The Effect of Ownership Structure on Firm Value through Financial Performance as Intervening During Covid-19 (Evidence from LQ45 Index Indonesia)

Nella Yantiana[1], Nisa Elvia Wintami[2]

[1] Universitas Tanjungpura, Jl. Profesor Dr. H. Hadari Nawawi, Pontianak, Kalimantan Barat, Indonesia

[2] Universitas Tanjungpura, Jl. Profesor Dr. H. Hadari Nawawi, Pontianak, Kalimantan Barat, Indonesia

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Abstract

This research aims to indentify the role of financial performance in mediating the influence of ownership structure mechanism that proxied by institutional ownership and ownership of management on th e value of companies listed on LQ45 index during epidemic of Covid 19.

The population of research is companies listed on LQ45 index during Quarter 1st 2020 to Quarter 1st 2021. In this study, a sample is chosen by purposive sampling, obtained 29 companies followed by 145 observation data. Quantitative study conducted to analyse data in this research.

The outcomes showed that institutional ownership affects financial performance positively and also LQ45 firm value during pandemic. While, the higher managerial ownership is not able to increase the performance of companies and also LQ45 corporate value during Covid-19. Furthermore, financial performance influences LQ45 companies value positively. Indirect analysis proved that financial performance able to mediate the effect of institutional ownership on firm value, but not able to mediate the influence of managerial ownership on LQ45 firms value.

Keywords: Ownership Structure, Institutional Ownership, Managerial Ownership, Financial Performance, Return on Assets (ROA), Firm Value, Tobin's Q

1. Introduction

The epidemic of the new Corona Virus Disease-2019 (COVID-19) has become a worldwide concern, with a global simultaneous effect (Dilla, Sari & Achsani, 2020). According to the World Health Organization (2020), Covid-19 defined as the disease that caused by infection of newly discovered coronavirus. The accumulated number of new Covid-19 cases in world has grown each day rapidly. Based on the World Health Organization Coronavirus (COVID-19) Dashboard, there have been more than 192 million confirmed cases of COVID-19 per 23 July 2021. As many new cases occurs, it had a significant impact on health care, the economy, transportation, and other sectors in many businesses and locations (Shen, Fu, Pan, Yu & Chen, 2020). The pandemic has also impacted other fields, consist of social, bilateral and

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multilateral relations among countries (Rahmayani & Oktavilia, 2020). Furthermore, it has profound affect financial and commodity markets around the world (Höhler & Lansink, 2021).

However, the infectious disease of COVID-19 has also spread in Indonesia. Based on Worldometer until July 27th, 2021, Indonesia ranked 14th out of 222 nations with the most number of 3,239,936 Covid-19 cases, 86,835 deaths, and 2,596,820 patients recovered. The number of new cases in Indonesia has been

The epidemic of Covid-19 affected various businesses in the real sector, causing significant distruptions in business and production activities, and some even decided to stop (Febriyanti, 2020). Then, the condition of covid-19 has affected the national economy and led financial performance of a number of companies to decrease (Devi, Warasniasih, Masdiantini & Musmini, 2020).

At the level of firm, the emergence of deasease that caused by COVID-19 may affect stock market (Iyke 2020a; Liu, Wang, and Lee 2020; Narayan and Phan 2020 in Shen, et al., 2020). According to the official website of the Indonesia Stock Exchange (IDX), the stock market can be described as a medium for companies and other institutions (eg the government) that need funds from the public for business development, expansion, additional working capital and others, with people who want to invest their funds. According to Febriyanti (2020), the Indonesian Capital Market is a developing market, which in its development is very vulnerable to general macroeconomic conditions as well as global economic conditions and world capital markets. Therefore, almost all sectors suffers because of the emerge of Covid-19 as the Indonesia Composite Index (ICI) plunged on the massive sell by investors who worried about the economic slowdown and the coronavirus outbreak (Lathifah, et al., 2021). Furthermore, after the first Covid-19 case was announced in Indonesia, many investors sold LQ 45 shares and most of the stock prices also decreased (Febriyanti, 2020). LQ45 described on the official website of Indonesia Stock Exchange as an index that measures the price performance of 45 stocks that have high liquidity, large market capitalization and supported by good company fundamentals.

