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The Effect of Ownership Structure and Corporate Social Responsibility on Financial Performance and Firm Value in Mining Sector Companies in Indonesian

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Abstract:

This study is intended to examine the effect of institutional ownership, managerial ownership, and CSR on financial performance (Model I). This study also conducted tests related to the effect of institutional ownership, managerial ownership, CSR, and financial performance on firm value (Model II). The population used is 39 mining sector companies with a sampling technique using a saturated sample technique. Data analysis was carried out using path analysis techniques with the help of SPSS. The results show that institutional ownership and CSR have a significant effect on financial performance, while managerial ownership has no significant effect on financial performance. Institutional ownership, managerial ownership, CSR, and financial performance were found to have a significant effect on firm value. In addition, financial performance is proven to be able to partially mediate the effect of institutional ownership and CSR on firm value.

Keywords: *Institutional Ownership, Managerial Ownership, CSR, Financial Performance, Firm Value*

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1. Introduction

The economic growth of a country can be viewed from the production process of goods and services in that country. The process of producing goods and services is seen from the Gross Domestic Product (GDP). According to The Bureau of Economic Analysis (BEA), GDP is the amount of added value generated by all business units in a certain country in a certain period (Dynan and Sheiner, 2018). The greater the value of a country's GDP is an indication that the country is also developing and progressing. In Indonesia, the source of GDP is obtained from the contribution of various sectors. The largest contribution of 10.12% to Indonesia's GDP in 2014 was obtained from the information and communication sector. From 2015 to 2018, the largest contribution

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was obtained from the tax sector minus subsidies for each product each year so that it was obtained at 32.55%, 19.20%, 13.33%, and 10.58%. In 2019, 10.55% came from other service sectors. On the other hand, the lowest contribution to GDP during 2014 to 2019 was in the mining and quarrying sector each year at 0.43%, -3.42%, 0.95%, 0.66%, 2.16%, and 1.22%.

In terms of the company's financial performance, the mining sector in 2014 to 2016 had a negative financial performance of -0.31%, -6.29%, and -10.42%, respectively. The increase occurred quite significantly from 2017 to 2019, respectively to 10.73%, 16.71%, and 16.46%. In terms of company value as measured by Tobin's, the average Q shows 1.2475 which means that the market value of the company's shares is greater than its book value. This phenomenon strongly supports signaling theory where good news contained in financial performance provides a good signal for investors in determining investment decisions. If the announcement contains a positive value, then the market is expected to react when the announcement is received by the market (Brigham and Houston, 2009: 186). If investors believe in the signal, then the stock price will increase so that profits will be obtained by investors (Godfrey et al., 2010:375). This is in line with the results of research conducted by Sucuahi and Cambarihan (2016), Gharaibeh and Qader (2017), Ilmi *et al.* (2017), Jallo and Mus (2017), Firdaus *et al.* (2018), and Yanto (2018).

Improvement of company performance and value is carried out by company management for the benefit of all stakeholders, both inside and outside the company. This emphasizes the connection between the business and all the people who have an interest in it, including investors, customers, employees, and society (Freeman *et al.,* 2010:32; Miles, 2012). In this study, the indicator used to measure the interests of investors is the structure of share ownership. Meanwhile, the interests of customers, employees, and the community are measured using indicators of corporate social responsibility.

2. Theoretical Background

Financial Performance and Firm Value

According to Naz *et al* (2016), financial performance is a measure of the extent to which the company's financial health over a certain period. In other words, it is a financial measure used to generate higher sales, profitability, and value of a business entity for its shareholders through the management of current and non-current assets, financing, equity, income, and expenses. Improved company performance will affect the value of the company which will increase as well. Modigliani and Miller (1958) states that firm value is determined by the firm's earnings power assets. This finding is supported by the results of research by Sucuahi and Cambarihan (2016), Gharaibeh and Qader (2017), Ilmi *et al.*(2017), Jallo and Mus (2017), Firdaus *et al.* (2018), and Yanto (2018) who conclude that financial performance affects firm value. However, the results of this study contradict the results of research by Pascareno and Siringoringo (2016) and Hakim and Sugianto(2018) where the results of their research

show that there is no effect of financial performance on firm value. Based on this description, the first hypothesis is formulated in this study, namely:
H1: Financial performance affects firm value.

