

THE EFFECT OF CAPITAL STRUCTURE AND MANAGERIAL OWNERSHIP ON COMPANY VALUE THROUGH FINANCIAL PERFORMANCE IN THE FOOD & BEVERAGE SUB-SECTOR ON THE INDONESIA STOCK EXCHANGE

Muhammad Arif¹, Nisrul Irawati², Syahyunan³

^{1,2,3} Fakultas Ekonomi dan Bisnis, Universitas Sumatera Utara

E-mail: arif.ahmad.msi@gmail.com

Correspondence Author: nisrul@usu.ac.id, syahyunan@usu.ac.id

Received : 01 December 2025

Published : 28 January 2026

Revised : 15 December 2025

DOI : <https://doi.org/10.54443/jaruda.v4i3.288>

Accepted : 10 January 2026

Publication Link : <https://jaruda.org/index.php/go>

Abstract

The food and beverage industry is a strategic sector that plays an important role in the national economy and attracts considerable attention from investors in the capital market. Firm value reflects market perceptions of a company's performance and prospects, which are influenced by capital structure, managerial ownership, and financial performance. This study aims to analyze the effect of capital structure and managerial ownership on firm value, the effect of financial performance on firm value, as well as the role of financial performance as an intervening variable in food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. This research employs a quantitative approach using secondary data from 13 companies with a total of 65 observations, analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method. The results show that capital structure has a positive and significant effect on firm value, managerial ownership has a positive and significant effect on firm value, and financial performance has a positive and significant effect on firm value. In addition, capital structure and managerial ownership are found to have a negative and significant effect on financial performance. Furthermore, financial performance is able to mediate the effect of capital structure on firm value as well as the effect of managerial ownership on firm value. These findings indicate that financing decisions and managerial ownership mechanisms not only have a direct impact on firm value but also operate through financial performance as a channel of influence. Therefore, optimal capital structure management and enhanced effectiveness of managerial ownership are important factors in improving firm value in a sustainable manner.

Keywords: Capital Structure, Managerial Ownership, Financial Performance, Firm Value, SEM-PLS.

INTRODUCTION

The food and beverage industry is crucial to the economy, driven by population growth and consumption of processed products. This sector is a major contributor to the growth of non-oil and gas industries, with government support in building sustainable supply chains. The Free Nutritional Meal Program, which involves local companies, also has the potential to increase demand for local food and signal positive investment. Firm value is an important indicator for investors, with fluctuations in value indicating instability in the sector. Research shows variability in the impact of capital structure on firm value. Conservative financing policies with a DER ratio below one are generally implemented, but companies' responses to economic conditions vary. Managerial ownership, which connects management and shareholder interests, shows variation within this subsector. Financial performance, measured by Return on Assets (ROA), influences firm value, with many companies facing declining ROA post-pandemic. The influence of these variables on firm value is also not always straightforward, with non-financial factors being considered by investors. Further research is needed to assess the complex relationship between these factors in emerging markets.

LITERATURE REVIEW

Agency Theory

Agency theory describes the relationship between owners and managers of a company, proposed by Jensen and Meckling in 1976. The difference between ownership and management can lead to conflicts of interest.

THE EFFECT OF CAPITAL STRUCTURE AND MANAGERIAL OWNERSHIP ON COMPANY VALUE THROUGH FINANCIAL PERFORMANCE IN THE FOOD & BEVERAGE SUB-SECTOR ON THE INDONESIA STOCK EXCHANGE

Muhammad Arif et al

Managerial ownership plays a crucial role in aligning interests to improve company performance and value (Irawati, 2018).

Trade-off Theory

Capital structure theory is an important theory in explaining corporate financing decisions. Trade-off theory states that companies will determine their ideal capital structure by balancing the benefits and costs of using debt. The primary benefit of using debt is the tax shield, while the cost of debt covers the risk of bankruptcy and the costs of financial distress (Irawati, 2017). This idea is widely explored in contemporary finance literature and was introduced by Eugene F. Brigham in 2019.