In the current situation of Covid-19 where the firm value decrease, people tend to avoid investing and choose to limit their losses by withdrawing assets, that decrease in economic activity and in overall growth (Rababah, Al-Haddad, Sial, Chunmei & Cherian, 2020). Then, the indication of problem on this research is the decline of firm value and financial performance during Covid-19 especially the 45 stock that listed on LQ45. During global epidemic, the performance of company decrease (Shen, *et al.*, 2020). That may led the corporate value to decrease (Hasanudin, Nurwulandari, Adnyana & Loviana, 2020). Then, as Investors just want to invest in organizations that have a high and steady value (Sahrul & Novita, 2020). During epidemic, many investors avoid investing in stock market especially in companies that listed on LQ45.

As the topic of company condition during Covid-19 is essential to discuss, all interested parties need to analyze the accounting report of financial. The financial information of business is provided by accounting process. Because, it is the universal language of business that communicate financial information to stakeholder offers relevant and timely information to users outside of the firm for decision-making purposes (Warren, Reeve & Jonathan, 2009:4). The financial information provided to stakeholders called as financial statements (Warren,et al., 2009:15). It presents the information about the financial position, financial performance and cash flows of an entity that is useful for stakeholders in making economic decisions (Ikatan Akuntan Indonesia, 2019: 16).

Based on the background of study, we able to know that the massive development of businesses attract the attention of investors in grabbing the shares in IDX. Where good performance of company and stable price of share is important things at this topic. But, the epidemic of Covid 19 has affect financial performance and firm value. Investors seek to avoid investment by withdrawing assets and choose to reduce their losses that cause economic activity decrease and the decline of overall growth. Thus, many researchers and examiners done the study of this problem because it is important. Furthermore, the examiner will conduct quantitative study with the population of companies listed on LQ45 use purposive sampling. Then, the objective of this study is to examine the influence of ownership structure towards corporate value with financial performance as intervening during Covid 19 especially on LQ45 Index.

2. Theoretical Framework and Hypothesis

In linking the ownership structure with company performance and firm value, there is one thing that cannot be separated from the achievement of organizational goals and performance. It is largely determined by the performance of the management in making financial decision (Gunadi, et al., 2020). In connection with this, the relationship between the management of a company and the owner of the company will be stated in a contract (performance contract). The contractual relationship between owners or shareholders and management as internal parties is in line with Agency Theory.

Jensen and Meckling (1976) defined agency theory as a contract in which one or more individuals (the principal) with other parties (the agent) to execute specific services which is in accordance with the principal's wishes. There are 2 terms mention in agency theory, which are the idea of principal and agent. In the context of a corporation, the principal is the shareholder or other stakeholder and the agent is the internal parties where stakeholders invest or delegate authority (Sahrul Novita, 2020).

Good financial performance is the objective that all businesses strive towards (Syahroni, et al., 2021). To define the financial performance, it consist of two words, namely: financial and performance. The financials of a specific company are frequently termed as fundamental or basic factors (Sukesti, et al., 2021). Where the performance in issue describes whether the firm is operating successfully and efficiently (Sahrul & Novita, 2018).

The existence of managerial ownership is seen as a way to harmonize the potential differences in interests between outside shareholders and management as insider ownership (Rahmawati, 2018). It is in line with Jensen and Meckling (1976), who state that management and institutional ownership are the two primary governance strategies that assist control the issues of agencies (agency conflict). The existance of managerial ownership in the company

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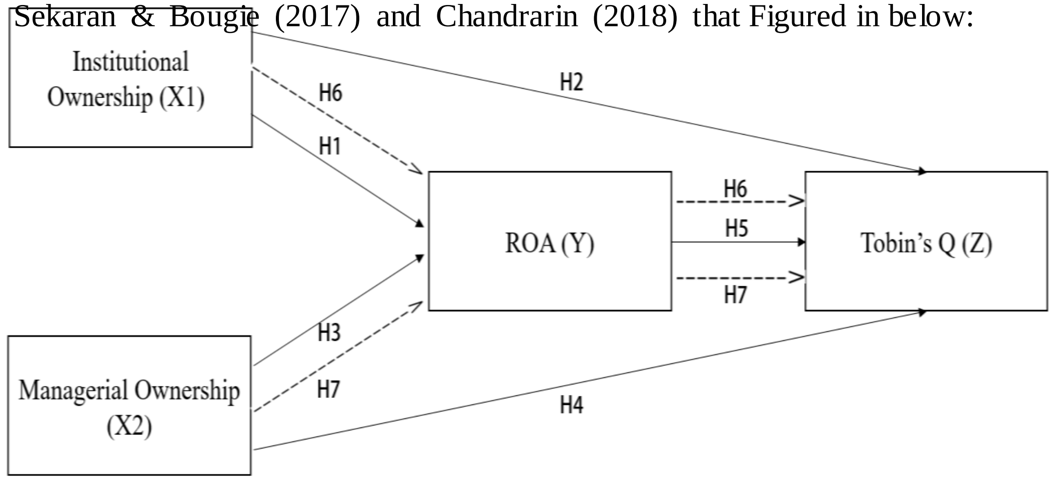
will make managers more cautious in making decisions because managers will directly affected from the decisions they decision making, including debt policy (Hasanah, 2018).