Institutional Ownership and Financial Performance

According to Brealey *et al*. (2013), institutional ownership is shares held directly by large investors, such as financial institutions related to mutual funds, pension funds, and insurance companies. Institutional ownership in the ownership structure has a monitoring management role where institutional ownership is the most influential party in decision-making because of its nature as the majority shareholder. In addition, institutional ownership is the party that provides control over management in the company's financial policies. Jensen and Meckling (1976) suggested a positive relationship between institutional ownership and financial performance. This is supported by the results of research conducted by Soufeljil et al. (2016), Haija and Alrabba (2017), Masry (2016), and Khamis et al. (2015) where shares owned by institutions affect the improvement of financial performance. The results of research conducted by Balagobei and Velnampy (2017), Pirzada *et al.* (2015), Folorunso and Sajuyigbe (2018), Galal and Soliman (2017), and Muthoni and Olweny (2018) on the other hand show that institutional ownership does not affect financial performance. Based on this description, the second hypothesis is formulated, namely:
H2: institutional ownership affects financial performance.

Institutional Ownership and Firm Value

Increased institutional ownership will encourage management to improve its performance so that it has a positive impact on firm value. The greater the proportion of institutional ownership, the more stringent supervision will be to prevent opportunistic actions carried out by management. This will automatically increase the value of the company where investors have more confidence in companies that are closely monitored. This is supported by the results of research conducted by Murni (2015), Rashid (2015), Vintilă and Gherghina (2015) and Handayani et al. (2018) which shows that institutional ownership affects firm value. The results of research conducted by Astuti *et al*. (2018), Rini *et al.* (2017), Willim (2015), and Mohammed (2018) prove otherwise where institutional ownership does not affect firm value. Referring to the description, the third hypothesis is formulated, namely:
H3: Institutional ownership affects firm value.

Managerial Ownership and Financial Performance

Downes and Goddman (2010: 210) explain that managerial ownership, namely shareholders who in this case are also owners in the company and owner-managers, must be actively involved in making decisions in a company concerned. Ownership of a manager will participate in determining policy and decision making. The higher

the proportion of managerial share ownership, it will encourage management to try harder regarding the interests of shareholders, who are none other than themselves. This is supported by the findings of Kamardin (2014), Berķe-Berga et al. (2017), Wahba (2013), and Katper et al. (2018) where managerial ownership can affect financial performance. The results of research conducted by Farouk and Mailafia (2013), Folorunso and Sajuyigbe (2018), Amin and Hamand (2018), Galal and Soliman (2017), Yahaya and Lawal (2018), and Muthoni and Olweny (2018) prove otherwise where managerial ownership does not affect financial performance. Based on this description, the fourth hypothesis is:
H4: managerial ownership affects financial performance.

Managerial Ownership and Firm Value

According to agency theory, the separation between ownership and management of a company can lead to agency conflicts. Mechanisms to resolve agency conflicts include increasing insider ownership. The more shares owned by managers through managerial ownership will motivate management performance considering that they will feel they have a stake in the company, both in making decisions and being responsible for the decisions taken. With better management performance, will affect increasing the value of the company. This is supported by the results of previous research conducted by Kamardin (2014), Wahba (2013), Katper et al. (2018), and Ruan et al. (2011). In contrast, the results of a study conducted by Berķe-Berga *et al.* (2017), Ilmi *et al.* (2017), and Lawal *et al.* (2018) proves that managerial ownership does not affect a firm value. Based on this description, the fifth hypothesis is formulated as follows:
H5: Managerial ownership affects firm value.