Pecking Order Theory

This theory supports the use of financial performance as an intermediary variable in this study. Capital structure not only directly impacts firm value but also influences financial performance first, which is then reflected in firm value. Thus, the ranking theory reinforces the indirect relationship between capital structure and firm value through financial performance (Myers, 1984).

Modigliani–Miller Theory

Modigliani and Miller's theory states that in an ideal market situation and without taxes, capital structure does not affect the value of the company because the value is determined only by the potential to generate profits (Modigliani, 1958). However, in practice, tax factors, financial difficulties, and asymmetric information cause capital structure decisions to affect the value of the company. The inefficient market dynamics in the food and beverage sector show that choosing the right capital structure is one of the determining factors for the rate of return for investors and the stability of the company's stock price.

Stakeholder Theory

Stakeholder theory states that companies must consider the interests of all parties involved in their operations, not just shareholders (Freeman, 1984). Implementing good governance can build harmonious relationships between companies and stakeholders such as consumers, suppliers, and the government, thereby enhancing the company's image. This reputation is a crucial element in increasing company value, particularly in the food and beverage sector, which places high emphasis on food safety and product quality.

Signaling Theory

Signaling theory explains how corporate information influences investors' investment decisions, with financial performance, capital structure, and managerial ownership as important signals (Spence, 1973).

Firm Value

Corporate value reflects the company's performance and future prospects, as well as public and investor confidence. It is related to stock prices, profitability, and various operational indicators that influence public perception and shareholder wealth, which are important in corporate theory (Pambudi, 2022).

Capital Structure

A company's capital structure encompasses debt and equity for operational and investment financing. This strategic decision influences financial risk, the cost of capital, and value creation, including the use of debt for tax savings and financial risk reduction (Baihaqi, 2021).

Managerial Ownership

Managerial ownership is the proportion of shares owned by management, functioning as an internal control mechanism to align the interests of management and shareholders, improving the performance and value of the Company (Maulana, 2024).

Financial Performance

A company's performance reflects the achievement of the goals and vision set out in its strategic plan, influencing its existence and attractiveness to investors. Financial statements, which include revenue, expenses, and assets, provide insight into its financial health (Syahyunan, 2022). Financial performance is measured through profit

THE EFFECT OF CAPITAL STRUCTURE AND MANAGERIAL OWNERSHIP ON COMPANY VALUE THROUGH FINANCIAL PERFORMANCE IN THE FOOD & BEVERAGE SUB-SECTOR ON THE INDONESIA STOCK EXCHANGE

Muhammad Arif et al

generation, influencing company value and attracting investment. High profitability demonstrates a company's ability to deliver returns to shareholders (Rivandi, 2022).

METHOD

This research method uses a quantitative approach. This study uses data obtained from the financial reports of food & beverage sub-sector companies for the period 2010-2024 through internet media using the official website of the Indonesia Stock Exchange (IDX) www.idx.co.id, the official website of Bank Indonesia www.bi.go.id, the official website of Saham OK www.sahamok.com, the official website of each food & beverage sub-sector that became the research sample and other sites that support the research. This research was conducted from January 2025 to December 2025. The population in this study were all food & beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2020-2024, which amounted to 49 companies. These criteria include food and beverage sub-sector companies listed on the Indonesia Stock Exchange, conducting stock listing (IPO) before or in 2019 so that they have complete financial report data for the period 2020-2024, not experiencing delisting, and able to record net profit consecutively during the observation period.