Thus, the author constuct the research' model of this study which refers to the books of Smith (2017); Sekaran & Bougie (2017) and Chandrarin (2018) that Figured in below:



Source: Processed Data

Figure Conceptual Framework

X1: First proxy of independent variable is Institutional Ownership
X2: Second proxy of independent variable is Managerial Ownership
Y: Mediating variable is financial performance proxied by ROA
Z.: Dependent variable is firm value proxied by Tobin's Q:
Direct Influence

According to Nurazi, et al. (2020), assets are more efficiently use when greater ownership of institutional exist as it expected to avoid waste by the management. Furthermore, in management and supervision, institutional ownership is extremely important because it encourages the addition of more optimal supervision (Syahroni, et al., 2021). This supervision is expected to encourage managers to improve the performance (Rahmawati, 2018). Study of Syahroni, et al. (2021) proved that institutional ownership is the factor that can affect the performance of company. Then, it is crucial in encouraging stronger oversight in order to monitor management to create good financial performance (Syahroni, et al., 2021). Thus, the research hypothesis regarding the influence of institutional ownership towards financial performance is shown below:
H1: Institutional ownership has a positive influence towards financial performance.

Jensen and Meckling (1976) stated that institutional ownership has a very important role in minimizing agency problems that occur between managers as principal and shareholders as agent. The influence of institutional ownership as a supervisory agent showed by the number of shares invested in the stock market (Rahmawati, 2018). According to Nurazi, et al. (2020), the institutional ownership owned by the company may increase the value of its firm. It is in line with the study conducted by Wafiyudin, et al. (2020); Hasanudin, et al. (2020) who stated that company value is posively influenced by institutional ownership. Thus, the previous studies drive author in this study to examine the effect of institutional ownership on firm value with the hypothesis below:

H2: Institutional ownership has a positive influence towards value of firm.

According to Jensen and Meckling (1976), managers will prioritize the interests of achieving high levels of salary and compensation rather than trying to maximize the wealth of company owners. Which based on the agency theory, this condition will lead the agency problem to occur. The greater the proportion of managerial ownership, the management tends to improve its performance in increasing the company's profit which is reflected in financial performance (Rahmawati, 2018). This statement is in accordance with the results conducted by Habib, et al (2020) who stated that managerial ownership has an effect towards the performance of company. Thus, the hypotesis related with the influence of managerial ownership on financial performance is stated below:

H3: Managerial ownership has a positive influence towards the performance of financial.

Increasing managerial ownership may harmonize the interests of internal parties and shareholders that leads management to make better decision and increase firm value (Hasanah,2018). The study of Sahrul & Novita (2020) who examined the influence of ownership structure on corporate value through financial performance as mediating variable with the result showed the direct effect of managerial ownership on firm value which is positive. It is in line with the study conducted by Rusyda & Priantinah (2018); Dewi & Abundanti (2019); Sahrul & Novita (2020). Thus, the hypothesis that will be examined by the researchers in this study regarding the effect of managerial ownership towards company value is stated below:

H4: Managerial ownership has a positive effect on firm value.

Assessment of the company's financial performance can be done by using financial ratio analysis (Rahmawati, 2018). The term "profitability" is frequently used to describe a company's performance (Sahrul & Novita, 2020). Study conducted by Habsari & Akhmadi (2018); Handriani (2020) revealed that profitability affect firm value positively and significantly. In Hasanudin, et al (2020), the firm performance proxied by ROE has a positive and significant effect on firm value which measured by PBV, meaning that the higher the ROE, the higher the PBV. It is in line with Gunadi, et al. (2020) who stated that financial performance has a significant and positive influence on the value of company; Sahrul & Novita (2020) argued that performance of company influences corporate value that proxied by Tobin’s Q positively and Sukesti, et al. (2021) Stock Price is influenced by ROA positively and significantly. Thus, the author develop hypothesis that explain the effect of financial performance towards the value of company, as follows:

H5: Financial performance has positive effect on the value of firm.

