



Analysis of Firm Value in Manufacturing Companies Through Profitability and Company Size: The Role of Concentrated Ownership as a Signal to Investors

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Abstract: This study aims to analyze the effect of profitability and firm size on firm value, with concentrated ownership as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period. This research employs a quantitative approach using panel data regression and Moderated Regression Analysis (MRA). The model selection results indicate that the Fixed Effect Model (FEM) is the most appropriate model. The sample consists of 10 manufacturing companies selected through purposive sampling over five years.

The results show that profitability and firm size have a positive and significant effect on firm value. Concentrated ownership also has a positive effect on firm value and strengthens the relationship between profitability and firm value, but does not moderate the effect of firm size on firm value.

Practically, these findings suggest that investors in the Indonesian capital market should prioritize firms with strong profitability and concentrated ownership structures, as these factors signal higher firm value and better monitoring mechanisms. For corporate managers, the results highlight the importance of improving profitability performance and maintaining an effective ownership structure to enhance market valuation and investor confidence. These findings reinforce signalling theory in explaining how financial performance and ownership structure influence firm value.

Keywords: Firm Value; Profitability; Company Size; Concentrated Ownership

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INTRODUCTION

The increasingly dynamic development of the manufacturing industry today requires companies to be able to improve their performance and maintain investor confidence in order to remain competitive in attracting funding sources. Firm value is an important indicator that reflects the market's perception of a company's future prospects and performance (Noviera et al., 2024). High company value not only indicates management's success in managing

resources, but also sends a positive signal to investors regarding the company's stability and growth potential.

Indra et al (2025) explain that intense competition and the need for large investments make efforts to increase company value a strategic priority. The COVID-19 pandemic, which has brought about many changes, has created challenges for industries such as manufacturing companies in the form of fluctuations in production costs, changes in market demand, and pressure for operational efficiency. Therefore, internal factors that can strengthen the company's position in the eyes of investors are needed. Company value in this sector can be highly dependent on how companies utilize their capital and assets (Noviera et al., 2024). Therefore, analysis of the determinants of company value is important to understand how companies can create sustainable value.

The inconsistent findings in prior studies, such as those reported by Noviera et al. (2024), where profitability and firm size were found to have no significant effect on firm value, may be explained by differences in contextual and governance-related factors across firms. In particular, variations in ownership structure can influence how financial performance indicators are interpreted by investors.

In firms with weak monitoring mechanisms or dispersed ownership, profitability may not be perceived as a credible signal of future performance due to potential agency problems and information asymmetry. Similarly, firm size alone may not always reflect efficiency or value creation if large firms face bureaucratic inefficiencies or ineffective governance structures. As a result, the relationship between firm characteristics and firm value may appear insignificant in certain contexts.

Therefore, the presence of a moderating variable becomes important to clarify this relationship. Concentrated ownership, as a governance mechanism, is expected to strengthen monitoring effectiveness and reduce agency conflicts, thereby increasing the credibility of financial signals such as profitability. By incorporating concentrated ownership as a moderating variable, this study aims to provide a more comprehensive explanation of the relationship between firm characteristics and firm value, particularly in the context of emerging markets such as Indonesia.

One of the key factors used to measure a company's financial success and a major concern for investors is profitability (Nasihin et al., 2025). A high level of profitability reflects a company's ability to generate profits from its operational activities. Companies with good profit performance tend to be seen as having promising prospects, thereby increasing investor interest and impacting on an increase in company value (Indra et al., 2025). In line with this statement, studies by Gaol (2023); Indra et al (2025) found that profitability has a significant and positive impact on company value. A different finding was produced by a study by Noviera et al (2024) which confirmed that profitability does not significantly affect company value.

In addition, company size is also often associated with company value. This is because large companies generally have broader access to funding, better business diversification, and relatively lower risk levels (Indra et al., 2025). Since company size has a higher potential to generate profits or gains, investors may be more interested in investing (Widiantari & Wiguna, 2023). However, in companies engaged in the manufacturing sector, large-scale companies are not always successful in increasing their market value (Nasihin et al., 2025). Meanwhile, the results of a study by Hidayat & Khotimah (2022) state that company size has a significant and positive impact on company value.

