

**THE EFFECT OF OWNERSHIP STRUCTURE ON INTELLECTUAL  
CAPITAL AND ITS IMPACT ON FIRM VALUE (A STUDY ON THE  
BANKING SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE  
FOR THE PERIOD 2020–2024)**



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**Abstract**

This study aims to analyze the influence of ownership structure, including institutional ownership, foreign ownership, and ownership concentration, on intellectual capital and its impact on firm value in the banking sector on the Indonesia Stock Exchange during the 2020-2024 period. The population used in this study was all banking issuers listed on the Indonesia Stock Exchange during the 2020-2024 period, totaling 47 banks. A purposive sampling method was used to obtain 205 observations, then analyzed using multiple linear regression. The results of the study show that institutional ownership and foreign ownership have a negative effect on intellectual capital, while ownership concentration has a positive effect on intellectual capital, and intellectual capital has been proven to have a positive effect on company value.

**Keywords:** Institutional Ownership, Foreign Ownership, Ownership Concentration, Intellectual Capital, Firm Value

## INTRODUCTION

Companies play an essential role in both national and global economies, acting as drivers of economic growth, job creation, and innovation. According to the National Medium-Term Development Plan (RPJMN) 2020–2024, strengthening the role of the industrial sector in the national economy is one of the primary development goals (Bappenas, 2019). The industrial sector is a key contributor to Indonesia's economy, accounting for approximately 50% of the Gross Domestic Product (GDP) (MNC Leasing, 2023).

According to Anam (2023), the Financial Services Authority (OJK) assessed that the stability of the banking industry remains well-maintained, supported by strong capitalization, adequate liquidity, and a sound risk profile. This allows the industry to withstand potential global economic slowdowns. Based on OJK data, as of December 2023, the Indonesian banking industry remained resilient and competitive, supported by profitability levels such as ROA of 2.74% (November 2023: 2.72%) and NIM of 4.81% (November 2023: 4.83%). Banking capitalization (CAR) was relatively high at 27.65% (November 2023: 27.86%), serving as a strong risk buffer amid global uncertainties (Anam, 2024).

This consistent performance and resilience of the banking sector cannot be separated from the presence of intellectual capital. Intellectual capital is a critical strategic asset for companies to sustain competitive advantage, encompassing knowledge, skills, innovation, and organizational capabilities that generate sustainable added value. One of the factors influencing intellectual capital is ownership structure. Ownership structure is one of the most effective mechanisms for supporting the board of directors in enhancing financial performance. It refers to the distribution of company shares. It can be defined as the comparison between the shares owned by insiders and those held by external investors (Agustina & Soelistya, 2018). This structure can shape shareholder incentives and priorities, ultimately influencing how intellectual capital (knowledge, skills, employee experience, and other intangible assets) is managed and utilized.

This study focuses on three categories of ownership structure: institutional ownership, foreign ownership, and ownership concentration. Previous research has examined these forms of ownership from various perspectives, each with unique characteristics that affect corporate resource management strategies, particularly in the development and utilization of intellectual capital.

Amid intense business competition and rapid globalization, intellectual capital becomes a vital issue for companies. According to Nicma & Tumirin (2024), intellectual capital enhances corporate competitiveness by improving operational efficiency and creating added value. Intellectual capital consists of human capital, structural capital, and relational capital. Firms that successfully optimize intellectual capital management tend to be more competitive and adaptive to market changes. Intellectual capital also influences market value and corporate performance (Rini, 2016).

Subagio & Juniarti (2022) concluded in a study of the consumer goods industry that intellectual capital positively correlates with firm value—meaning the better the intellectual capital, the higher the firm value. Based on the Resource-Based View (RBV) theory, companies can achieve competitive advantage and increase firm value through managing valuable, rare, and inimitable internal resources, such as superior intellectual capital. Similar results were reported by Selvia, Paramita, & Ermawati (2022) and Erika, Ulupui, & Yusuf (2022), who found that intellectual capital significantly affects firm value. However,

contrasting findings were reported by Alibasyah & Arief (2024), who argued that intellectual capital does not significantly influence firm value.

Based on this, an important issue arises regarding the relationship between ownership structure, intellectual capital, and firm value. Each element serves a different function, yet their interconnection is evident, albeit indirectly. Intellectual capital is not a stand-alone element—it is influenced by factors such as ownership structure. Meanwhile, firm value reflects the outcome of utilizing and developing intellectual capital, showcasing the company's ability to optimize intangible assets like knowledge, expertise, and innovation.

