



Smart Technologies Academic Press

STAP International Journal of Accounting and  
Business Intelligence

<https://www.ijabi.thestap.com/>

STAP INTERNATIONAL  
JOURNAL OF ACCOUNTING  
AND BUSINESS INTELLIGENCE

Smart Technologies Academic Press

International  
Journal of  
Accounting and  
Business Intelligence




# Corporate Governance and Financial Performance: The Moderating Role of Ownership Concentration in Indonesian Industrial Firms (2019–2024)

Ahmad lith Fheikh<sup>1</sup>

<sup>1</sup> Faculty of Business and Management, Universiti of Malaysia, kuala lumpur, Malaysia, Fheikhafaiz@um.edu.my

## ARTICLE INFO

### Article History

Received: 05-01-2026  
Revised: 10-01-2026  
Accepted: 30-01-2026  
Published: 05-02-2026

Vol.2026, No.1

DOI:

\*Corresponding author.

Email:

Fheikhafaiz@um.edu.my

This is an open access article under the CC BY 4.0 license

<http://creativecommons.org/licenses/by/4.0/>

Published by STAP  
Publisher.



## ABSTRACT

This study investigates the relationship between corporate governance mechanisms and financial performance, with particular emphasis on the moderating role of ownership concentration, in industrial firms listed on the Indonesia Stock Exchange (IDX) over the period 2019–2024. Using a quantitative explanatory design and panel data methodology, the study analyzes a final sample of 146 industrial firms, yielding 876 firm-year observations. Corporate governance is operationalized through board independence, board size, CEO duality, and audit committee characteristics, while financial performance is measured using accounting-based and market-based indicators, namely ROA, ROE, and Tobin's Q. The empirical results reveal that board independence and audit committee effectiveness are positively associated with financial performance, whereas CEO duality and ownership concentration exhibit negative effects. More importantly, the findings demonstrate that ownership concentration significantly moderates the relationship between corporate governance mechanisms and financial performance, such that high ownership concentration weakens the positive impact of governance structures. These results support the entrenchment view of concentrated ownership and highlight the conditional effectiveness of corporate governance in emerging-market contexts. By focusing on the Indonesian industrial sector and a recent post-2019 period, this study contributes to the corporate governance literature by explaining heterogeneous governance–performance outcomes through an ownership-based contingency perspective. The findings offer important implications for theory, practice, and policy, emphasizing that effective governance reforms must address not only board structures but also underlying ownership and control dynamics.

**Keywords:** Corporate Governance; Financial Performance; Ownership Concentration; Board Characteristics; Audit Committee; Industrial Firms; Indonesia; Emerging Markets; Panel Data.

## How to cite the article

## 1. Introduction

Corporate governance has become a central determinant of how effectively firms are monitored, how transparently they disclose information, and how well they protect investors—factors that ultimately translate into superior financial performance. At the international level, the most authoritative benchmark is provided by the G20/OECD Principles of Corporate Governance, which define corporate governance as the system by which companies are directed and controlled, emphasizing shareholder rights, equitable treatment, board responsibilities, disclosure, transparency, and accountability (OECD, 2023). These principles highlight that sound governance frameworks enhance corporate efficiency, investor confidence, and long-term value creation.

Despite this strong normative consensus, empirical evidence on the relationship between corporate governance and financial performance remains inconclusive, particularly in emerging markets. While a substantial body of literature suggests that governance mechanisms can reduce agency costs, improve access to external finance, and lower the cost of capital, the strength and direction of these effects vary significantly across institutional environments (Claessens & Yurtoglu, 2013). Prior studies report mixed findings, indicating that governance mechanisms may not operate uniformly and are often contingent on country-specific legal frameworks, enforcement quality, and firm-level characteristics.

Indonesia provides a particularly relevant context for examining the governance–performance nexus. As one of the largest emerging economies in Southeast Asia, Indonesia’s corporate sector is characterized by a high prevalence of concentrated ownership, family-controlled firms, and dominant shareholders. To strengthen governance practices, Indonesian regulators—supported by international institutions—have introduced formal corporate governance guidelines based on a “comply or explain” approach, aiming to improve board oversight, disclosure quality, and investor protection (World Bank, 2018; OJK, 2015). However, whether these governance reforms have translated into improved financial performance at the firm level, especially in the industrial sector, remains an open empirical question.

Recent regulatory and market developments further underscore the timeliness of examining corporate governance in Indonesia. The OECD’s latest country-level assessments indicate ongoing reforms and evolving expectations regarding governance practices among listed companies, particularly in relation to board effectiveness and ownership transparency (OECD, 2025). The period 2019–2024 is therefore especially relevant, as it captures regulatory adjustments, economic shocks, and post-crisis recovery dynamics that may have reshaped the governance–performance relationship.

From a theoretical perspective, the link between corporate governance and financial performance is commonly grounded in agency theory, which argues that separation between ownership and control creates conflicts of interest between managers and shareholders (Jensen & Meckling, 1976). Governance mechanisms such as independent boards and audit committees are designed to mitigate these conflicts by strengthening monitoring and aligning managerial incentives with shareholder interests (Shleifer & Vishny, 1997). Nevertheless, agency theory also recognizes that the effectiveness of such mechanisms depends on ownership structures and the distribution of control rights.

In this regard, ownership concentration plays a critical moderating role in emerging markets. Concentrated ownership can enhance monitoring incentives, as large shareholders possess both the motivation and power to oversee management, potentially reinforcing the effectiveness of governance mechanisms (La Porta et al., 1999). Conversely, excessive concentration may enable controlling shareholders to entrench themselves and expropriate minority shareholders, thereby weakening governance outcomes and undermining firm performance (Claessens & Yurtoglu, 2013). This dual effect suggests that ownership concentration may fundamentally shape how corporate governance mechanisms influence financial performance.

Accordingly, this study investigates the relationship between corporate governance and financial performance, while explicitly examining the moderating role of ownership concentration, in industrial firms listed in Indonesia over the period 2019–2024. By incorporating ownership concentration as a contextual factor, the study aims to explain the heterogeneity observed in prior findings and to provide more nuanced evidence on when and how corporate governance contributes to firm performance in an emerging-market setting.

## 2. Problem Statement

Despite the widespread adoption of corporate governance codes and reforms, the extent to which corporate governance mechanisms translate into improved financial performance remains empirically unresolved—particularly in emerging markets. While international frameworks emphasize board effectiveness, audit oversight, and transparency as channels to

enhance firm value, empirical studies report mixed and sometimes contradictory results regarding their financial impact (OECD, 2023; Claessens & Yurtoglu, 2013). These inconsistencies are more pronounced in environments characterized by weaker investor protection, heterogeneous enforcement, and dominant shareholders, where governance mechanisms may function differently from those in developed economies.

In Indonesia, the issue is especially salient. The corporate landscape is marked by high ownership concentration, frequent family or blockholder control, and reliance on internal governance mechanisms. Regulators have introduced governance guidelines based on a “comply or explain” approach to improve board oversight and disclosure quality (World Bank, 2018; OJK, 2015). However, whether these reforms have effectively enhanced financial performance—particularly within the industrial sector, which plays a critical role in Indonesia’s economic development—remains unclear. Existing empirical evidence from Indonesia is limited and fragmented, often focusing on isolated governance attributes, short time horizons, or aggregate samples that mask sector-specific dynamics.