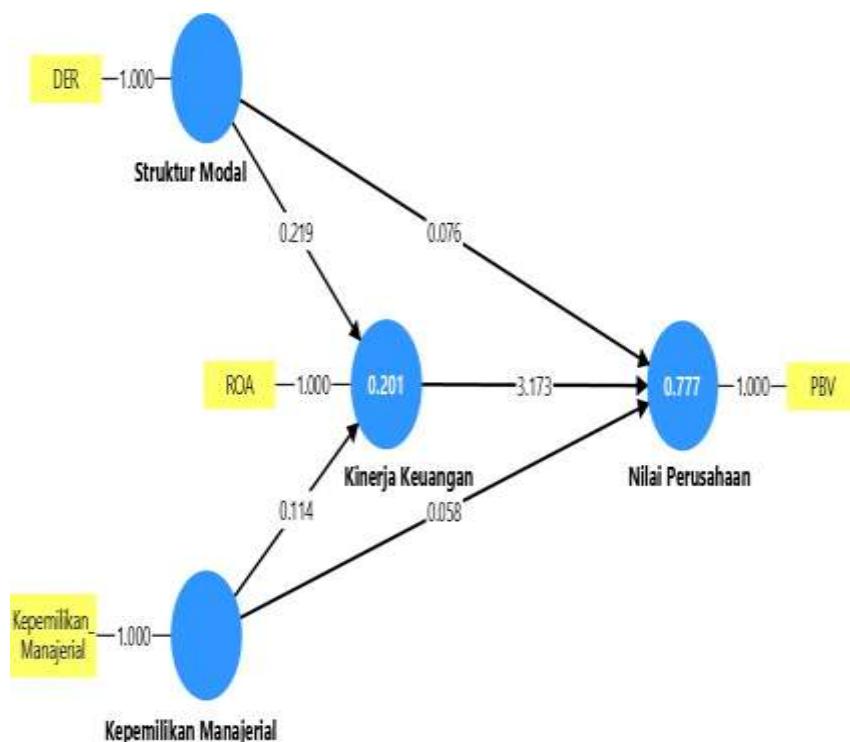
RESEARCH RESULTS AND DISCUSSION

RESEARCH RESULT

1. Determination Coefficient Table

	R-square	R-square adjusted
Kinerja Keuangan	0.201	0.175
Nilai Perusahaan	0.777	0.766

2. Structural Model Image based on SEM-PLS (Inner Model)



THE EFFECT OF CAPITAL STRUCTURE AND MANAGERIAL OWNERSHIP ON COMPANY VALUE THROUGH FINANCIAL PERFORMANCE IN THE FOOD & BEVERAGE SUB-SECTOR ON THE INDONESIA STOCK EXCHANGE

Muhammad Arif et al

3. Mediation Effect Test Table (Specific Indirect Effect)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Kepemilikan Manajerial -> Kinerja Keuangan -> Nilai Perusahaan	-0.305	-0.299	0.104	2.924	0.003
Struktur Modal -> Kinerja Keuangan -> Nilai Perusahaan	-0.423	-0.423	0.098	4.331	0.000

RESEARCH DISCUSSION

1. The Influence of Capital Structure on Firm Value

Capital structure, as measured by the Debt-to-Equity Ratio (DER), has a positive and significant effect on firm value, accepted according to the first hypothesis. This finding supports trade-off theory and signaling theory, which suggest that debt provides a positive market signal, thereby increasing firm value, particularly in the food and beverage sector, consistent with previous research.

2. The Influence of Managerial Ownership on Firm Value

Managerial ownership has a significant positive effect on firm value, with a path coefficient of 0.129 and a p-value of 0.049. This supports agency theory and is a positive signal of management commitment, improving corporate governance.

3. The Influence of Financial Performance on Firm Value

Financial performance, as measured by ROA, has a positive and significant effect on firm value, with a path coefficient of 0.941 and a p-value of 0.000. These results align with signaling and firm value theory and support previous research that ROA determines firm value through increased profitability.

4. The Influence of Capital Structure on Financial Performance

The results of the study indicate that the Debt to Equity Ratio (DER) has a significant negative effect on financial performance, with a coefficient of -0.449 and a p-value of 0.000. This strengthens the pecking order and trade-off theories and is consistent with previous relevant research.