Previous studies have demonstrated a close relationship among ownership structure, intellectual capital, and firm value. Nevertheless, existing literature does not provide a comprehensive understanding of the interplay among these three variables. Differences in prior findings suggest the need for further research, particularly regarding the influence of ownership structure on intellectual capital and how intellectual capital, in turn, affects firm value.

Therefore, this study aims to provide a more comprehensive understanding of ownership structure, intellectual capital, and firm value. Referring to research conducted by Latifah & Widiatmoko (2022), this study re-examines the effect of ownership structure on intellectual capital and the impact of intellectual capital on firm value. The research takes the case of banking companies listed on the Indonesia Stock Exchange (IDX), considering that the banking industry plays a vital role in supporting Indonesia's economy. Through credit distribution, banks stimulate investment and economic growth, especially by financing small and medium enterprises (SMEs), which are critical to Indonesia's economy (Rohman, 2023). By adopting innovative and responsive strategies, the banking sector has maintained financial system stability, supported economic activities, and strengthened public trust as a key pillar of national economic recovery and growth (Otoritas Jasa Keuangan, 2024).

As of October 2024, banking intermediation performance remained robust, reflected by strong loan growth of 10.92% (yoy), up from 8.99% in the same period of the previous year. This growth was driven by increasing corporate loan demand in line with strong sales and repayment capacity. Meanwhile, SME lending grew by 4.76% (yoy), dominated by wholesale and retail trade as well as agriculture. On the other hand, third-party funds (DPK) also grew by 6.74% (yoy), higher than the previous year's 3.43% (yoy), helping to maintain banking liquidity (Otoritas Jasa Keuangan, 2024).

This consistent performance indicates that Indonesia's banking sector has strong fundamentals, making it an appropriate object of study for analyzing the dynamics among ownership structure, intellectual capital, and firm value. Based on this rationale, the research is entitled "*The Effect of Ownership Structure on Intellectual Capital and Its Impact on Firm Value: A Study on the Banking Sector Listed on the Indonesia Stock Exchange for the Period 2020–2024.*" This study provides relevant empirical data for stakeholders interested in banking companies listed on the IDX. The findings can be used to evaluate how ownership structure influences corporate competitiveness and, ultimately, financial performance and market value. Therefore, the results may serve as an important reference for investors in formulating better investment strategies, selecting companies with optimal intellectual capital management, and maximizing long-term returns.

## REVIEW OF LITERATURE

### Theory Agency

According to Jensen and Meckling (1976) in Jamaluddin & Enre (2023), agency theory explains the relationship between the principal and the agent, where the principal delegates authority to the agent in terms of business management as well as decision-making within the company. The agent and the principal are bound by an agreement to achieve the company's objectives. Ownership structure reflects the proportion of shares owned by a party within the company. A dominant ownership structure aligns shareholders with management, thereby reducing agency conflicts and minimizing information asymmetry (Agustin & Widiatmoko, 2022).

### Teori Resource-Based View (RBV)

The resource-based view theory was first pioneered by Wernerfelt. The main approach of the Resource-Based Theory is the understanding of the relationship between resources, capabilities, competitive advantage, and profitability, particularly in understanding mechanisms for sustaining competitive advantage over time. This theory was first introduced by Wernerfelt (1984) in his work "*A Resource-Based View of the Firm*" and further developed by Barney (1991) in "*Firm Resources and Sustained Competitive Advantage*" (Aguzman, 2021).

### Intellectual Capital

Intellectual capital refers to knowledge that provides information about a company's intangible value, which can influence resilience and competitive advantage (Puspita & Wahyudi, 2021). Proper management of intellectual capital can enhance firm value. Intellectual capital is built upon three essential elements: human capital, structural capital, and relational capital (Agustia, Asyik, & Mudiantari, 2021). When these three elements are utilized effectively and optimally, superior intellectual capital can be developed within the company. Intellectual capital enables firms to excel in meeting the interests of all stakeholders, including shareholders and investors. Disclosure of intellectual capital is considered an effective monitoring mechanism to foster transparency (Indarti, Faisal, & Yuyetta, 2023).