This study employs the disclosure of financial performance as a mediating variable, with the same expectation in Nurazi, et al (2020), the company's financial performance will provide a positive appreciation, as indicated by the percentage increase in achievement that achieved by the company. Furthermore, the research conducted by Hasanudin, et al. (2020) revealed that there is an effect of institutional ownership towards company value through company performance as mediating variable. Thus, the researcher develop hypothesis that described the intervening effect of financial performance between institutional ownership on company value which is stated below:
H6: Financial performance mediated the effect of institutional ownership on firm value

Previous study of Sahrul & Novita (2020) conducted to analyze the mediation effect of financial performance in relationship between managerial ownership and firm value. Furthermore, this hyphotesis develop based on the previous study conducted by Habib, et al (2020) who stated that managerial ownership has an effect towards the performance of company; Thus, the research hypothesis regarding the intervening role in relationship between managerial ownership and company value can be described as follows:
H7: Financial performance mediated the effect of managerial ownership on firm value.

3. Research Method

Sampling Methods

The object of the company used in this research is included in the category of LQ45 companies listed on the IDX. The research period is taken from Quarter 1 of 2020 to Quarter 1 of 2021. In practice, random selection of samples is typically deemed desirable, but it's going to not produce a sample that's either representative or useful (Smith, 2017:74). Thus, the sampling technique in this research uses a purposive sampling technique which is nonrandom sampling. The criteria used in choosing samples are as follow:

1. Companies listed on LQ45 Index during 01 January 2020 – 31 March 2021.
2. LQ45 companies that did not experience delisting during Q1 2020 – Q1 2021.
3. Companies that publish the quarterly report of financial stated in Rupiah on its official website or on www.idx.co.id as the website of IDX or the official website of kinerja emiten at https://emiten.kontan.co.id.

After selecting the population based on the sample criteria stated above, the sample conducted in this research was 29 companies followed by 145 observational data.

Variables and Measurement

Institutional Ownership (X1)

One of some proxies used in ownership structure is institutional ownership. It is very important in supervision and management because it encourages the addition of more optimal supervision (Syahroni, et al., 2021). It is the proportion of institutional share ownership at the end of the accounting period as measured by the percentage of shares owned by institutional investors in a company (Rahmawati, 2018). Furthermore, institutional ownership is measured by the percentage of institutional share that refer to Sahrul & Novita (2020). It can be

calculated by dividing total number of shares owned by the institution to the total number of outstanding shares, then multiple it by 100%.
Based on Nurazi, et al. (2020) research, to calculate ownership of institutional shares the following formula is used:

$$\%\,Institutional\ Shares = \frac{\text{Number of Institutional Shares}}{Number\ of\ Outstanding\ Shares}\ x\ 100\%$$

Managerial Ownership (X2)

Managerial ownership is the number of shares owned by the management of the entire capital within the company. It can also be defined as the percentage of common stock owned by corporate management (Novita & Sahrul, 2020). The number of stocks held by insiders management divided by total outstanding stocks is the way to calculate the percentage of managerial ownership (Annither, et al., 2020). Furthermore, the managerial ownership can be described by number of shares owned by the manager, the board of directors, or the board of commissioners to the total number of shares outstanding (Rustendi & Jimmi, 2008 in Habib, et al., 2020).

In this study, the ownership of managerial is measured using a metric that correspond to Habib, et al. (2020):

$$Managerial\ Ownership = Total\ shares\ owned\ by\ management\ x\ 100\%$$

Financial Performance (Y)

This research also employs a mediator, namely the performance of company. In order to verify the extent to which a firm has implemented the financial implementing rules effectively and accurately, a financial performance analysis is carried out (Hasanudin, et al., 2020). According to Prasadja Ricardianto (2018) in Syahroni, et al (2021), the Financial Performance is a portrait of the success of policies to meet the organization al objectives obtained from the financial statements of the firm. Profitability is another term that is frequently used to describe a company's performance (Kasmir, 2018; 196). One of the profitability ratios is ROA which describes the ability of firm to earn net income by optimizing the resources owned by the company (Nurazi, et al., 2020). With a high ROA, the company can properly use its resources to generate revenue (Sukesti, et al., 2021).