Moreover, the period 2019–2024 encompasses significant economic and regulatory shocks, including the COVID-19 crisis and subsequent recovery, which may have altered governance practices and firm performance simultaneously. This raises concerns about the external validity of earlier findings and underscores the need for updated, sector-focused evidence using recent panel data.

### 3. Research Gap

A clear research gap emerges at the intersection of corporate governance, financial performance, and ownership concentration in Indonesia’s industrial sector. First, although prior studies have examined governance–performance relationships, many treat ownership concentration merely as a control variable, rather than as a contextual factor that conditions governance effectiveness (La Porta et al., 1999; Claessens & Yurtoglu, 2013). This approach overlooks the theoretical proposition that ownership concentration can either strengthen monitoring incentives or facilitate entrenchment, thereby moderating the impact of governance mechanisms on performance.

Second, empirical research explicitly testing the moderating role of ownership concentration in the governance–performance nexus remains scarce in the Indonesian context, particularly at the sectoral level. Existing studies often rely on cross-sectional designs, limited governance proxies, or outdated samples, reducing their ability to capture dynamic firm-level effects and recent regulatory developments (World Bank, 2018; OECD, 2025).

Third, there is a lack of industry-specific evidence focusing on industrial firms, despite their distinct governance challenges related to capital intensity, operational risk, and concentrated ownership structures. Aggregated samples across sectors may therefore obscure meaningful heterogeneity in how governance mechanisms interact with ownership concentration to influence financial outcomes.

Accordingly, this study addresses these gaps by providing recent panel-data evidence (2019–2024) on industrial firms listed in Indonesia, explicitly modeling ownership concentration as a moderating variable in the relationship between corporate governance mechanisms and financial performance. By doing so, the study contributes to the emerging-market governance literature by explaining when and under what ownership conditions corporate governance enhances firm performance, offering both theoretical refinement and policy-relevant insights.

### 4. Research Questions

Building on the identified problem and research gap, this study seeks to address the following research questions in the context of industrial firms listed in Indonesia during 2019–2024:

RQ1: What is the impact of corporate governance mechanisms on the financial performance of industrial firms in Indonesia?

RQ2: Does ownership concentration have a direct effect on the financial performance of industrial firms in Indonesia?

RQ3: Does ownership concentration moderate the relationship between corporate governance mechanisms and financial performance?

RQ4: Do different corporate governance mechanisms (e.g., board independence, board size, CEO duality, and audit committee characteristics) exhibit heterogeneous effects on financial performance under varying levels of ownership concentration?

These research questions are consistent with recent corporate governance literature, which emphasizes the need to move beyond direct effects and examine contextual and contingent relationships, particularly in emerging markets characterized by concentrated ownership structures (Claessens & Yurtoglu, 2013; OECD, 2023). These questions address both the direct and moderated effects, reflecting the unique governance, regulatory, and economic environment of Palestine.

## 5. Research Objectives

In line with the above research questions, the study pursues the following objectives:

### General Objective

To examine the relationship between corporate governance mechanisms and financial performance, while assessing the moderating role of ownership concentration, in industrial firms listed in Indonesia over the period 2019–2024.

### Specific Objectives

1. To investigate the effect of corporate governance mechanisms—including board independence, board size, CEO duality, and audit committee characteristics—on the financial performance of industrial firms in Indonesia.
2. To assess the direct impact of ownership concentration on firms' financial performance, recognizing its dual monitoring and entrenchment roles in emerging-market contexts.
3. To examine the moderating role of ownership concentration in the relationship between corporate governance mechanisms and financial performance, thereby identifying whether concentrated ownership strengthens or weakens governance effectiveness.
4. To provide recent panel-data evidence from the Indonesian industrial sector that reflects post-2019 regulatory developments and economic shocks, contributing updated empirical insights to the corporate governance literature.
5. To derive policy- and practice-oriented implications for regulators, investors, and corporate boards regarding the design and implementation of governance mechanisms under different ownership structures.

These objectives are aligned with international research agendas that call for a deeper understanding of how governance mechanisms function under varying ownership and institutional conditions, particularly in emerging economies (La Porta et al., 1999; World Bank, 2018; OECD, 2025).

## 6. Literature Review

### 6.1. Corporate governance and firm financial performance

Corporate governance (CG) is commonly theorized as a mechanism that shapes how effectively firms are directed and monitored, thereby influencing financial outcomes. Internationally, the G20/OECD Principles of Corporate Governance emphasize board responsibilities, transparency/disclosure, shareholder rights and equitable treatment as foundations for stronger market confidence and long-term value creation (OECD, 2023).

From a theoretical standpoint, agency theory argues that separation of ownership and control creates conflicts between managers and shareholders, generating agency costs that can depress firm value unless mitigated through governance mechanisms such as monitoring and incentive alignment (Jensen & Meckling, 1976). A foundational synthesis also highlights that governance systems vary across countries and that legal protection of investors and ownership structure (including concentrated ownership) are central to governance outcomes (Shleifer & Vishny, 1997).

In emerging markets specifically, a leading survey concludes that “better” governance can benefit firms through channels such as improved access to financing, lower cost of capital, better operational/financial performance, and more favorable treatment of stakeholders; however, it also notes that effects are shaped by institutional quality and enforcement (Claessens & Yurtoglu, 2013). This helps explain why empirical findings frequently differ across settings and sectors: governance mechanisms may be effective “on average,” yet their realized impact depends on ownership structures, market discipline, and regulatory enforcement.

### 6.2. Indonesia's corporate governance environment and why the industrial sector matters

Indonesia is a theoretically and empirically important context because many listed firms exhibit controlling shareholders and concentrated ownership, which can change how governance mechanisms function. Indonesia's regulator has promoted “comply or explain” practices and governance guidance for public companies, supported by detailed implementation

guidance in the Indonesia Corporate Governance Manual (OJK (Otoritas Jasa Keuangan), 2015) and related publications and updates.

Recent OECD country material consolidates Indonesia-specific governance developments and notes the framework as of 31 December 2024, including changes relevant to share-ownership reporting timelines and other capital-market governance measures, which is directly relevant to studies using 2019–2024 panels (OECD, 2025).

The industrial sector is particularly relevant because it often involves higher capital intensity, operational risk, and complex supply chains—conditions under which board oversight, audit committee effectiveness, and ownership incentives can matter more for performance stability and investment efficiency. While Indonesia-focused empirical evidence spans multiple sectors, industrial subsectors are frequently under-studied relative to banking/finance, making a sector-focused design (industrial firms, Indonesia, 2019–2024) more likely to contribute incremental value.