### Ownership Structure

The ownership structure of a company refers to the distribution of the company's shareholdings. This study focuses on three types of ownership structures: institutional ownership, foreign ownership, and ownership concentration.

Institutional ownership refers to the proportion of shares held by institutions such as investment companies, banks, insurance firms, or other organizations. Institutional ownership plays an important role in monitoring management. A large proportion of institutional ownership (more than 5%) indicates its ability to oversee management effectively. The presence of institutional investors encourages more optimal supervision (Latifah & Widiatmoko, 2022).

Meanwhile, foreign ownership refers to the proportion of shares held by foreign parties. According to Latifah & Widiatmoko, (2022), foreign ownership represents the proportion of a company's common shares owned by individuals, legal entities, governments, or their subsidiaries with foreign status. This type of ownership reflects the extent to which foreign parties are involved in shaping the company's policy direction, including strategic decision-making that may influence corporate performance and governance.

Ownership concentration refers to the extent to which a majority of the company's shares are held within a specific ownership structure (Widiatmoko & Indarti, 2018). It indicates who holds significant portions of the company's shares and how these parties exercise substantial control over the company's operations. A high level of ownership concentration can strengthen the supervision of corporate management..

### **Firm Value**

Firm value reflects investors' perception of a company, often associated with stock price. According to Insyarah & Widiatmoko (2022), firm value represents the level of a company's success as perceived positively by potential investors. Similarly, Latifah & Widiatmoko (2022) argue that firm value is investors' perception of funding a company, considering the time value of money, and is often linked to stock price. It is undeniable that the primary goal of a company is to maximize its firm value. Therefore, management must strive to enhance firm value to successfully achieve the company's objectives.

## **RESEARCH METHOD**

### **Population**

The research population is the grouping of people or objects that serve as the source for sample collection in a study. Population can also be defined as the entire research subjects within a certain grouping. Simply put, the population represents the entire source of data or research subjects of a defined size (Abubakar, 2021). The population used in this study consists of all banking issuers listed on the Indonesia Stock Exchange during the 2020–2024 period, totaling 47 banks.

### **Sampling Technique**

A sample is a subset of the research population under investigation. In simple terms, a sample can be defined as a representative part of the population being studied. The purpose of sampling is to generalize the research findings (Abubakar, 2021).

The sampling technique employed in this study is the purposive sampling method. According to Sugiyono (2019), purposive sampling is a technique for determining samples based on specific considerations. This means that the sample selection is based on predetermined criteria formulated by the researcher.

To maintain the representativeness of the sample, from the 47 banks listed on the IDX during 2020–2024, all banks were retained in the sample, with partial elimination in certain years depending on the availability of research variable data. The final sample used in the analysis comprised 205 observations.

### **Type and Source of Data**

#### **Type of Data**

The type of research data is divided into two. First, quantitative research emphasizes the collection of numerical data. Second, qualitative research emphasizes the collection of non-numerical data, such as statements, sentences, words, and so on (Abubakar, 2021). This study employed quantitative data, specifically the collection of numerical data.

#### **Source of Data**

The data source used in this study is secondary data. Secondary data were obtained from the Indonesia Stock Exchange reports for the banking sector during 2020–2024, accessible at the following link: <https://www.idx.co.id/id/perusahaan-tercatat/laporan-keuangan-dan-tahunan/>

## RESULTS AND DISCUSSION

### Descriptive Statistical Analysis

**Table 1.**  
**Descriptive Statistical Analysis**

|                    | N   | Minimum | Maximum | Mean     | Std. Deviation |
|--------------------|-----|---------|---------|----------|----------------|
| KI                 | 205 | .300    | 1.000   | .90342   | .105798        |
| KA                 | 205 | .001    | .990    | .43684   | .361896        |
| KP                 | 205 | .124    | .987    | .67502   | .204391        |
| VAIC               | 205 | -39.396 | 215.594 | 4.10925  | 15.315622      |
| PBV                | 205 | .249    | 35.481  | 2.06683  | 4.378818       |
| UP                 | 205 | 28.407  | 35.426  | 31.62765 | 1.718467       |
| UMUR               | 205 | 0       | 42      | 16.83    | 9.565          |
| LEV                | 205 | .248    | .945    | .77905   | .129056        |
| Valid N (listwise) | 205 |         |         |          |                |

*Source: Processed Secondary Data, 2025*

Based on Table 1, this study used a sample of 205 companies. The lowest value of institutional ownership (IO) was 0.300 in AMAR in 2020, while the maximum value was 1.000 in BCIC in 2020. The analysis also shows a relatively high mean of 0.90342 with a relatively small standard deviation (0.105798), indicating that most companies in the sample have a high and relatively homogeneous level of institutional ownership.