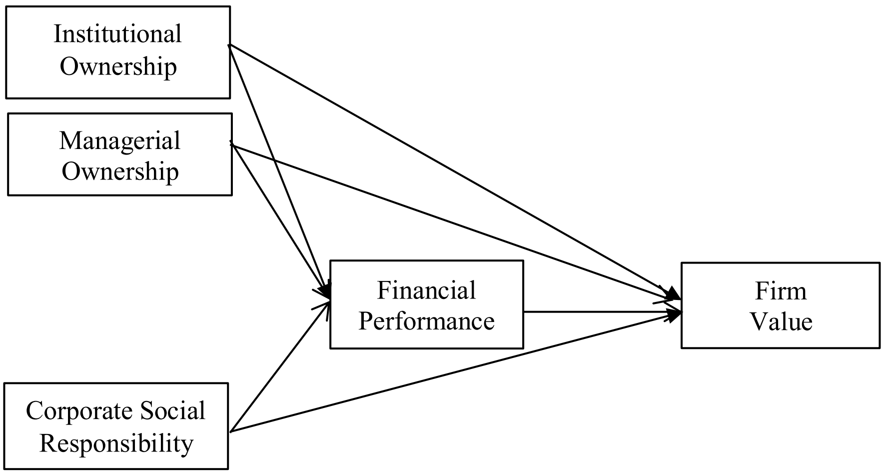
Corporate Social Responsibility and Financial Performance

Corporate Social Responsibility (CSR) is defined as activities that arise from social actions or outside the interests of the company and are required by law (McWilliams and Siegel, 2001). CSR is a form of business commitment that contributes to sustainable economic development, working with employees, their families, local communities, and the wider community to improve the quality of life together. Rodriguez and Fernandez (2016) mention that social is profitable and profitable is social so that both together form a sacred circle. This two-way relationship in CSR and financial performance has proven to be positive. This is also confirmed by research conducted by Arsoy *et al.* (2012), Hafez (2016), Ilmi *et al.*(2017), Jallo and Mus (2017), Firdaus *et al, (*2018), Maqbool and Zameer (2018), Laili *et al.* (2019), Javeed and Lefen (2019) and Cho *et al.* (2019) where they show that CSR activities carried out by companies have a positive impact on improving financial performance. The results of research conducted by Chetty *et al.* (2015), Madorran and Garcia (2016), and Mansaray *et al.* (2017) meanwhile prove otherwise, where CSR does not affect company performance. Based on this description, the sixth hypothesis is formulated as follows:

H6: CSR affects financial performance.

Corporate Social Responsibility and Firm Value

CSR disclosure is useful to provide a signal to investors that this company has performed well which in turn will increase investor interest in the company. This is as indicated by the increase in the value of the company and its share price (Sopian and Mulya, 2018). This finding is supported by the results of previous studies conducted by Jallo and Mus (2017), Tunpornchai and Hensawang (2018), Titisari *et al.* (2018), Sial *et al.* (2018), Jitmaneeroj (2018), and Laili *et al.* (2019) which show that CSR activities carried out by companies can increase company value. Hafez (2016), Ilmi *et al.*(2017), Firdaus *et al.* (2018), and Sopian and Mulya (2018) prove otherwise which does not affect firm value. Based on this description, the seventh hypothesis in this study is:
H7: CSR affects firm value.



Picture 1. Conceptual Framework

3. Methodology

Population and Sample

The population collection technique in this study adopted a purposive sampling method so that a population of 39 companies was obtained. Temporary sampling was carried out using the saturated sample technique. Thus, all populations in this study were sampled.