In measuring the ROA, this study refer to the previous study conducted by Gunadi, et al. (2020); Nurazi, et al. (2020); Sahrul & Novita (2018); Sukesti, et al. (2020); Syahroni, et al. (2021), who used the formula of:

$$ROA = \frac{\text{Earning After Tax}}{\text{Total Assets}}\ x\ 100\%$$

Firm Value (Z)

The value of company is conducted in this study as dependent. Company's assets is reflected in its value, and the higher the value of a company's assets, the better its image (Nurazi, et al., 2020).

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Firm value is proxied by the ratio of Tobin's Q which includes all elements of debt and share capital of the company, not only ordinary shares and not only company equity but also all company assets (Rahmawati, 2018).

Company value is measured as the way of Gunadi, et al. (2020); Nurazi, et al. (2020); Sahrul & Novita (2020):

$$Tobins'Q = (Total\ Value\ of\ Market + Total\ Book\ Value\ of\ Liabilities$$

Linear Regression Analysis

In regression analysis, multiple linier regression analysis is used to illustrate the direction of the relationship between the dependent variable and the independent variable as well as to evaluate the strength of the association between two or more variables (Ghozali,2018: 96). Then, researchers use this analysis to predict how is the condition (up and down) of the dependent variable, if two or more independent variables as predictor factors are adjusted by increasing or reducing their value (Sugiyono, 2009: 275). There are two multiple linear regression models used in this study, including the following:

$$\text{Firm Value} = \alpha + \beta 1.\text{INST} + \beta 2.\text{MNJ} + \beta 3.\text{ROA} + e$$

$$\text{ROA} = \alpha + \beta 1.\text{INST} + \beta 2.\text{MNJ} + e$$

Information:

α = Constanta

β = Regression coefficient

e = Error/residual

To examine the effect of the intervening variables in reaearch, the path analysis can be conducted. Path analysis is a type of regression analysis that is used to estimate the causal relationship between variables (causal models) that have previously been specified using theory (Ghozali, 2018: 245). Causality relationship between variables has been established with a model based on the theoretical basis. Path
variables; it cannot be used to confirm or reject the fictitious causality hypothesis (Ghozali, 2018:245).

The Sobel test, which was developed by Sobel (1982), can be used to test the mediation hypothesis.

a. The Effect of Institutional Ownership on the Value of Company through ROA.

The first step, testing the indirect effect of the institutional ownership (X1) on the firm value (Z) through ROA (Y), is calculated by multiplying the X1 → Y (a) pathway with the Y → Z (b) or ab path. So the coefficient of ab = (c - c '), where c is the effect of variable X1 on variable Z without Y control, while c' is the coefficient of influence of X1 on Z after controlling for Y.

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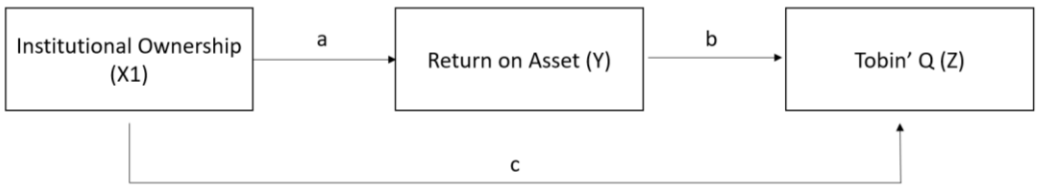


Source: Processed Data (2021)

Figure 1. Intervening Model of Institutional Ownership towards the Value of Company through ROA

The standard error for the coefficients a and b is written as Sa and Sb, the magnitude of standard error of indirect effect. Sab can be calculated by the formula below:

$$Sab = \sqrt{b^2\, Sa^2 + a^2\, Sb^2 + Sa^2\, Sb^2}$$

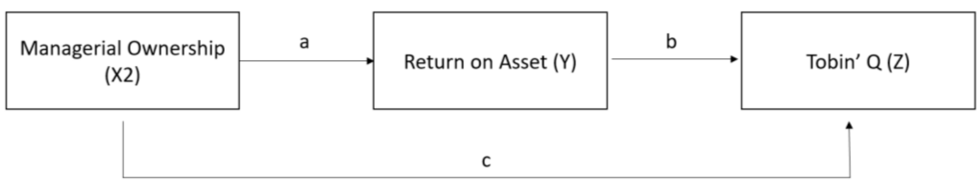
The second step is testing to determine the significance of the indirect effect. It is useful to know the t value of the ab coefficient by the calculation. Then, t value is calculated by the following formula:

$$t = ab / Sab$$

The t value is compared with the t table for significance 0.05. If the value of t count more than the value of t-table, it can be concluded there is an intervening effect.

b. The Effect of Managerial Ownership on Company Value through ROA.