For the foreign ownership (FO) variable, the mean was 0.43684 with a standard deviation of 0.361896, suggesting substantial variability in ownership structures across firms. The lowest value was 0.001 for AGRO in 2020, while the maximum value was 0.990 for BCIC in 2020.

Meanwhile, ownership concentration (OC) had a mean of 0.67502, indicating that most firms in the sample have a significant concentration of ownership, around 67.5% of total shares. The lowest ownership concentration was 0.124 for MAYA in 2024, and the highest was 0.987 for BNLI in 2021.

VAIC (Value Added Intellectual Capital) displayed interesting characteristics with a very wide range, from -39.396 in BSIM (2021) to 215.594 in BEKS (2022), and a very large standard deviation (15.315622). Although the mean was positive (4.10925), the high variability indicates the presence of outliers and substantial heterogeneity in intellectual capital efficiency across firms.

Similarly, PBV (Price to Book Value) had a mean of 2.06683 and a standard deviation of 4.378818, suggesting that most companies are valued above their book value, but with significant variation across firms. The lowest PBV was 0.249 for MAYA in 2022, while the highest was 35.481 for BBHI in 2021.

Other firm characteristics such as firm size showed good homogeneity, with a relatively small standard deviation (1.718467). The lowest firm size value was 28.407 for BANK in 2021, while the highest was 35.426 for BMRI in 2024.

Firm age ranged from 0 to 42 years, with an average of 16.83 years. The youngest firms were AMAR in 2020 and BANK in 2021, both with an age of 0. The average firm age in this study was 16.83 years, with a standard deviation of 9.565.

The leverage level was relatively high, with a mean of 0.77905 or about 77.9%, indicating that firms in the sample tend to rely significantly on debt financing. The lowest leverage value was 0.248 for AMAR in 2023, while the highest was 0.945 for BBTN in 2020.

**Normality Test**

Based on the normality test of 205 observations, the data distribution was found to be non-normal. The skewness statistic was 12.198 with a standard error of 0.170, resulting in a ratio of 71.75. The kurtosis value was 168.462 with a standard error of 0.338, producing a ratio of 498.41. The skewness and kurtosis values far exceed the acceptable range of -2 to +2, indicating a highly non-normal distribution. Therefore, extreme outliers were eliminated to correct for skewness.

**Table 2.**  
**Normality Test for Equation 1**

|                         | N         | Skewness  |            | Kurtosis  |            |
|-------------------------|-----------|-----------|------------|-----------|------------|
|                         | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| Unstandardized Residual | 193       | .120      | .175       | .289      | .348       |
| Valid N (listwise)      | 193       |           |            |           |            |

*Source: Processed Secondary Data, 2025*

After eliminating outliers, the number of observations was reduced to 193. The skewness value was 0.120 with a standard error of 0.175, indicating a slight positive skewness still within the acceptable range. The standardized skewness value of 0.6857 suggests that the data distribution is nearly symmetric.

The kurtosis was 0.289 with a standard error of 0.348, indicating mild positive kurtosis but still acceptable, with a standardized kurtosis of 0.8304. These results confirm that after eliminating extreme outliers, both skewness and kurtosis fall within the acceptable range (-2 to +2), meaning the normality assumption is satisfied.

**Table 3.**  
**Normality Test for Equation 2**

|                         | N         | Skewness  |            | Kurtosis  |            |
|-------------------------|-----------|-----------|------------|-----------|------------|
|                         | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| Unstandardized Residual | 121       | .344      | .220       | -.743     | .437       |
| Valid N (listwise)      | 121       |           |            |           |            |

*Source: Processed Secondary Data, 2025*

The normality test for Equation 2 with 205 observations also showed a non-normal regression model. The skewness ratio was 30.853, and the kurtosis ratio was 97.612, indicating the presence of significant outliers. After outlier elimination, 121 observations remained.