Operational Variable

Table 1. Operational Variable

Variable	Indicator
Institutional Ownership (IO)	$\mathbf{IO} = \frac{\textbf{Number of Institutional Shares}}{\textbf{Number of Shares Outstanding}}\ \boldsymbol{x}\ \mathbf{100\%}$ Source: Tsouknidis (2019); Pirzada *et al.* (2015)
Managerial Ownership (MO)	$\mathbf{MO} = \frac{\textbf{Number of Managerial Shares}}{\textbf{Number of Shares Outstanding}}\ \boldsymbol{x}\ \mathbf{100\%}$ Source: Katper *et al.* (2018)
Corporate Social Responsibility (CSR)	$\textbf{CSR Index} = \frac{\textbf{Total Score Disclosed}}{\textbf{Total Maximum Score that must be Disclosed}}\ \boldsymbol{x}\ \mathbf{100\%}$ Using standard Global Reporting Initiative (GRI), 2021
Financial Performance (FP)	$\mathbf{ROE} = \frac{\textbf{Net Income}}{\textbf{Shareholder Equity}}\ \boldsymbol{x}\ \mathbf{100\%}$ Source: Yahaya and Lawal (2018); Galal and Soliman (2017); Masry (2016)
Firm Value (FV)	$\textbf{Tobin's Q} = \frac{\textbf{Market Value of Equity} + \textbf{Book Value of Debt}}{\textbf{Book Value of Assets}}\ \boldsymbol{x}\ \mathbf{100\%}$ Source: Laili *et al.,* (2019); Jallo and Mus (2017); Sial *et al.,* (2018); Tunpornchai and Hensawang (2018); Vintilă and Gherghina (2015)

The data analysis technique adopted for this research is path analysis which is then processed using SPSS software.

4. Result

Normality Test

Asymp Value. The significance obtained in this study is known to be greater than 0.05 for both research models. Therefore, it can be concluded that the data is normally distributed.

Table 2. Normality Test

Research Models	Kolmogorov-Smirnov Z	Asymp. Significant
Model I	1,196	0,115
Model II	0,732	0,658

Source: Processed Data (2021)

Multicollinearity Test

Furthermore, the tolerance value obtained was found to be greater than 0.1 and the VIF value less than 10. This indicates that all independent variables for the two research models are free from multicollinearity.

Table 3. Multicollinearity Test

Model	Independen Variable		Dependen Variable	Tolerance	VIF
Model I	Institutional Ownership	→	Financial Performance	0,705	1,418
	Managerial Ownership	→	Financial Performance	0,692	1,446
	CSR	→	Financial Performance	0,962	1,040
Model II	Institutional Ownership	→	Firm Value	0,704	1,419
	Managerial Ownership	→	Firm Value	0,684	1,462
	CSR	→	Firm Value	0,959	1,042
	Financial Performance	→	Firm Value	0,983	1,017

Source: Processed Data (2021)

Autocorrelation Test

Asymp Value. Sig on the Runs Test is greater than 0.05 so it can be concluded that the data in the two research models do not have autocorrelation between variables.

Table 4. Autocorrelation Test

Research Models	Asymp. Sig	α
Model I	0,512	0,05
Model II	0,896	0,05

Source: Processed Data (2021)

ANOVA test

The results of the ANOVA test for both research models obtained a significance value of 0.000 or less than the alpha value so that both models were categorized as feasible for the next stage of testing.

Table 5. ANOVA test

Research Models	Sig	α
Model I	0,000	0,05
Model II	0,000	0,05

Source: Processed Data (2021)

Coefficient of Determination Test

The coefficient of determination test of the structural equation model I shows the value of the coefficient of determination of 0.598 (59.80%). This explains that 59.80% of the dependent variable (financial performance) is influenced by independent variables (institutional ownership, managerial ownership, and CSR), while the remaining 40.20% is influenced by other variables outside of this study. The coefficient of determination tests of the structural equation model II shows the value of the coefficient of determination of 0.704 (70.40%). This explains that 70.40% of the dependent variable (firm value) is influenced by independent variables (institutional ownership, managerial ownership, CSR, and financial performance), while the remaining 29.60% is influenced by other variables outside of this study.

Table 6. Coefficient of Determination Test

Research Models	R^2
Model I	,598
Model II	,704

Source: Processed Data (2021)

Hypothesis Testing

The results of hypothesis testing indicate that institutional ownership and CSR have a significant effect on financial performance, while managerial ownership has no significant effect on financial performance. Institutional ownership, managerial ownership, CSR, and financial performance based on research results are also found to have a significant effect on firm value.