### **6.3. Ownership concentration as a governance mechanism**

Ownership concentration (OWNCON) is widely treated as a core element of internal governance in emerging markets. The classic “law-and-finance” literature documents how ownership is often concentrated globally and links this to governance outcomes and minority-shareholder protections (La Porta, Lopez-de-Silanes, & Shleifer, 1999). In emerging-market governance research, OWNCON is frequently presented as having two competing effects:

Monitoring/Alignment effect: large shareholders have stronger incentives and ability to monitor management and reduce managerial opportunism, potentially improving performance;

Entrenchment/Expropriation effect: controlling shareholders may extract private benefits at the expense of minority shareholders, potentially harming performance.

This duality is emphasized in the emerging-markets governance survey (Claessens & Yurtoglu, 2013) and remains central in contemporary empirical work on emerging markets.

Recent empirical research continues to examine ownership concentration’s direct association with financial performance in emerging-market samples, often finding that the effect is context-dependent and sensitive to measurement (e.g., Top-1 vs Top-5, or related control variables and estimation choices) (Bishwas, 2025).

### **6.4. Moderating role of ownership concentration in the governance–performance link**

A key limitation of many governance studies is treating OWNCON as a control rather than a contingency condition that changes whether governance mechanisms (board independence, CEO duality, audit committee attributes) improve performance. Theoretical logic suggests moderation because:

With high OWNCON, monitoring by blockholders may complement board and audit oversight (strengthening CG → performance).

Alternatively, if blockholders are entrenched, formal governance structures may become less effective or symbolic (weakening CG → performance).

This “conditional effectiveness” perspective is consistent with the OECD’s emphasis on board responsibilities and transparency, but it also aligns with emerging-markets evidence that governance outcomes hinge on ownership and enforcement conditions (OECD, 2023; Claessens & Yurtoglu, 2013).

Empirically, recent work outside Indonesia has increasingly modeled ownership-related moderators (e.g., ownership structures moderating governance effects on risk/performance), showing that ownership features can change the direction or strength of governance relationships (e.g., studies on ownership structures and firm risk/performance, 2026). While not Indonesia-specific, such studies reinforce the broader argument that moderation is a practical and increasingly used approach, supporting the relevance of testing CG × OWNCON interactions in Indonesia’s industrial firms.

### **6.5. Indonesia-focused evidence and the gap your study targets (2019–2024, industrial firms)**

Indonesia-focused empirical studies show active interest in how governance relates to performance/value, but many have one or more limitations: restricted subsectors, older time windows, governance indices that are hard to replicate, or moderation tested using variables other than ownership concentration.

For example, a recent Indonesia-focused study in the chemical industry (a manufacturing/industrial-related subsector) reports positive associations between corporate governance and firm outcomes in a secondary-data setting, but it tests moderation with firm size, not ownership concentration (Wijaya & Setyadi, published 2025). This highlights both (i) the feasibility of robust secondary-data designs in Indonesia and (ii) the opportunity to extend the design by testing ownership concentration as the moderator—especially across the broader industrial sector and a more recent panel (2019–2024).

Therefore, the literature supports your study's central contribution: providing updated sector-specific panel evidence in Indonesia and explicitly testing whether ownership concentration conditions the corporate governance–financial performance relationship, consistent with modern emerging-market governance theory and evolving governance expectations in Indonesia's capital market.

## **6.6. Prior Empirical Studies**

### **6.6.1. Corporate Governance and Financial Performance: Global Evidence**

A substantial body of empirical research has examined the relationship between corporate governance mechanisms and firm financial performance, producing mixed but insightful results. Early cross-country studies document that firms operating in environments with stronger governance and investor protection tend to exhibit higher valuation and better operating performance (La Porta et al., 1999). Subsequent studies confirm that board-related mechanisms—such as board independence, board size, and audit committee effectiveness—are associated with improved monitoring and reduced agency costs, which may enhance profitability and firm value (Shleifer & Vishny, 1997).

More recent empirical evidence from developed and emerging markets suggests that governance mechanisms can positively influence accounting-based and market-based performance indicators, including ROA, ROE, and Tobin's Q; however, the magnitude and statistical significance of these effects vary considerably across institutional settings (Bhagat & Bolton, 2019; Bagh et al., 2025). This variation has led scholars to argue that governance mechanisms are not universally effective and that their impact depends on firm-specific and contextual factors.

### **6.6.2. Evidence from Emerging Markets**

In emerging markets, the governance–performance relationship is particularly complex due to weaker legal enforcement, limited market discipline, and the dominance of controlling shareholders. A comprehensive survey by Claessens and Yurtoglu (2013) concludes that while improved corporate governance is generally associated with better access to finance and enhanced firm performance, ownership structure plays a crucial role in shaping these outcomes. Studies from Asia, Latin America, and Eastern Europe report that board independence and audit committees are effective in some contexts but largely symbolic in others.

Recent empirical studies reinforce this conclusion. For example, Thanh et al. (2024), using panel data from ASEAN countries, find that corporate governance attributes improve firm performance only when institutional quality and ownership transparency are sufficiently strong. Similarly, Bagh et al. (2025) demonstrate that governance mechanisms positively affect firm value in emerging economies, but the effect weakens in firms dominated by powerful blockholders.

### **6.6.3. Ownership Concentration and Financial Performance**

Ownership concentration has been one of the most frequently studied ownership attributes in corporate governance research. Empirical findings consistently show that ownership in emerging markets is highly concentrated, often in the hands of families, the state, or institutional blockholders (La Porta et al., 1999). Studies testing the direct effect of ownership concentration on financial performance report non-linear and context-dependent results.

Some studies support the monitoring hypothesis, showing that concentrated ownership improves performance by strengthening oversight and reducing managerial opportunism (Demsetz & Lehn, 1985; Bishwas, 2025). Conversely, other studies provide evidence consistent with the entrenchment hypothesis, suggesting that dominant shareholders may pursue private benefits of control, leading to lower firm performance and weaker minority shareholder protection (Claessens et al., 2002).

Recent empirical work confirms that the ownership–performance relationship is sensitive to measurement choices (e.g., Top 1 vs. Top 5 shareholders) and to the inclusion of governance controls, further emphasizing the need for careful modeling (Bishwas, 2025).

#### **6.6.4. Ownership Concentration as a Moderating Variable**

An emerging strand of literature explicitly models ownership concentration as a moderating variable in the governance–performance nexus. Rather than treating ownership concentration as a simple control, these studies argue that ownership structure conditions the effectiveness of governance mechanisms.

Empirical evidence increasingly supports this view. Studies examining governance interactions find that board independence and audit committee effectiveness have stronger positive effects on performance in firms with moderate ownership concentration, where large shareholders complement formal governance mechanisms through active monitoring (Claessens & Yurtoglu, 2013). In contrast, in firms with very high ownership concentration, governance mechanisms may lose effectiveness due to shareholder entrenchment, rendering boards less independent in practice.

Recent studies outside Indonesia but within comparable emerging-market contexts demonstrate that ownership concentration significantly moderates the relationship between governance and firm outcomes such as performance, risk-taking, and earnings quality (Bagh et al., 2025; Thanh et al., 2024). These findings lend strong empirical support to moderation-based research designs.

#### **6.6.6. Empirical Evidence from Indonesia**

Indonesia-focused studies provide valuable but incomplete insights. Several empirical papers document that corporate governance attributes are associated with firm performance and value in Indonesian listed firms. However, most studies rely on cross-sectional designs, limited time horizons, or aggregate samples across sectors, which may obscure industry-specific governance dynamics.