The skewness was 0.344 with a standard error of 0.220, indicating slight positive skewness still within tolerance, with a standardized value of 1.5636. The kurtosis was -0.743 with a standard error of 0.437, indicating platykurtic distribution (flatter peak, thinner tails). The standardized kurtosis value of -1.7002 falls within the acceptable range (-2 to +2), confirming normality. Thus, the regression model after outlier removal satisfies the normality assumption, ensuring the validity of regression results.

**Multicollinearity, Heteroskedasticity, and Autocorrelation Tests (Equation 1)**

**Table 4.**  
**Equation 1 Test Results**

| Model                       | Unstandardized Coefficients |            | T     | Sig.   | Uji Multikolinearitas |       | Uji Heteroskedastisitas (Uji Park) |        |
|-----------------------------|-----------------------------|------------|-------|--------|-----------------------|-------|------------------------------------|--------|
|                             | B                           | Std. Error |       |        | Tolerance             | VIF   |                                    |        |
| 1                           | (Constant)                  | 10.997     | 2.243 | -4.902 | 0.000                 |       |                                    | 0.004  |
|                             | KI                          | -2.145     | 1.195 | -1.795 | 0.074                 | 0.643 | 1.555                              | 0.641  |
|                             | KA                          | -1.661     | 0.347 | -4.789 | 0.000                 | 0.654 | 1.529                              | 0.081  |
|                             | KP                          | 2.774      | 0.653 | 4.251  | 0.000                 | 0.557 | 1.795                              | 0.262  |
|                             | UP                          | 0.625      | 0.087 | 7.22   | 0.000                 | 0.449 | 2.229                              | 0.065  |
|                             | UMUR                        | 0.004      | 0.014 | 0.3    | 0.764                 | 0.578 | 1.731                              | 0.578  |
|                             | LEV                         | -6.048     | 0.985 | -6.143 | 0.000                 | 0.602 | 1.660                              | 0.081  |
| a. Dependent Variable: VAIC |                             |            |       |        |                       |       |                                    |        |
| Durbin-Watson               |                             |            |       |        |                       |       |                                    | 1.694  |
| Runs Test                   |                             |            |       |        |                       |       |                                    | 0.220  |
| R <sup>2</sup>              |                             |            |       |        |                       |       |                                    | 0.319  |
| Adjusted R <sup>2</sup>     |                             |            |       |        |                       |       |                                    | 0.297  |
| F <sub>count</sub>          |                             |            |       |        |                       |       |                                    | 14.549 |
| Sig. F                      |                             |            |       |        |                       |       |                                    | 0.000  |

Source: Processed Secondary Data, 2025

The multicollinearity test showed no issues, with all VIF values below 10 (ranging from 1.529 to 2.229) and tolerance values above 0.10 (0.449–0.654).

The heteroskedasticity test (Glejser) initially detected issues, with FO showing significance of 0.048 (<0.05). However, after applying the Park test, heteroskedasticity was no longer detected (all Sig. > 0.05).

The autocorrelation test showed DW = 1.694 < DL = 1.7007, suggesting autocorrelation. However, after applying the Runs Test, the model was free from autocorrelation (Sig. = 0.220 > 0.05).

The F-test indicated the regression model is statistically significant (F = 14.549, p < 0.001). R<sup>2</sup> = 0.319, meaning 31.9% of the dependent variable variation is explained by the model, while Adjusted R<sup>2</sup> = 0.297.

**Multicollinearity, Heteroskedasticity, and Autocorrelation Tests (Equation 2)**

**Table 5.**  
**Equation 2 Test Results**

| Model                      | Unstandardized Coefficients |            | T     | Sig.   | Uji Multikolinearitas |       | Uji Heteroskedastisitas (Uji Gletjer) |       |
|----------------------------|-----------------------------|------------|-------|--------|-----------------------|-------|---------------------------------------|-------|
|                            | B                           | Std. Error |       |        | Tolerance             | VIF   |                                       |       |
| 1                          | (Constant)                  | -0.013     | 0.527 | -0.025 | 0.980                 |       |                                       | 0.645 |
|                            | VAIC                        | 0.004      | 0.001 | 4.281  | 0.000                 | 0.975 | 1.025                                 | 0.249 |
|                            | UP                          | 0.032      | 0.020 | 1.587  | 0.115                 | 0.440 | 2.273                                 | 0.444 |
|                            | UMUR                        | -0.008     | 0.002 | -3.341 | 0.001                 | 0.642 | 1.558                                 | 0.104 |
|                            | LEV                         | -0.189     | 0.223 | -0.847 | 0.399                 | 0.634 | 1.577                                 | 0.300 |
| a. Dependent Variable: PBV |                             |            |       |        |                       |       |                                       |       |
| Durbin-Watson              |                             |            |       |        |                       |       |                                       | 1.960 |
| R <sup>2</sup>             |                             |            |       |        |                       |       |                                       | 0.191 |
| Adjusted R <sup>2</sup>    |                             |            |       |        |                       |       |                                       | 0.164 |
| F <sub>count</sub>         |                             |            |       |        |                       |       |                                       | 6.866 |
| Sig. F                     |                             |            |       |        |                       |       |                                       | 0.000 |