However, other findings obtained different results by Noviera et al (2024) who asserted that company size does not have a significant impact on company value. This study adds one moderating variable to analyze the influence of profitability and company size on firm value, namely through concentrated ownership. Concentrated ownership refers to a condition where most of the company's shares are owned by one or several major shareholders. The higher the proportion of share ownership, the stronger the voting rights in the company's decision-making process (Arasy & Achmad, 2022). Therefore, this study shows quite fundamental differences compared to previous studies, both in terms of the observation period, the variables studied, and the sectors used.

The limited availability of empirical findings and the variation in results have created a research gap that needs to be bridged immediately. Based on this empirical gap, this study aims to examine the effect of profitability and company size on firm value with concentrated ownership as a moderating variable. This study is expected to contribute empirically and enrich the financial literature and serve as a basis for consideration by investors and management in strategic decision-making.

In the context of emerging markets such as Indonesia, ownership structure plays a crucial role in shaping corporate governance mechanisms and influencing firm value. One of the most dominant characteristics of firms in Indonesia is the presence of concentrated ownership, where a large proportion of shares is held by controlling shareholders, often in the form of family ownership or institutional block holders. This ownership pattern creates a unique governance environment compared to dispersed ownership systems commonly found in developed markets.

The selection of concentrated ownership as a moderating variable in this study is based on its dual role in corporate governance. On the one hand, concentrated ownership can enhance monitoring effectiveness, reduce agency problems, and ensure that management decisions align with shareholder interests (monitoring effect). On the other hand, it may also lead to expropriation risks for minority shareholders (entrenchment effect). Therefore, concentrated ownership is expected to influence how financial performance signals, such as profitability and firm size, are interpreted by investors in the capital market.

Specifically, in the framework of signalling theory, profitability and firm size act as signals of firm quality. However, the strength and credibility of these signals may depend on the ownership structure. Concentrated ownership can strengthen the credibility of profitability as a signal due to tighter monitoring and stronger control over managerial actions. Therefore, it is theoretically relevant to position concentrated ownership as a moderating variable that may strengthen or weaken the relationship between firm characteristics and firm value.

LITERATURE REVIEW

Signalling Theory

Przepiorka & Berger (2017) unobservable information can relate to various aspects, such as the quality of the sender that the receiver tries to understand and respond to. This theory explains that in conditions of information asymmetry, company management has more complete information about internal conditions than investors. To reduce this uncertainty, companies send signals to the market through various performance indicators. With that, the market requires reliable, timely, relevant, and comprehensive information as a basis for analysis in the decision-making process (Lamba & Atahau, 2022). This signaling mechanism is widely

used in financial research because it can explain the process underlying the systematic increase in firm value.

The Relationship Between Profitability and Firm Value

Profitability is an indicator of a company's ability to generate profits from its resources. A high level of profitability reflects operational efficiency and management effectiveness in managing the company's assets and capital. In signaling theory, high profits send positive information to the market about the company's future prospects and performance. A high level of profitability reflect solid company performance and indicates promising growth prospects (Noviera et al., 2024). Investors will respond to this signal by increasing demand for the company's shares, thereby driving up the share price, which ultimately increases the value of the company.

Studi Gaol (2023); Indra et al (2025) in line with signaling theory, found that profitability has a positive impact on firm value. This condition indicates that the market considers profit as a fundamental factor in determining company value.

H1: Profitability has a positive effect on firm value.

The Relationship Between Company Size and Firm Value

Company size reflects the scale of a company's operations, which is generally measured by total assets, total sales, or market capitalization. Larger companies usually have more extensive resources, a more stable operational network, and easier access to external funding sources. Signal theory explains that company size can be an indicator of credibility and financial stability. This condition allows large companies to diversify their businesses, increase production efficiency, and strengthen their competitiveness in the market. The larger the scale of the company, the higher the interest of investors to invest (Indra et al., 2025).

Penelitian Hidayat & Khotimah (2022) found that company size has a significant effect on firm value. This situation indicates that company size has an impact on increasing the market capitalization of the company, which will affect firm value.

H2: Company size has a positive effect on firm value.

The Relationship Between Concentrated Ownership and Firm Value

Concentrated ownership is a condition where most of the company's shares are owned by one or several major shareholders. This ownership structure affects the pattern of control and supervision of management, which has the potential to impact performance and firm value (company value). From a signaling theory perspective, concentrated ownership can be interpreted as a signal of long-term commitment from major shareholders to the company. Share concentration indicates that there are parties with a significant interest in the continuity of the business, thereby giving the market confidence that the company has a more controlled strategic direction. Investors' positive response to this signal will be reflected in an increase in share prices, which in turn will help increase firm value.