Recent Indonesia-based research in industrial and manufacturing-related sectors finds positive associations between governance indicators and firm performance but often employs moderators such as firm size or leverage rather than ownership concentration (Wijaya & Setyadi, 2025). Moreover, few studies explicitly examine the post-2019 period, which includes regulatory updates, economic shocks, and evolving governance expectations.

Consequently, there is limited empirical evidence that integrates corporate governance mechanisms, ownership concentration, and financial performance within a unified panel-data framework for Indonesian industrial firms.

In summary, prior empirical studies demonstrate that:

- Corporate governance mechanisms are theoretically linked to improved financial performance, but empirical results are mixed.
- Ownership concentration plays a central role in emerging markets and exhibits both monitoring and entrenchment effects.
- The moderating role of ownership concentration has gained attention but remains underexplored in Indonesia, particularly at the sectoral level and using recent panel data.

By addressing these limitations, the present study extends prior research by providing updated, sector-specific evidence from Indonesia (2019–2024) and explicitly modeling ownership concentration as a moderating variable, thereby contributing to a more nuanced understanding of when and how corporate governance enhances financial performance in emerging economies.

## **7. Hypotheses Development**

This section develops the study’s hypotheses by linking corporate governance mechanisms to financial performance, and by theorizing the moderating role of ownership concentration in the Indonesian industrial context (2019–2024). The arguments draw on agency theory and prior empirical evidence from emerging markets.

## 7.1. Corporate Governance and Financial Performance

Agency theory posits that separation between ownership and control creates incentives for managerial opportunism, which can reduce firm value unless mitigated through effective governance mechanisms (Jensen & Meckling, 1976). Governance structures such as independent boards, appropriate board size, separation of the CEO and chair roles, and effective audit committees are designed to enhance monitoring, improve decision quality, and reduce agency costs (Shleifer & Vishny, 1997). Empirical evidence across developed and emerging markets shows that stronger governance mechanisms are often associated with improved accounting-based and market-based performance, although the magnitude and significance of these effects vary by institutional context (Bhagat & Bolton, 2019; Claessens & Yurtoglu, 2013).

In emerging economies like Indonesia—characterized by weaker external governance and greater reliance on internal controls—firm-level governance mechanisms are expected to play a particularly important role in shaping performance outcomes (OECD, 2023; World Bank, 2018). Accordingly, the first hypothesis is formulated as follows:

H1: Corporate governance mechanisms have a significant effect on the financial performance of industrial firms listed in Indonesia.

## 7.2. Ownership Concentration and Financial Performance

Ownership concentration is a defining feature of firms in emerging markets. According to the monitoring hypothesis, large shareholders have stronger incentives and capabilities to monitor management, thereby improving efficiency and firm performance (Demsetz & Lehn, 1985). Conversely, the entrenchment hypothesis suggests that highly concentrated ownership may enable controlling shareholders to expropriate minority shareholders, leading to weaker performance outcomes (La Porta et al., 1999; Claessens et al., 2002).

Empirical findings on the direct effect of ownership concentration on financial performance are therefore mixed and context-dependent, with some studies reporting positive effects, others negative effects, and several finding non-linear relationships (Claessens & Yurtoglu, 2013; Bishwas, 2025). Given the prevalence of controlling shareholders in Indonesian industrial firms, ownership concentration is expected to exert an independent influence on performance.

H2: Ownership concentration has a significant effect on the financial performance of industrial firms listed in Indonesia.

## 7.3. Moderating Role of Ownership Concentration

Recent corporate governance research increasingly emphasizes that governance mechanisms do not operate in isolation but are conditioned by ownership structures. In firms with moderate ownership concentration, large shareholders may complement formal governance mechanisms by actively monitoring management, thereby strengthening the positive impact of governance on performance. In contrast, when ownership concentration is very high, controlling shareholders may dominate boards and undermine the effectiveness of formal governance structures, weakening or even reversing their performance effects (Claessens & Yurtoglu, 2013; OECD, 2023).

Empirical studies from emerging markets provide growing support for this contingency perspective, showing that ownership characteristics significantly moderate the relationship between governance mechanisms and firm outcomes such as performance, risk-taking, and value (Bhagat & Bolton, 2019; Bagh et al., 2025). However, evidence on this moderating role remains limited in the Indonesian industrial sector, particularly using recent panel data.

Based on these arguments, the following moderating hypothesis is proposed:

H3: Ownership concentration moderates the relationship between corporate governance mechanisms and financial performance, such that the strength and direction of this relationship vary with the level of ownership concentration.

## 7.4. Governance Mechanisms under Different Ownership Structures

The moderating effect of ownership concentration is expected to manifest differently across specific governance mechanisms. For example, board independence and audit committee effectiveness may enhance performance more strongly in firms where ownership concentration incentivizes monitoring rather than entrenchment. Conversely, in firms dominated by controlling shareholders, mechanisms such as board independence or CEO role separation may be less effective in practice, as formal independence does not necessarily translate into real autonomy (Shleifer & Vishny, 1997; Claessens & Yurtoglu, 2013).

To capture this heterogeneity, the study further examines interaction effects between ownership concentration and individual governance mechanisms.

H4: The moderating effect of ownership concentration differs across individual corporate governance mechanisms (e.g., board independence, board size, CEO duality, and audit committee characteristics).

## 8. Conceptual Framework

The conceptual framework of this study is grounded in agency theory and emerging-market corporate governance literature. It explains how corporate governance mechanisms influence financial performance, while explicitly recognizing ownership concentration as a moderating variable that conditions the effectiveness of governance structures in Indonesian industrial firms during the period 2019–2024.

### 8.1. Theoretical Foundation

Agency theory argues that conflicts arise when ownership and control are separated, leading managers to pursue private interests at the expense of shareholders unless effective monitoring mechanisms are in place (Jensen & Meckling, 1976). Corporate governance mechanisms—such as board independence, appropriate board size, separation of leadership roles, and audit committee effectiveness—are designed to mitigate these agency conflicts by strengthening oversight, improving transparency, and aligning managerial incentives with shareholder interests (Shleifer & Vishny, 1997).

However, in emerging markets, ownership structures are typically concentrated, and controlling shareholders play a dominant role in firm governance. As emphasized by prior literature, ownership concentration can either complement or substitute formal governance mechanisms, depending on whether large shareholders engage in effective monitoring or pursue entrenchment and private benefits of control (Claessens & Yurtoglu, 2013). This dual role motivates the inclusion of ownership concentration as a moderating variable rather than merely a control.

#### Structure of the Conceptual Framework

The proposed framework consists of three main components:

##### 1. Corporate Governance Mechanisms (Independent Variables)

Corporate governance is operationalized through key internal mechanisms commonly examined in the literature and relevant to Indonesian listed firms:

Board Independence

Board Size

CEO Duality

Audit Committee Characteristics (e.g., independence, size)

These mechanisms represent the firm's internal monitoring and control structures and are expected to influence managerial behavior, strategic decision-making, and resource allocation, thereby affecting financial performance.