The first step, testing the indirect effect of the institutional ownership (X2) on the firm value (Z) through ROA (Y), is calculated by multiplying the X2 → Y (a) pathway with the Y → Z (b) or ab path. So the coefficient of ab = (c - c '), where c is the effect of variable X2 on variable Z without Y control, while c' is the coefficient of influence of X2 on Z after controlling for Y.



Source: Processed Data (2021)

Figure 2. Intervening Model of Managerial Ownership towards the Value of Company through ROA

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The standard error for the coefficients a and b is written as Sa and Sb, the magnitude of standard error of indirect effect. It may be calculated by the following formula:

$$Sab = \sqrt{b^2\, Sa^2 + a^2\, Sb^2 + Sa^2\, Sb^2}$$

The second step, testing to determine the significance of the indirect effect, it is necessary to calculate the t value of the ab coefficient with the following formula:

$$t = ab/Sab$$

The t value is compared with the t table for significance 0.05. If the value of t count more than the value of t-table, it can be concluded there is an intervening effect.

4. Data Analysis and Discussion

Data analysis in this study was conducted to examine the effect of managerial ownership and institutional ownership on Tobin' Q through ROA with the basis of agency theory. The population in this study are all companies listed on the LQ 45 which is one of some indexes in IDX. IDX is a capital market that can be a medium where businesses and other institutions (eg the government) that need funds to develop, expand, add more working capital in business meet the investors (public) who will put some funds as investment. While, LQ 45 index is a group of 45 companies with high liquidity, a large market capitalization, and strong fundamentals.

That is a sample selection method based on certain criteria owned by the sample. From the population criteria, there are 29 companies listed on LQ 45 followed by 145 data of observation as a sample of this study. As the reasearch objects used in this study are the Q1 2020' financial reports to Q1 2021' financial reports, the required data is obtained through the Indonesia Stock Exchange (IDX) and the official website of each company as well as data available on the internet media.

Table 1
Descriptive Statistic

Description	**Inst. Own**	**Mgr. Own**	**ROA**	**Tobin's Q**
Mean	61,41	0,07	1,43	1,413991
Median	59,50	0,00	1,22	1,112470
Maximum	92,50	0,68	5,63	4.931072
Minimum	20,07	0,00	-2,51	0,641817
Observation	145	145	145	145

Source: Processed data, 2021

Institutional Ownership defined as the stocks of company that owned by the institution or government. Based on the table above, the mean value of Institutional Ownership during Q1/2020 to Q1/2021 was 61.41%. Then, the author assumes that the average company's shares in LQ45 index was owned by an institution as much as 61.41%. Furthermore, the highest value was 92.50% and the lowest value was 50.07%.

Managerial Ownership can be defined as company's shares that owned by the management. Based on the table above, the average value of Managerial Ownership during Q1/2020 to Q1/2021 was 0.07%. Then, we can assume that during research period, the ratio of comparison between stocks owned by management to total stocks of LQ45 companies is 0.07% in average. The highest Managerial Ownership value was 0.68%, and the lowest stocks owned by management was 0% in several firms during the research period. As the median value is also 0%, it indicates that more than 50% of research data have 0% of managerial ownership

In this research, ROA is the proxy of financial performance. Based on the table above, the mean value of ROA during the period of study was 1.43%. Thus, the author interprets that the average company's financial performance during Covid 19 in LQ45 index is 1.43%. Furthermore, descriptive statistic also presented that the highest value of ROA value is 5.63% and the lowest value of financial performance that proxied by ROA was -2.51%. The median value of 1.22% reveals that if the research data sorted from the lowest ROA to the higher ROA, so the 73rd data is ROA of ANTM on quarter 2nd of 2020.

Tobin's Q during Q1/2020 to Q1/2021 was 1.413991. It means that the average company's value during Covid 19 in LQ45 index is 1.41. The median of Tobin's Q data show 1.112470 as the middle point. Furthermore, the lowest value of Tobin's Q which present the values of companies listed in LQ45 index was 0.641817.