Table 7. Hypothesis Testing

Independen Variable	Dependen Variable	P Value	Result
Institutional Ownership	Financial Performance	0,000	Accepted
Managerial Ownership	Financial Performance	0,114	Rejected
CSR	Financial Performance	0,000	Accepted
Institutional Ownership	Firm Value	0,000	Accepted
Managerial Ownership	Firm Value	0,000	Accepted
CSR	Firm Value	0,000	Accepted
Financial Performance	Firm Value	0,017	Accepted

Source: Processed Data (2021)

Indirect Effect Hypothesis

The results of the study found that financial performance has a partial mediating role between the effect of institutional ownership on firm value. This indicates that the results of the institutional ownership test have a significant effect on firm value, institutional ownership has a significant effect on financial performance and financial performance has a significant effect on firm value. However, financial performance is known to have no mediating role in the influence of managerial ownership on firm value. The test results of managerial ownership have a significant effect on firm value, managerial ownership has no significant effect on financial performance and financial performance has a significant effect on firm value. Financial performance has a partial mediating role between the influence of CSR on firm value. Furthermore, the results of CSR testing have a significant effect on firm value, CSR has a significant effect on financial performance and financial performance has a significant effect on firm value.

5. Discussion

The Effect of Financial Performance on Firm Value

Financial performance according to the results of knowledge was found to have a significant effect on firm value. This shows that the higher the company's financial performance will increase the market value of the stock so that the value of the company will also increase. The better the company's financial performance illustrates that the management's ability to manage the company is very optimal. The results of this study support and are in line with signaling theory which states that companies that have large and increasing revenues are a positive signal that the company has good prospects in the future. The higher the profit the company has made, the market will give their perception that the company is doing well so that the demand for shares and the stock market price will increase. The results of this study are in line with research conducted by Sucuahi and Cambarihan (2016), Gharaibeh and Qader (2017), Ilmi *et al.* (2017), Jallo and Mus (2017), Firdaus *et al.* (2018), and Yanto (2018) who find that financial performance affects firm value. However, the results of this study contradict the results of research by Pascareno and Siringoringo (2016) and Hakim and Sugianto(2018) who found that financial performance did not affect firm value.

The Effect of Institutional Ownership on Financial Performance

Institutional ownership variables based on research findings show that they have a significant influence on financial performance. This indicates that the more shares owned by the institutional will have a positive impact on the company's financial performance. The larger the shares owned by institutional shareholders, the greater their role in conducting effective supervision and monitoring of management. The results of this study support agency theory, where the amount of institutional ownership can overcome agency conflict. This is because the manager's performance can be monitored effectively. The research results are in line with the research findings of Ahmad *et al*. (2019), Soufeljil *et al.* (2016), Haija and Alrabba (2017), Masry (2016), Tsouknidis (2019), Khamis *et al.* (2015), Amin and Hamand (2018), Gugong *et al.*(2014), Mohammed (2018), and Yahaya and Lawal (2018). In the results of their research, it was found that institutional ownership affects financial performance. On the other hand, the results of this study are not in line with the results of research conducted by Balagobei and Velnampy (2017), Pirzada *et al.* (2015), Folorunso and Sajuyigbe (2018), Galal and Soliman (2017), and Muthoni and Olweny (2018) which prove that institutional ownership does not affect financial performance.