Source: Processed Secondary Data, 2025

The multicollinearity test showed no issues (VIF values between 1.025 and 2.273, tolerance values between 0.440–0.975). The heteroskedasticity test showed no issues (all Sig. > 0.05). The autocorrelation test (Durbin-Watson = 1.960) indicated no autocorrelation ( $DL < DW < DU$ ). The F-test indicated the regression model is statistically significant ( $F = 6.866$ ,  $p < 0.001$ ).  $R^2 = 0.191$  (19.1% variation explained), Adjusted  $R^2 = 0.164$ .

### **Multiple Linear Regression Equations**

Based on Table 4:

#### **Equation 1:**

$$VAIC = -10.997 - 2.145(IO) - 1.661(FO) + 2.774(OC) + 0.625(FS) + 0.004(AGE) - 6.048(LEV)$$

Based on Table 5:

#### **Equation 2:**

$$PBV = -0.013 + 0.004(VAIC) + 0.032(FS) - 0.008(AGE) - 0.189(LEV)$$

### **Partial Test (T-Test)**

In Equation 1, Institutional Ownership (KI) has a t-value of -1.795 with a significance level of 0.074. This result indicates that institutional ownership has a significant effect at the 90% confidence level ( $\alpha = 10\%$ ) with a negative influence on VAIC.

Foreign Ownership (KA) shows a t-value of -4.789 with a significance level of 0.000, which is less than 0.01. This indicates that KA has a significant effect on VAIC at the 99% confidence level ( $\alpha = 1\%$ ). The negative sign on the t-value shows that foreign ownership has a highly significant negative effect on intellectual capital (VAIC), meaning that an increase in foreign ownership will decrease intellectual capital.

Ownership Concentration (KP) has a t-value of 4.251 with a significance level of 0.000. This result shows that ownership concentration has a significant effect on intellectual capital (VAIC) at the 99% confidence level ( $\alpha = 1\%$ ). The positive sign on the t-value indicates that ownership concentration has a highly significant positive effect on intellectual capital, meaning that an increase in ownership concentration will increase intellectual capital.

The results of the control variables in Equation 1 show that firm size (UP) has a positive effect on intellectual capital, and leverage (LEV) has a negative effect. Meanwhile, firm age (UMUR) has no effect, with a significance value of 0.764.

Based on the t-test results in Equation 2, Table 4, the VAIC (Value Added Intellectual Capital) variable shows a positive and significant effect on firm value (PBV), with a coefficient of 0.004 and a significance value of 0.000 ( $p < 0.01$ ). This means that every one-unit increase in VAIC will increase PBV by 0.004 units. This indicates that the intellectual capital owned by a company can increase its firm value in the eyes of investors.

The results of Equation 2 for the control variables show that firm age (UMUR) has a negative effect on firm value, while firm size (UP) and leverage (LEV) have no effect on firm value.

### **Institutional ownership has a positive effect on the company's intellectual capital.**

Institutional ownership plays an important role in the development of a company's intellectual capital. Agency theory states that institutional ownership can reduce conflicts of interest between principals and agents, thereby encouraging more optimal investment in intellectual capital. However, the results of this study show that institutional ownership has a negative effect on intellectual capital. This finding indicates that the greater the proportion

of institutional ownership, the lower the company's intellectual capital performance. These results are not in line with Supradnya & Ulupui (2016) and Hossain & Rana (2024), who found that institutional ownership positively affects intellectual capital.

The negative result in this study suggests that the role of institutions as monitors has not been optimal, or even creates short-term pressure that makes companies reluctant to invest in developing intellectual capital such as human resources, innovation, and information systems. Therefore, the hypothesis stating that institutional ownership positively affects intellectual capital is rejected.