Regression with Path Analysis (Sobel Test)

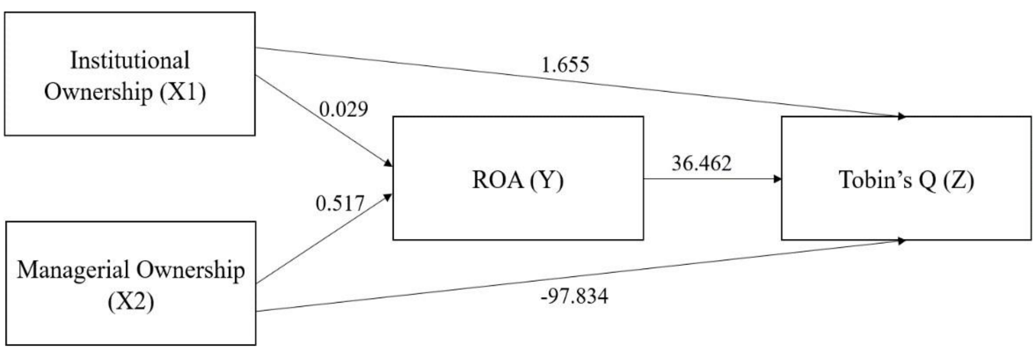

Figure 4. Path Diagram

Based on the path diagram above, the amount of the direct and indirect influence between independent variables on firm value can be written as follows:

a. The direct path between Institutional Ownership -> Tobin's Q shows the magnitude of effect is 1.655.

b. The indirect path of Institutional Ownership -> ROA -> Tobin's Q indicates the magnitude of effect calculated by multiplied 0.029 with 36.462 as equals as 1.057.

c. The direct path between Managerial Ownership -> Tobin's Q shows the magnitude of effect is -97.834.

d. The indirect path of Managerial Ownership -> ROA -> Tobin's Q indicates the magnitude of effect by multiplied 0.517 with 36.462 = 18.851.

The Effect of Institutional Ownership on Financial Performance

Based on the regression test results that t-count value of institutional ownership is 2.680 with t-table value is 1.65566 which indicates that t-count > t-table. Furthermore, a significance value is 0.008 < 0.05. Then, the outcome of the regression test indicates that H1 is accepted. It imply that the institutional ownership variable has a positive effect on financial performance of companies listed on LQ45 during Covid 19. In means that during Covid 19, if the ownership of institution greater then the financial performance of LQ45 company will be increase, but if the institutional ownership go down then the financial performance of LQ45 will be decrease.

In the current situation of Covid 19, the performance of many companies decrease (Shen, et al., 2020). Poor management's performance during Covid 19 may disatisfy the institutional investors, they will either withdraw their shares or sell them on the stock market. As a result, if the percentage of institutional ownership is high, management will be motivated to improve the LQ45 company's performance especially during epidemic. But, if the percentage of institutional ownership is low, there will be few opportunities for shareholders to monitor the company so that it does not affect the LQ45 companies performance during Covid 19. This demonstrates how institutional investors can serve as effective supervisors for management, motivating them to enhance their performance and maximize profits in order to increase financial performance especially in companies listed on LQ45 during Covid 19 epidemic.

The Effect of Institutional Ownership on Firm Value

The results of the regression test show that t-count of institutional ownership is 3.404 that is higher than t-table value of 1.65573 with a significance value of 0.001 < 0.05. The significance value is lower 0.05 and the t count is higher than the t table indicated that H2 is accepted. It indicates that there is a positive effect of institutional ownership towards LQ45 companies value during global epidemic of Covid 19. In the current situation of global epidemic where many corporates value decline, investors tend to avoid investing by withdrawing assets to limit their losses (Rababah, et al., 2020). During Covid 19, if the ownership of institution in LQ45 companies increase, then the company value will be higher. But, if many institutional investors who worried about the Covid 19 outbreak withdraw their assets, the value of LQ45 companies during Covid 19 will also decrease. It demonstrates how important the institutional ownership to encourage optimal monitoring in LQ45 companies during Covid 19.

The Effect of Managerial Ownership on Financial Performance

Based on the outcomes of regression test, t-count of managerial ownership is 0.826 with significance value of 0.410. As the value of t-table is 1.65566, the t count < t table and the significance value of 0.410 is higher than 0.05. The results indicate that H3 is rejected. Then, there is no effect of managerial ownership on LQ45 companies performance. It means that the large amount of shares owned by management in companies listed on LQ45 index is unable to connect the objectives of management and shareholders, so that the company's goals in achieving high financial performance during Covid 19 are not achieved.