The Effect of Managerial Ownership on Financial Performance

Knowing the results of the study, it was found that managerial ownership affected but not significant financial performance. The results of this study do not support agency theory, which states that managerial ownership will improve the company's financial performance considering that managerial ownership will align the interests of management and shareholders so that managers will have a direct impact on the decisions they have taken. Judging from the average percentage of managerial ownership (the average is only 5%), it is concluded that this factor has not been able to influence management decisions in managing the company so that they are motivated to improve company performance for the better. The proportion of managerial ownership is still very small. This causes managers to feel a less direct benefit from the decisions they make. Thus it will be difficult to unite the interests of managers and shareholders so that it will have an impact on the company's financial performance. The results of this study are in line with the findings of Saidu and Gidado (2018), Farouk and Mailafia (2013), Zondi and Sibanda (2015), Folorunso and Sajuyigbe (2018), Amin and Hamand (2018), Galal and Soliman (2017), Yahaya and Lawal (2018), and Muthoni and Olweny (2018) which prove that managerial ownership does not affect financial performance. On the other hand, the results of this study are not in line with the research conducted by Kamardin (2014), Berķe-Berga *et al*. (2017), Wahba (2014), Katper *et al*. (2018), Gugong *et al.*(2014), as well as Mohammed (2018) who conclude that managerial ownership affects financial performance.

The Effect of CSR on Financial Performance

The results of the research that have been carried out showed that CSR has a significant effect on financial performance. This indicates that more and more CSR activities and disclosures will have a positive impact on the company's financial performance. CSR activities carried out by the company show a fairly good image for the company. A good corporate image will make consumer loyalty higher. Along with increasing consumer loyalty, the company's sales will also be higher. At the same time, this will also cause the company's financial performance to increase. The results of this study are in line with the results of research conducted by Arsoy *et al.* (2012), Hafez (2016), Ilmi *et al*.(2017), Jallo and Mus (2017), Firdaus *et al,* (2018), Maqbool and Zameer (2018), Laili *et al.* (2019), Javeed and Lefen (2019) as well as Cho*et al.*

(2019) which shows that CSR disclosure has a significant effect on financial performance. However, the results of this study contradict the results of research conducted by Chetty *et al.* (2015), Madorran and Garcia (2016), and Mansaray *et al.* (2017).

The Effect of Institutional Ownership on Firm Value

Based on the results of the study, it was found that institutional ownership has a significant effect on firm value. Institutional ownership is one of the instruments that can reduce obstacles in achieving an increase in firm value, namely agency conflict. Institutions that own shares in companies can monitor the performance of managers because the amount of investment funds from institutions is usually of high value, so managers will always consider the impact that will be received by institutional shareholders. The results of this study are in line with the findings of the study of Soemarsono *et al.* (2021), Handayani *et al*. (2018), Murni (2015), Rasyid (2015), Vintilă and Gherghina (2015), Lawal *et al.*(2018), as well as Muthoni and Olweny (2018) which reveal that institutional ownership affects firm value. In contrast, research conducted by Astuti *et al*. (2018), Rini *et al.* (2017), Willim (2015), as well as Mohammed (2018) prove that institutional ownership does not affect firm value.

The Effect of Managerial Ownership on Firm Value

Based on the results of the study, it was revealed that managerial ownership has a significant effect on firm value. This implies that the percentage of share ownership by managers will make managers participate in making decisions carefully. The goal is that companies do not suffer high losses, namely that they have the power to monitor and limit opportunistic behavior by managers. This method is expected to attract external investors to invest in their shares, considering that the higher the stock price of a company, the higher the value of the company. Following agency theory, the agency relationship can be said as a contract between the manager (agent) and the owner (principal) of the company (Jensen and Meckeling, 1976). The results of this study support the results of research by Soemarsono *et al.* (2021), Kamardin (2014), Wahba (2014), Katper *et al*. (2018), Dewata and Banaluddin (2012), Ruan and Tian (2011), Mohammed (2018), Wahla *et al.* (2012), as well as Muthoni and Olweny (2018) which revealed that managerial ownership has a significant effect on firm value. Different results were found in the study by Berķe-Berga *et al*. (2017), Ilmi *et al.* (2017), and Lawal *et al.* (2018) which proved that managerial ownership does not affect firm value.

