(-) Not Sig.	Not successfully accepted
5	Composition of the Board of Directors -> value of the Company	-0,312	3,171	0,002	(-) Sig.	Not successfully accepted
6	Capital Structure -> Company Value	-0,167	1,487	0,138	(-) Not Sig.	Not successfully accepted
7	Company Financial Performance -> Company Value	0,498	4,664	0,000	(+) Sig.	Accepted
8	Blokholder -> Company's Financial Performance -> Company Value	0,149	3,687	0,000	(+) Sig.	Accepted
9	Composition of the Board of Directors -> Financial Performance of the Company -> the Value of the Company	0,237	4,383	0,000	(+) Sig.	Accepted
10	Capital Structure -> Company's Financial Performance -> Company Value	-0,183	3,219	0,001	(-) Sig.	Not successfully accepted

Source: PLS smart data processing results, 2022

Of the ten hypotheses proposed in this study, there are five (5) hypotheses accepted and there are five (5) hypotheses that are not successfully accepted based on the results of research that has been done. Of the five hypotheses accepted, there are three (3) hypotheses with direct relationships and there are two (2) with indirect relationships. As for the five hypothesis results that are not successfully accepted, there are four (4) hypotheses with direct relationships and there is one (1) hypothesis for indirect relationships.

In the research hypothesis with a direct relationship between variables, there are two relationships with t-statistics > 1.96 and p-value < 0.05 but have a negative coefficient value. Likewise with the research hypothesis with indirect relationships between variables, there is one relationship with t-statistics > 1.96 and p-value < 0.05 but has a negative coefficient value. While the previously proposed research hypothesis both directly related and indirectly related is built on the basis of a relationship with a positive direction, so the three hypotheses are not successfully accepted because the coefficient values obtained do not match the direction of the relationship in the hypothesis proposed earlier.

IV. Conclusion

After an in-depth study and analysis and test of the research hypotheses proposed in this study, the following conclusions can be drawn:

1. *Blockholder ownership* has a positive effect on the company's performance in manufacturing sector companies listed on the Indonesia Stock Exchange.
2. The composition of the Board of Directors has a positive effect on the company's performance in the manufacturing sector companies listed on the Indonesia Stock Exchange.
3. Capital Structure negatively affects the company's performance in manufacturing sector companies listed on the Indonesia Stock Exchange.
4. *Blockholder ownership* has no real effect on the value of the company in the manufacturing sector companies listed on the Indonesia Stock Exchange.
5. The composition of the Board of Directors negatively affects the value of the company in the manufacturing sector companies listed on the Indonesia Stock Exchange.
6. Capital Structure has no real effect on the value of the company in the manufacturing sector companies listed on the Indonesia Stock Exchange.
7. The Company's performance has a positive effect on the company's value in the manufacturing sector companies listed on the Indonesia Stock Exchange.
8. *Blockholder ownership* has a positive effect on the company's value through the company's performance in the manufacturing sector companies listed on the Indonesia Stock Exchange.
9. The composition of the Board of Directors has a positive effect on the value of the company through the company's performance in the manufacturing sector companies listed on the Indonesia Stock Exchange.
10. Capital Structure negatively affects the value of the company through the company's performance in the manufacturing sector companies listed on the Indonesia Stock Exchange.

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