The Effect of Managerial Ownership on Firm Value

The outcomes of regression test show t-count of managerial ownership is -3.561 which is lower than t table with the significance value of 0.001 which is lower than 5%. The value of t-count and significance indicate that there is an negative effect of managerial ownership on firm value. Thus, H4 which states that Managerial Ownership affect Firm Value positively is rejected. It indicates that increased managerial ownership is ineffective in resolving agency disputes that develop as a result of agency relationships.

The quantity of managerial ownership in LQ45 companies is insufficient to connect the interests of management and shareholders, so that the corporate revenue will be decline.

The Effect of Financial Performance on Firm Value

Based on the outcomes of regression test, t-count of ROA is 9.908 with significant value of 0.000. As the significant value is lower than 5% and t-count is higher than t-table which is 1.65573, so there is a positive and significant effect of ROA on Firm Value. Thus, the H5 is accepted. The results of the study prove that financial performance which proxied by return on assets (ROA) has a positive effect on firm value (Tobin's Q) in companies listed in the LQ45 index during the epidemic of covid 19 or from the first quarter of 2020 to the first quarter of 2021. The positive effect of ROA towards Tobin's Q shows that the higher the financial performance of LQ45 companies, the better the perception of investors regarding the LQ45 company and it's management performance, so that it has an impact on increasing firm value.

The Mediation Effect of Financial Performance between Institutional Ownership on Company Value

The value of t-count for hypothesis 6 regarding the effect of institutional ownership on firm value with financial performance as an intervening variable is 2.53569 while the t-table is 1.65573, indicating that the t-count is greater than the t-table. Based on the outcomes, H6 is accepted. It means that financial performance can act as an intervening in the relationship between institutional ownership towards firm value in LQ45 companies during Covid 19. The existence of financial performance, demonstrates that institutional ownership can have an impact on firm value indirectly with the total effect of 1.057, as explained in the results of hypotheses H1, H2 and H5, reinforcing that institutional ownership can affect firm value through financial performance. This indicates that if the company is able to improve its financial performance during the pandemic, the number of institutional investors will increase. As the supervision control exist in the company listed on LQ45 during global epidemic of Covid 19, manager will perform good financial performance that may lead the value of LQ45 firm

The Mediation Effect of Financial Performance between Managerial Ownership on Company Value

Based on the calculation, the value of t-count for hypothesis 7 is 0.82019. While, the t-table is 1.65573, then the result of t-count is lower than t-table. It indicates that H7 is rejected. Then, there is no mediation effect of ROA between Managerial Ownership on LQ45 companies value during Covid 19. Following the announcement of the first case of the Covid-19 in Indonesia, the market sent a negative signal to investors, causing the stock price of the LQ45 company to fall (Febriyanti, 2020). As the stock price decrease, then the value of Tobin's Q will also decrease during epidemic. This situation can not draw the at the major health emergency worldwide will lead management to increase their cash holdings compared to the act of upgrading financial perfomance to meet investors interest.

5. Conclusion, Implication, Suggestion and Limitations

The study examined the mediation role of financial performance that proxied by ROA on ownership structure which is the factors affecting corporate value of companies listed on LQ45 index in Indonesia Stock Exchange during quarter 1st 2020 – quarter 1st 2021. Ownership of institution affects financial performance positively. During a global Covid 19 pandemic, institutional investors can act as effective supervisors for management, encouraging them to improve their performance and maximize profits in order to boost financial performance, particularly in companies listed on the LQ45 index. There is direct and positive effect of institutional ownership towards company value. There is no evidence that managerial ownership may affect financial performance and there is no positive effect of managerial ownership toward firm value. There is positive influence of financial performance that proxied by ROA towards enterprise value. It indicates if the companies listed on LQ45 has good financial during Covid 19 then the LQ45 firm value will be higher. But, as the policies set during pandemic resulting in a shrinking demand, it affect many company performance decrease and cause the decline of many corporate value to decrease especially in LQ45 index.

The hypothesis of indirect influence of institutional ownership on firm the existance of supervision control in the company listed on LQ45 during global epidemic of Covid 19, will motivated manager to perform good financial performance that may lead the value of LQ45 firm to increase. There is no indirect influence of managerial ownership on corporate value through financial performance as intervening.

In this study, there are various limitations that could lead to bias or inaccuracy in the study's results, this research utilize managerial and institutional ownership as the proxies of ownership structure, ROA as a proxy to measure financial performance and the Tobins Q as a proxy to measure corporate value. There are numerous proxies that can be utilized for ownership structure, financial performance and company value. In addition, research is also useful for future researchers interested in similar studies.

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