The Effect of CSR on Firm Value

Based on the results of the study, the CSR variable has a significant effect on firm value. This shows that more CSR activities and disclosures will have an impact on company value. The existence of better CSR implementation will have a good impact on the sustainability of the company in the long term or what is often referred to as sustainable development. Following signaling theory, CSR disclosure provides a positive signal given by the company to parties outside the company which will be responded to by stakeholders and shareholders. through changes in the company's stock price and changes in company profits. The results of this study are in line with the results of research conducted by Jallo and Mus (2017), Tunpornchai and Hensawang (2018), Titisari *et al.* (2018), Sial*et al.* (2018), Jitmaneeroj (2018) as well as Laili *et al.*(2019) where the results of their research show that CSR affects firm value. The results of this study contradict the results of research conducted by Hafez (2016), Ilmi *et al.*(2017), Firdaus *et al.* (2018) as well as Sopian and Mulya (2018) where CSR disclosure does not affect firm value. This is because some companies and investors are still focused on the company's financial statements, not on how much disclosure of activities is carried out. Investors also have not made CSR activity information the main consideration in investing. In addition, the disclosure of CSR activities is not an obligation but is voluntary.

The Effect of Institutional Ownership on Firm Value through Financial Performance

The existence of institutional ownership can encourage management to improve its performance so that it will have a positive impact on the value of the company. Institutional ownership has an important role in management supervision. The greater the proportion of institutional ownership, the tighter the supervision, so that it can prevent opportunistic actions carried out by management. The test results found partial mediation in this study between institutional ownership variables on firm value variables with financial performance variables as moderating variables. This shows that the amount of share ownership by the institution provides an overview of the fairly strict supervision of the company. The tendency of investors and potential investors to look at the supervisory side of the company before investing reflects that better company supervision will bring investors in droves to invest in their shares.

The Effect of Managerial Ownership on Firm Value through Financial Performance

Agency conflicts occur because of differences in interests between the principal and the agent in maximizing their respective utilities. Differences in interests between management and shareholders cause management to behave fraudulently and unethically to the detriment of shareholders. A control mechanism is thus needed to balance the differences in interests between management and shares. One of them is to provide an opportunity for the management to own shares of the company. Manager's stock which is increasing through managerial ownership will motivate management performance. This is because they feel they have a stake in the company, both in decision making and responsibility for decisions taken as shareholders of the company. The better management performance will further affect the increase in the value of the company. Based on the test results, it was found that the financial performance variable could not be a mediating variable for the managerial ownership variable and the firm value variable. This shows that the existence of management as a shareholder is not necessarily able to provide a boost to the value of the company through the involvement of the company's financial performance.

The Effect of CSR on Firm Value through Financial Performance

CSR functions as corporate accountability in providing information to stakeholders regarding corporate social activities, responsibility for good governance structures, and promotion of CSR activities (Bayoud and Kavanagh, 2012). Disclosure of CSR implementation is useful to give a signal to investors that this company has performed well. In the end, through this effort, investor interest in the company can continue to grow as indicated by the increase in the value of the company and its share price (Sopian and Mulya, 2018). The test results found a partial mediation in this study, namely between the CSR variable and the firm value variable with the financial performance variable as the moderating variable. CSR activities carried out by the company illustrate that the company is not only concerned with certain stakeholders, but rather with all stakeholders without exception.

6. Conclusions

Knowing the research findings obtained, it is concluded that institutional ownership and CSR have a significant effect on financial performance, while managerial ownership has an insignificant effect on financial performance. Institutional ownership, managerial ownership, CSR, and financial performance have a significant effect on firm value. Financial performance can be a mediating variable on the effect of institutional ownership on firm value and financial performance. In addition, financial performance is also able to be a mediating variable on the effect of CSR on firm value. The company should provide an opportunity for management to own company shares. This can help trigger management's motivation to improve its performance. Companies must also care about all stakeholders, not only the interests of the owners but also the survival of the company in the future. This concern should be made to the environment, employees, suppliers, and consumers considering these elements have a very important role for the company. For further researchers, it is recommended to use other indicators of good corporate governance in addition to the ownership structure, such as the board of commissioners, independent commissioners, audit committees, and so on. Future researchers are also expected to use samples from other sectors. The aim is to compare the results obtained.

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