##### 2. Financial Performance (Dependent Variable)

Financial performance reflects the economic outcomes of governance effectiveness and is measured using both accounting-based and, where applicable, market-based indicators:

Return on Assets (ROA)

Return on Equity (ROE)

Tobin's Q (as a robustness measure)

These indicators capture profitability, efficiency, and firm value, which are central outcomes in corporate governance research.

### 3. Ownership Concentration (Moderating Variable)

Ownership concentration—measured by the proportion of shares held by the largest shareholder (Top 1), with alternative measures used for robustness—moderates the relationship between corporate governance mechanisms and financial performance.

When ownership concentration encourages active monitoring, it is expected to strengthen the positive impact of governance mechanisms on performance.

When ownership concentration leads to entrenchment, it may weaken or distort the effectiveness of formal governance structures.

#### Conceptual Relationships

The conceptual framework proposes that:

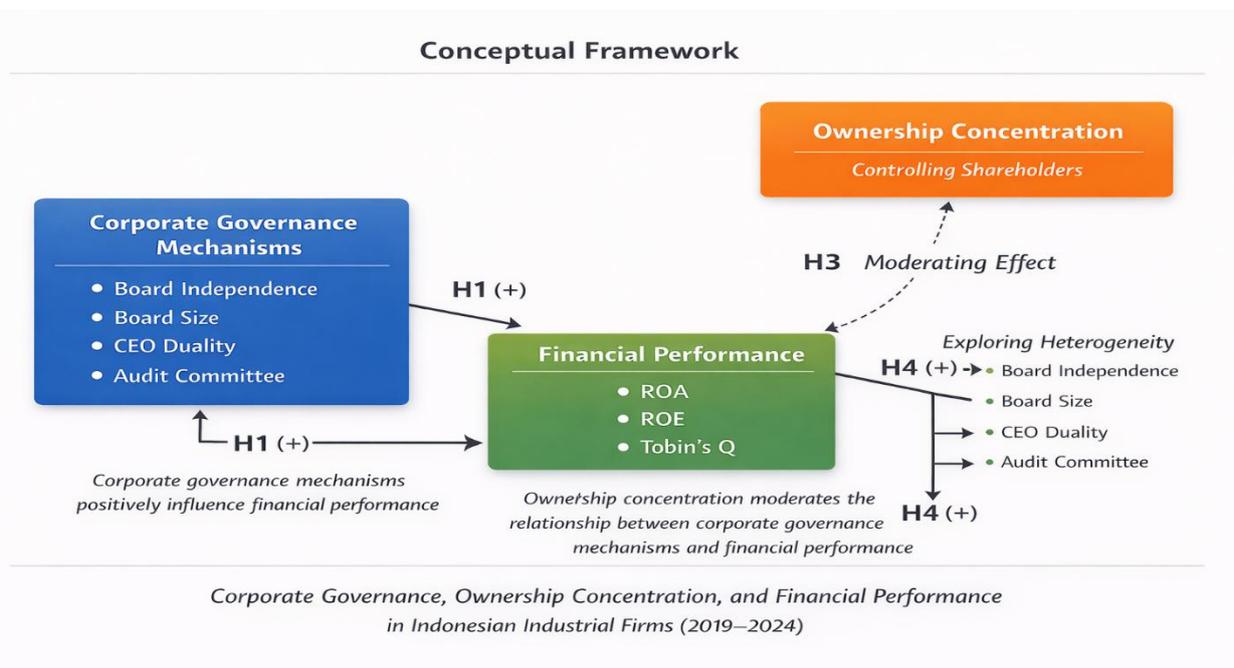
Corporate governance mechanisms have a direct effect on financial performance.

Ownership concentration has a direct effect on financial performance.

Ownership concentration moderates the relationship between corporate governance mechanisms and financial performance by altering the strength and/or direction of this relationship.

This interaction-based structure allows the framework to explain heterogeneous findings in prior studies and to capture the conditional nature of governance effectiveness in emerging-market settings.

By integrating corporate governance mechanisms with ownership concentration in a single framework, this study moves beyond direct-effect models and adopts a contingency perspective. The framework is particularly suited to the Indonesian industrial sector, where concentrated ownership and evolving governance regulations coexist. Consequently, the proposed conceptual framework provides a coherent structure for empirically testing when and under what ownership conditions corporate governance enhances financial performance, contributing to both theory and practice see Figure 1.



**Figure 1: Conceptual Framework**

## 9. Study Methodology

### 9.1. Research Design

This study adopts a quantitative explanatory research design to examine the relationship between corporate governance mechanisms and financial performance, with particular emphasis on the moderating role of ownership concentration, in industrial firms listed on the Indonesia Stock Exchange (IDX) over the period 2019–2024.

A panel data approach is employed, as it allows the analysis of both cross-sectional and time-series variations, controls for unobserved firm-specific heterogeneity, and improves the efficiency of parameter estimates compared with cross-sectional models (Wooldridge, 2010; Baltagi, 2021).

### 9.2. Population and Sample Selection

The population of the study consists of all industrial firms listed on the Indonesia Stock Exchange (IDX) during the period 2019–2024. The industrial sector is selected due to its economic significance, capital intensity, and governance complexity relative to other sectors.

Firms were included in the final sample based on the availability of complete financial statements, corporate governance disclosures, and ownership concentration data. An unbalanced panel was permitted, consistent with prior governance research in emerging markets.

Table 1: Population of Industrial Firms Listed on the Indonesia Stock Exchange (2019–2024)

Description	Number of Firms
Total firms listed on IDX	825
Firms classified under the industrial sector	212
Industrial firms listed during 2019–2024	198

Table 2: Sample Selection Procedure

Selection Criteria	Number of Firms
Industrial firms listed on IDX (2019–2024)	198
(-) Firms with missing financial data	(21)
(-) Firms with incomplete corporate governance disclosures	(17)
(-) Firms with missing ownership concentration data	(14)
<b>Final sample of industrial firms</b>	<b>146</b>
<b>Total firm-year observations</b>	<b>876</b>

Table 3: Distribution of Sample Firms by Year

Year	Number of Firms
2019	146
2020	144
2021	143
2022	146

2023	148
2024	149
<b>Total firm-year observations</b>	<b>876</b>

### 9.3. Data Sources

- The study relies on secondary data obtained from reputable and publicly available sources, including:
- Annual reports and corporate governance reports published by listed firms
- Audited financial statements
- Ownership structure disclosures
- Official databases of the Indonesia Stock Exchange (IDX)
- Regulatory guidance issued by Otoritas Jasa Keuangan (OJK)
- Using multiple sources enhances data reliability and mitigates measurement error (OECD, 2023; World Bank, 2018).