5. The Influence of Managerial Ownership on Financial Performance

Managerial ownership negatively impacts financial performance, as evidenced by a path coefficient of -0.324 and a p-value of 0.004, indicating that high ownership can reduce the efficiency of company management.

6. The Influence of Capital Structure on Company Value through Financial Performance

Capital structure has a significant negative effect on firm value through financial performance, with financial performance acting as a mediator. This finding is consistent with pecking order and trade-off theories and previous research.

7. The Influence of Managerial Ownership on Firm Value through Financial Performance

Managerial ownership has a negative effect on firm value through financial performance, with a path coefficient of -0.305 and a p-value of 0.003, supporting entrenchment theory and the results of previous research.

CONCLUSION

Based on the research results above, the following conclusions can be drawn:

1. Capital structure has a positive and significant effect on firm value in the food and beverage sub-sector on the Indonesia Stock Exchange.
2. Managerial ownership has a positive and significant effect on firm value in the food and beverage sub-sector on the Indonesia Stock Exchange.
3. Financial performance has a positive and significant effect on firm value in the food and beverage sub-sector on the Indonesia Stock Exchange.
4. Capital structure has a negative and significant effect on financial performance in the food and beverage sub-sector on the Indonesia Stock Exchange.
5. Managerial ownership has a negative and significant effect on financial performance in the food and beverage sub-sector on the Indonesia Stock Exchange.
6. Financial performance fully mediates the effect of capital structure on firm value in the food and beverage sub-sector on the Indonesia Stock Exchange.
7. Financial performance partially and inconsistently mediates the effect of managerial ownership on firm value in the food and beverage sub-sector on the Indonesia Stock Exchange.

REFERENCES

Baihaqi, A., Hidayat, R., & Putra, Y. (2021). Struktur Modal dan Kinerja Keuangan Perusahaan Manufaktur. *Jurnal Manajemen Strategi*, 9(2), 101–115.

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman.

Irawati, N., & Sipayung, F. (2017). *Banking Financial Accessibility Among Traditional Market Traders In Brastagi City. Terengganu International Finance and Economics Journal (TIFEJ)*, 5(1), 25-30.

Irawati, N., Sadalia, I., & Marlina, L. (2018). *Company Performance Predictions By Agency Cost, Earning Management Using The Z-Score (Case Study In Indonesia)*. KnE Social Sciences.

Maulana, R. (2024). Kepemilikan Manajerial dan Profitabilitas Terhadap Nilai Perusahaan Food And Beverage. *Jurnal Manajemen Bisnis*, 15(2), 77–92.

Modigliani, F., & Miller, M. H. (1958). *The Cost Of Capital, Corporation Finance And The Theory Of Investment. American Economic Review*, 48(3), 261–297.

Myers, S. C., & Majluf, N. S. (1984). *Corporate Financing And Investment Decisions When Firms Have Information That Investors Do Not Have. Journal Of Financial Economics*, 13(2), 187–221.

Pambudi, R., & Ahmad, A. (2022). Profitabilitas dan Nilai Perusahaan. *Jurnal Manajemen Dan Akuntansi*, 14(1), 10–25.

Rivandi, M., & Petra, B. (2022). Profitabilitas dan Keputusan Investasi. *Jurnal Akuntansi Dan Keuangan*, 24(2), 150–165.

Spence, M. (1973). *Job Market Signaling. Quarterly Journal Of Economics*, 87(3), 355–374.

Syahyunan, S., Siregar, F. H., & Miraza, Z. (2022). Kinerja Lingkungan, Biaya Lingkungan Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Dengan Corporate Social Responsibility Sebagai Variabel Intervening. *Inovatif: Jurnal Ekonomi, Manajemen, Akuntansi, Bisnis Digital Dan Kewirausahaan*, 1(2), 187-205.