**Foreign ownership has a positive effect on the company's intellectual capital.**

Foreign ownership significantly influences a company's intellectual capital, which can be explained through agency theory emphasizing transparency and the reduction of conflicts of interest. Foreign investors often bring more modern managerial practices, new technology, and knowledge transfer that can improve efficiency and competitiveness. However, the results of this study show that foreign ownership negatively affects intellectual capital. This means that the greater the proportion of shares held by foreign investors, the lower the company's intellectual capital performance. This finding contradicts Supradnya & Ulupui (2016) and Hossain & Rana (2024), who reported a positive relationship between foreign ownership and intellectual capital.

This difference may be due to contextual factors such as the degree of foreign investors' involvement in company operations, differences in management culture, or the short-term investment orientation of foreign owners. From the agency theory perspective, foreign owners act as external parties who should be able to monitor management and encourage value creation through intellectual capital. However, the negative findings of this study instead indicate the possibility of information asymmetry or limited direct involvement of foreign investors in strategic policies, including investments in human resources, innovation, and technology systems. This highlights the need for further evaluation of the effectiveness of foreign ownership in fostering knowledge-based performance in domestic companies.

**Ownership concentration has a positive effect on the company's intellectual capital.**

Ownership concentration refers to the dominance of major shareholders in a company, which can influence the management of intellectual capital through agency theory. This theory explains that majority shareholders have strong incentives to monitor management and encourage investments in intangible assets, including intellectual capital. This study finds that ownership concentration has a positive effect on the company's intellectual capital. This result is also supported by Supradnya & Ulupui (2016) and Setiawan & Suzan (2023), who confirm that ownership concentration positively and significantly affects intellectual capital. This suggests that major shareholders can be key drivers in improving the quality of human resources, innovation, and information systems in the company.

**Intellectual capital has a positive effect on firm value.**

The Resource-Based View (RBV) theory emphasizes the importance of unique and hard-to-imitate internal resources. This theory states that intellectual capital, which includes human capital, structural capital, and relational capital, contributes to competitive advantage and long-term value creation for companies. This aligns with the findings of this study, which show that intellectual capital has a positive effect on firm value. It indicates that an increase

in intellectual capital is directly related to an increase in firm value. This finding is consistent with Selvia, Paramita, & Ermawati (2022) and Erika, Ulupui, & Yusuf (2022), who also reported that intellectual capital positively affects firm value. Thus, investment in intellectual capital development is not only relevant to internal corporate strategy but also becomes a crucial factor in creating economic value for shareholders and strengthening the company's competitive position in the market.

## CONCLUSION

This study aims to examine the effect of institutional ownership, foreign ownership, and ownership concentration on intellectual capital, as well as the effect of intellectual capital on firm value. Based on the results of the analysis and discussion, it can be concluded that both institutional and foreign ownership have a negative effect on firms' intellectual capital, reflecting weaknesses in the effectiveness of monitoring by both domestic institutions and foreign investors, which hinder investment in intellectual capital development. In contrast, ownership concentration has a positive impact, as majority shareholders tend to encourage strategic investments for long-term competitive advantage. Furthermore, intellectual capital itself is proven to enhance firm value by strengthening competitive advantage and overall financial performance.

The test results of control variables in equation 1 indicate that firm size and leverage significantly influence intellectual capital, while firm age does not. In equation 2, the control variables show that firm age negatively affects firm value, whereas firm size and leverage have no significant effect on firm value.

This study has limitations in terms of generalizability, as the data were obtained from companies within a specific industry or geographic area, making its application to other contexts necessary with caution. In addition, only control variables such as firm size and age were considered, while other important factors such as industry environment, macroeconomic conditions, and managerial aspects were not included, which may indirectly influence the results. Moreover, the  $R^2$  values of the model indicate that 68.1% of intellectual capital and 80.9% of firm value are explained by other factors not included in the model, signaling the limited explanatory scope of this study.

Future research could include a broader range of industries and geographic areas. It is also suggested that future studies incorporate additional control variables such as industry conditions, macroeconomic factors, and other managerial aspects to provide a more comprehensive understanding of the impact of the main variables on intellectual capital and firm value. Future research may also include moderating and mediating variables that could affect the main relationships, thereby offering a more complete picture of the mechanisms underlying the interrelationships among variables.

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