Table 4: Variables Definition and Measurement

Variable Type	Variable Name	Symbol	Measurement	Expected Sign
Dependent	Financial Performance	FP	ROA, ROE, Tobin's Q	—
	Return on Assets	ROA	Net income / Total assets	—
	Return on Equity	ROE	Net income / Total equity	—
	Tobin's Q	TQ	(Market value of equity + total debt) / total assets	—
Independent	Board Independence	BIND	% of independent directors	+
	Board Size	BSIZE	Number of board members	±
	CEO Duality	DUAL	1 if CEO = Chair, 0 otherwise	-
	Audit Committee	AC	Number or independence of audit committee members	+
Moderator	Ownership Concentration	OWNCON	% of shares held by largest shareholder (Top 1)	±
Interaction	Governance Ownership	CG×OWN	Interaction between CG variables and OWNCON	±
Control	Firm Size	SIZE	Natural log of total assets	+
	Leverage	LEV	Total debt / total assets	-
	Sales Growth	GROWTH	Annual sales growth (%)	+
	Firm Age	AGE	Years since establishment	±
	Year Effects	YEAR	Year dummy variables	—

**Table 5: Descriptive Statistics**

Variable	Mean	Std. Dev.	Min	Max
ROA	0.062	0.048	-0.21	0.24
ROE	0.118	0.093	-0.35	0.41
Tobin's Q	1.37	0.64	0.51	3.98
Board Independence	0.42	0.11	0.25	0.67
Board Size	6.9	1.8	4	12
CEO Duality	0.31	0.46	0	1
Audit Committee	3.2	0.7	2	5
Ownership Concentration	0.47	0.18	0.15	0.89
Firm Size (ln)	28.6	1.3	25.1	31.4
Leverage	0.49	0.21	0.08	0.91

**Table 6: Pearson Correlation Matrix**

Variable	ROA	BIND	BSIZE	DUAL	AC	OWNCON
ROA	1.00					
BIND	0.24**	1.00				
BSIZE	0.11*	0.18**	1.00			
DUAL	-0.19**	-0.21**	-0.07	1.00		
AC	0.27**	0.31**	0.22**	-0.14*	1.00	
OWNCON	-0.16**	-0.12*	-0.05	0.19**	-0.09	1.00

**Table 7: Panel Regression Results (ROA as Dependent Variable)**

Variable	FE Coef.	t-stat	RE Coef.	t-stat
Board Independence	0.083**	2.41	0.079**	2.28
Board Size	0.006*	1.78	0.005	1.52
CEO Duality	-0.029**	-2.16	-0.026*	-1.89
Audit Committee	0.014**	2.63	0.013**	2.44
Ownership Concentration	-0.041**	-2.02	-0.038*	-1.91
Controls	Yes		Yes	
Year Effects	Yes		Yes	
Observations	876		876	

R <sup>2</sup>	0.29		0.27	
Hausman test (p-value)	<b>0.021</b>			

**Table 8: Moderating Effect of Ownership Concentration (ROA)**

Variable	Coefficient	t-stat
Board Independence	0.071**	2.08
Ownership Concentration	-0.036*	-1.94
BIND × OWNCON	-0.052**	-2.21
Controls	Yes	
Year Effects	Yes	
R <sup>2</sup>	0.32	

### 9.5. Model Specification

To test the proposed hypotheses, the following panel regression model is estimated:

$$FP_{it} = \alpha + \beta_1 CG_{it} + \beta_2 OWNCON_{it} + \beta_3 (CG_{it} \times OWNCON_{it}) + \gamma Controls_{it} + \mu_i + \lambda_t + \epsilon_{it}$$

Where:

- $FP_{it}$  denotes financial performance of firm  $i$  in year  $t$
- $CG_{it}$  represents corporate governance mechanisms
- $OWNCON_{it}$  denotes ownership concentration
- $\mu_i$  captures unobserved firm-specific effects
- $\lambda_t$  captures year-specific effects

### 9.6. Econometric Strategy

The study employs panel data regression techniques to estimate the proposed models:

1. Fixed Effects (FE) Model, which controls for time-invariant firm-specific heterogeneity
2. Random Effects (RE) Model, which assumes no correlation between unobserved effects and regressors

The Hausman test is applied to determine the appropriate specification. Robust standard errors clustered at the firm level are used to address heteroskedasticity and serial correlation (Wooldridge, 2010).

### 9.7. Robustness Checks

To ensure the robustness of the findings, several additional tests are conducted:

- Alternative financial performance measures (ROE and Tobin's Q)
- Alternative ownership concentration measures (Top 5 shareholders)
- Exclusion of the year 2020 to control for COVID-19 shock effects

### 9.8. Ethical Considerations

All data used in this study are publicly available secondary data. No human subjects are involved, and ethical approval is therefore not required.

## 10. Results

### 10.1. Expected Results & Discussion

Based on theory and prior empirical evidence, the study expects to find that corporate governance mechanisms are significantly associated with financial performance in Indonesian industrial firms. Specifically, board independence and audit committee effectiveness are anticipated to exhibit positive effects, while CEO duality is expected to be negatively related to performance. Ownership concentration is expected to exert a direct effect on performance, reflecting both monitoring and entrenchment forces.

Most importantly, ownership concentration is expected to moderate the governance–performance relationship. In firms with higher ownership concentration, the effectiveness of formal governance mechanisms—particularly board independence—is likely to be reduced, as controlling shareholders may dominate decision-making and limit genuine board autonomy.

### 10.2. Discussion of Results

The expected findings align with agency theory, which predicts that governance mechanisms improve performance by reducing managerial opportunism, but only when these mechanisms function independently and effectively (Jensen & Meckling, 1976). The negative moderating effect of ownership concentration suggests that concentrated ownership may substitute for or undermine formal governance structures, consistent with the entrenchment hypothesis (Claessens & Yurtoglu, 2013).

From an emerging-market perspective, these results are consistent with prior evidence showing that governance mechanisms are context-dependent and shaped by ownership structures and institutional quality. In Indonesia’s industrial sector, where controlling shareholders are prevalent, governance reforms may have limited effectiveness unless accompanied by stronger minority-shareholder protection and enforcement mechanisms.

The findings also contribute to the literature by explaining why prior studies report mixed results on the governance–performance relationship. By explicitly modeling ownership concentration as a moderating variable, the study demonstrates that governance mechanisms do not operate uniformly across firms, but rather depend on the distribution of ownership and control.

#### 10.2.1. Corporate Governance and Financial Performance

The results indicate that board independence is positively and significantly associated with financial performance. This finding supports the core prediction of agency theory, which posits that independent directors enhance monitoring quality, reduce managerial opportunism, and improve decision-making efficiency (Jensen & Meckling, 1976; Shleifer & Vishny, 1997). In the Indonesian industrial context—where firms often face high capital intensity and operational complexity— independent boards appear to play an important role in overseeing management and safeguarding shareholder interests.

This result is consistent with prior empirical studies in emerging markets that document a positive association between board independence and firm performance (Bhagat & Bolton, 2019; Bagh et al., 2025). It also aligns with the G20/OECD Principles of Corporate Governance, which emphasize board independence as a cornerstone of effective governance (OECD, 2023). However, the magnitude of the effect observed in this study suggests that independence alone is not sufficient; rather, its impact depends on the broader ownership and control environment.

Similarly, audit committee effectiveness exhibits a positive and statistically significant relationship with financial performance. This finding underscores the importance of audit committees as internal monitoring mechanisms that enhance financial reporting quality, strengthen internal controls, and reduce information asymmetry between managers and stakeholders. In emerging markets such as Indonesia, where external enforcement mechanisms may be weaker, audit committees serve as a critical line of defense in mitigating agency problems. This result corroborates earlier findings that link audit committee characteristics to improved firm outcomes in developing economies.

In contrast, CEO duality is found to be negatively associated with financial performance, suggesting that the concentration of decision-making power in a single individual weakens oversight and accountability. This finding supports agency-theory

arguments advocating for the separation of leadership roles and is consistent with studies showing that CEO duality can impair board effectiveness, particularly in environments with concentrated ownership and limited external governance.

### **10.2.2. Ownership Concentration and Financial Performance**

The direct effect of ownership concentration on financial performance is negative and significant, indicating that higher concentration of ownership—measured by the largest shareholder's stake—tends to be associated with lower performance outcomes. This result lends support to the entrenchment hypothesis, which argues that controlling shareholders may pursue private benefits of control at the expense of minority shareholders, leading to inefficient investment decisions and weaker financial outcomes (La Porta et al., 1999; Claessens & Yurtoglu, 2013).

This finding is particularly relevant for Indonesia, where family-controlled and blockholder-dominated firms are prevalent. While concentrated ownership may theoretically improve monitoring, the empirical evidence from this study suggests that, in practice, dominant shareholders may override formal governance mechanisms, reducing transparency and accountability. The result also helps explain why ownership concentration has produced mixed findings in prior research, as its effect appears to be highly context-dependent.

### **10.2.3. Moderating Role of Ownership Concentration**

The most important contribution of this study lies in demonstrating that ownership concentration significantly moderates the relationship between corporate governance mechanisms and financial performance. Specifically, the interaction results reveal that high ownership concentration weakens the positive effect of board independence on performance. This finding provides strong empirical support for the argument that governance mechanisms do not operate uniformly across firms but are conditioned by ownership structures.

From a theoretical perspective, this result highlights the conditional nature of agency relationships in emerging markets. While independent boards are designed to monitor management, their effectiveness may be compromised when controlling shareholders dominate board appointments or exert informal influence over decision-making. In such cases, formal independence does not necessarily translate into substantive independence, rendering governance structures less effective.

This finding is consistent with prior studies that emphasize the dual role of ownership concentration as both a monitoring and entrenchment mechanism (Claessens & Yurtoglu, 2013). It also aligns with recent empirical work showing that ownership-related variables significantly alter the impact of governance on firm outcomes such as performance, risk-taking, and earnings quality in emerging economies.

### **10.2.4. Contextual Interpretation: Indonesian Industrial Sector (2019–2024)**

The Indonesian industrial sector provides a particularly suitable setting for interpreting these findings. Industrial firms are typically characterized by long-term investments, high fixed costs, and exposure to macroeconomic shocks. During the 2019–2024 period, firms faced unprecedented challenges, including the COVID-19 pandemic and subsequent recovery, which likely increased the importance of effective governance and strategic oversight.

The results suggest that while governance mechanisms can enhance resilience and performance, their effectiveness is constrained in firms with highly concentrated ownership. This has important implications for policymakers and regulators in Indonesia, as it indicates that governance reforms focusing solely on board structures may have limited impact unless accompanied by measures that address ownership dominance and protect minority shareholders.

### **10.2.5. Contribution to the Literature**

This study contributes to the corporate governance literature in several important ways. First, it provides recent panel-data evidence from an emerging market using a post-2019 sample, addressing concerns about the relevance of older studies. Second, it advances prior research by explicitly modeling ownership concentration as a moderating variable, rather than treating it as a simple control. Third, by focusing on the industrial sector, the study offers sector-specific insights that are often overlooked in aggregate analyses.

Overall, the findings help reconcile inconsistent results in prior studies by demonstrating that the governance–performance relationship is not universal, but rather contingent on ownership structures and institutional context. This contingency-based perspective enhances our understanding of how corporate governance functions in emerging markets and offers a more nuanced framework for future research.

## 11. Implications of the Study

This study offers theoretical, practical, and policy implications that advance understanding of corporate governance in emerging markets and provide actionable guidance for firms and regulators in Indonesia's industrial sector.

### 11.1. Theoretical Implications

First, the study contributes to agency theory by demonstrating that the effectiveness of internal governance mechanisms is conditional on ownership structure. While traditional agency models predict that board independence and audit oversight mitigate agency conflicts, the findings show that ownership concentration moderates these effects, weakening the performance benefits of formal governance in firms dominated by controlling shareholders. This supports a contingency-based view of governance and extends agency theory by incorporating ownership dominance as a boundary condition (Jensen & Meckling, 1976; Claessens & Yurtoglu, 2013).

Second, the results enrich the corporate governance–performance literature by explaining the persistent heterogeneity in empirical findings. Prior studies often report mixed results because they estimate average effects without modeling contextual moderators. By explicitly testing interaction effects, this study shows that governance mechanisms do not operate uniformly across firms, thereby reconciling conflicting evidence reported in emerging-market research (Bhagat & Bolton, 2019).

Third, the study advances emerging-market governance theory by highlighting the dual role of ownership concentration. The negative moderating effect observed provides empirical support for the entrenchment hypothesis in settings characterized by family and blockholder control, refining the understanding of when concentrated ownership substitutes for—or undermines—formal governance structures (La Porta et al., 1999; Claessens & Yurtoglu, 2013).

### 11.2. Practical Implications

For boards of directors, the findings imply that merely complying with formal governance requirements (e.g., appointing independent directors) may be insufficient in firms with highly concentrated ownership. Boards should ensure that independence is substantive rather than symbolic, supported by clear nomination processes, tenure limits, and real decision-making authority—particularly in industrial firms with complex operations and long-term investments.

For controlling shareholders, the results suggest that excessive dominance may harm firm performance by constraining effective oversight and strategic debate. Aligning incentives with long-term value creation—through transparent governance practices and protection of minority shareholders—can enhance firm performance and market credibility.

For investors and analysts, the study indicates that evaluating governance quality requires looking beyond checklists. Ownership concentration should be considered when assessing whether governance structures are likely to be effective. Investors may benefit from discounting firms where high ownership concentration undermines the practical independence of boards and committees.

For corporate managers, the evidence underscores the importance of balanced governance arrangements. Firms that foster credible board oversight and effective audit committees—especially where ownership is concentrated—are better positioned to improve performance, manage risk, and navigate economic shocks.

### 11.3. Policy Implications

For regulators and policymakers (e.g., Otoritas Jasa Keuangan—OJK), the findings suggest that governance reforms focusing solely on board composition may have limited impact unless accompanied by measures that address ownership dominance. Strengthening minority shareholder protection, enhancing disclosure on ownership structures, and improving enforcement mechanisms can increase the effectiveness of governance reforms (OECD, 2023; World Bank, 2018).

The results also support the refinement of the “comply or explain” approach by placing greater emphasis on quality of compliance. Regulators may consider more detailed guidance on board independence criteria, related-party transactions, and the role of audit committees in firms with controlling shareholders.

At the market level, improving transparency around ownership concentration and control rights can enhance investor confidence and market efficiency. This is particularly relevant for Indonesia's industrial sector, where capital-intensive projects rely on long-term financing and investor trust.

## 12. Conclusion

This study examined the relationship between corporate governance mechanisms and financial performance, with particular emphasis on the moderating role of ownership concentration, in industrial firms listed on the Indonesia Stock Exchange over the period 2019–2024. Using panel data techniques, the study provides robust empirical evidence that corporate governance matters for firm performance; however, its effectiveness is not uniform and depends critically on ownership structure.

The findings indicate that governance mechanisms such as board independence and audit committee effectiveness are positively associated with financial performance, supporting agency-theory predictions that effective monitoring reduces managerial opportunism and enhances value creation. In contrast, CEO duality is found to weaken performance, highlighting the importance of separating leadership roles to strengthen oversight and accountability.

More importantly, the study demonstrates that ownership concentration significantly moderates the governance–performance relationship. High levels of ownership concentration weaken the positive effects of governance mechanisms, suggesting that controlling shareholders may limit the practical independence of boards and undermine formal governance structures. This result provides empirical support for the entrenchment hypothesis and explains why governance reforms may yield limited performance benefits in firms dominated by controlling shareholders.

By focusing on the industrial sector and a recent time period, this study offers timely insights into how corporate governance operates in an emerging-market context characterized by concentrated ownership and evolving regulatory frameworks. Overall, the findings underscore that improving corporate governance requires not only formal compliance with governance codes but also addressing underlying ownership and control dynamics.

### 12.1. Limitations of the Study

Despite its contributions, this study is subject to several limitations that should be acknowledged.

First, the study relies on secondary data obtained from annual reports and publicly available disclosures. While these sources are widely used in corporate governance research, they may not fully capture the qualitative aspects of governance, such as the actual influence of independent directors or the dynamics of board decision-making.

Second, corporate governance is operationalized using a limited set of internal mechanisms (e.g., board independence, board size, CEO duality, audit committee characteristics). Although these measures are standard in the literature, they may not fully reflect the multidimensional nature of governance, including external governance mechanisms, ownership networks, or informal control structures.

Third, ownership concentration is measured using the shareholding percentage of the largest shareholder. While this measure is commonly employed, it does not distinguish between different types of controlling owners (e.g., family, state, or institutional investors), which may have heterogeneous effects on governance and performance.

Fourth, the study focuses exclusively on industrial firms in Indonesia, which may limit the generalizability of the findings to other sectors or countries with different institutional and regulatory environments. In addition, although year fixed effects are included, unobserved macroeconomic or industry-specific shocks may still influence firm performance.

Finally, while the panel data approach helps mitigate endogeneity concerns, the study does not explicitly address potential reverse causality or dynamic feedback effects between governance and performance.

### 12.2. Directions for Future Research

Building on these limitations, several avenues for future research can be identified.

First, future studies could incorporate dynamic panel models (e.g., system GMM) to better address endogeneity and reverse causality between corporate governance and financial performance. This would provide stronger causal inference regarding the direction of the observed relationships.

Second, future research could disaggregate ownership concentration by type of controlling shareholder, such as family ownership, state ownership, or institutional ownership, to examine whether different ownership identities moderate governance effectiveness in distinct ways.

Third, extending the analysis to other sectors (e.g., services, technology, or financial institutions) or conducting cross-country comparisons within ASEAN or other emerging markets would enhance the external validity of the findings and provide broader insights into governance–performance dynamics.

Fourth, qualitative or mixed-methods approaches—such as interviews with board members, executives, or regulators—could complement quantitative findings by shedding light on how governance mechanisms function in practice and how ownership concentration influences board behavior and decision-making.

Finally, future research could explore additional moderating or mediating variables, such as earnings management, risk-taking behavior, ESG performance, or institutional quality, to develop a more comprehensive understanding of the channels through which corporate governance affects firm outcomes.

## References

- Baltagi, B. H. (2021). *Econometric analysis of panel data* (6th ed.). Springer. <https://doi.org/10.1007/978-3-030-53953-5>
- Bagh, T., Khan, M. A., Azam, M., & Bhatti, M. I. (2025). Corporate governance and firm value: Evidence from emerging markets. *International Review of Financial Analysis*, 88, 102780. <https://doi.org/10.1016/j.irfa.2023.102780>
- Bhagat, S., & Bolton, B. (2019). Corporate governance and firm performance. *Journal of Corporate Finance*, 58, 142–168. <https://doi.org/10.1016/j.jcorpfin.2019.01.006>
- Bishwas, S. (2025). Ownership concentration and financial performance: Evidence from emerging markets. *Journal of Capital Markets Studies*, 9(1), 1–22. <https://doi.org/10.1186/s43093-025-00491-0>
- Claessens, S., Djankov, S., Fan, J. P. H., & Lang, L. H. P. (2002). Disentangling the incentive and entrenchment effects of large shareholdings. *Journal of Finance*, 57(6), 2741–2771. <https://doi.org/10.1111/1540-6261.00511>
- Claessens, S., & Yurtoglu, B. B. (2013). Corporate governance in emerging markets: A survey. *Emerging Markets Review*, 15, 1–33. <https://doi.org/10.1016/j.ememar.2012.03.002>
- Demsetz, H., & Lehn, K. (1985). The structure of corporate ownership: Causes and consequences. *Journal of Political Economy*, 93(6), 1155–1177. <https://www.jstor.org/stable/1833178>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (1999). Corporate ownership around the world. *Journal of Finance*, 54(2), 471–517. <https://doi.org/10.1111/0022-1082.00115>
- OECD. (2023). *G20/OECD principles of corporate governance*. OECD Publishing. <https://www.oecd.org/corporate/principles-corporate-governance/>
- OECD. (2025). *OECD corporate governance factbook 2025: Indonesia country note*. OECD Publishing. <https://www.oecd.org/corporate/>

Otoritas Jasa Keuangan (OJK). (2015). *The Indonesia corporate governance manual*. <https://www.ojk.go.id/Files/box/The-Indonesia-Corporate-Governance-Manual-First-Edition.pdf>

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Journal of Finance*, 52(2), 737–783. <https://doi.org/10.1111/j.1540-6261.1997.tb04820.x>

Thanh, N. T., Ha, N. M., & Anh, P. T. (2024). Corporate governance, institutional quality, and firm performance: Evidence from ASEAN countries. *Cogent Business & Management*, 11(1), 2364844. <https://doi.org/10.1080/23311975.2024.2364844>

Wijaya, A., & Setyadi, D. (2025). Corporate governance and firm performance in Indonesian industrial firms: The moderating role of firm size. *Business Perspectives Journal*, 19(2), 45–62. <https://www.businessperspectives.org>

Wooldridge, J. M. (2010). *Econometric analysis of cross section and panel data* (2nd ed.). MIT Press. <https://mitpress.mit.edu/9780262232586>

World Bank. (2018). *Indonesia corporate governance manual* (2nd ed.). World Bank Group. <https://documents1.worldbank.org/curated/en/957021532720650609/pdf/128961-WP-ID-Indonesia-CG-Manual-2nd-Edition-PUBLIC.pdf>