Studi Khalasha (2020) study found that concentrated ownership has a positive effect on firm value. This shows that concentrated ownership tends to have a positive relationship with company value, especially when the monitoring mechanism is effective and able to reduce information asymmetry.

H3: Concentrated ownership has a positive effect on firm value.

Concentrated Ownership as Moderation

Concentrated ownership reflects the dominance of share ownership by one or more major shareholders who hold a significant stake in the company. This ownership structure plays an important role in determining the effectiveness of oversight of management and the direction of the company's strategic policies. In line with statement Desender in Arasy & Achmad (2022) companies with a concentrated ownership structure tend to have a strong preference for controlling management, reducing agency costs, and tightening oversight functions over the company.

As a moderator, the mechanism of concentrated ownership is perceived as having the potential to strengthen the relationship between company performance indicators, namely profitability and company size, with firm value. The signaling theory framework explains that concentrated ownership can increase high profit levels as a signal of good operational performance and promising growth prospects, as well as company size as a signal of stability and strong resource capacity that can attract investors to invest, thereby strengthening the influence of profitability and company size on firm value.

With this statement, this study examines the contribution of concentrated ownership as a moderating variable on the impact of profitability and company size on firm value. From the perspective of signaling theory, profitability serves as an important signal reflecting a firm's financial performance and future prospects. However, the effectiveness of this signal depends on how credible it is perceived by investors. In this context, ownership structure plays a crucial role in determining the credibility of financial information.

Concentrated ownership enhances the monitoring function of controlling shareholders over managerial actions (monitoring effect). When ownership is concentrated, major shareholders have both the power and incentive to closely supervise management, reduce opportunistic behaviour, and ensure that reported profits reflect the firm's actual performance. This reduces agency problems and information asymmetry between managers and investors.

As a result, profitability becomes a more reliable and credible signal of firm quality in firms with concentrated ownership. Investors are more likely to respond positively to profitability information when it is supported by strong monitoring mechanisms, thereby strengthening its impact on firm value. Therefore, concentrated ownership is expected to strengthen the relationship between profitability and firm value.

H4: Concentrated ownership strengthens the effect of profitability on firm value.

Furthermore, although firm size can signal stability and resource capacity, its interpretation by investors may not depend heavily on monitoring mechanisms. Large firm size does not necessarily guarantee efficiency or value creation, and thus the role of concentrated ownership in moderating this relationship may be weaker.

H5: Concentrated ownership moderates the effect of firm size on firm value.

METHOD

Design, Population, and Sample

This study uses a quantitative method as the research design and collects secondary data in the form of annual reports from all companies in the population, namely those listed on the Indonesia Stock Exchange (IDX) in the manufacturing sector for the 2020-2024 period. The sampling technique applied in this study is purposive sampling, which is a method of selecting

samples based on certain criteria. Based on these criteria, the total sample obtained in this study was 10 companies. Furthermore, E-views12 will be used as the data analysis software for this study.

Table 1. Sample Selection Criteria

No	Criteria	Number of Companies
1	Manufacturing companies listed on the Indonesia Stock Exchange (IDX)	193
2	Companies consistently listed during the 2020–2024 period	193
3	Companies that publish complete annual reports	25
4	Companies with complete data for all research variables	10
5	Companies that meet concentrated ownership data requirements	10
	Final sample companies	10

Based on the selection process above, the final sample consists of 10 manufacturing companies, resulting in 50 panel data observations over the five-year period (2020–2024).

Variables and Measurement

The independent variables in this study include profitability (X1) using the Return on Assets (ROA) ratio, which describes a company's ability to generate profits based on total assets and equity. Furthermore, company size (X2) is proxied using the natural logarithm of total assets (LnAssets). Meanwhile, the dependent variable, firm value (Y), uses Tobin's Q market ratio. Meanwhile, the moderating variable, concentrated ownership (Z), is measured by the proportion of shares owned by majority shareholders (>5% ownership).

ANALYSIS AND DISCUSSION

Descriptive Statistical Analysis Results

Descriptive analysis was conducted to provide an overview of the characteristics of the data collected from 10 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, with a total of 50 panel data observations. Table 1 below presents the results of descriptive analysis of the main variables used in this study, namely firm value (Tobin's Q), profitability (ROA), company size (Total Assets), and concentrated ownership. The descriptive statistics performed are shown in Table 1:

Tabel 1. Descriptive Statistics Results

Variabel	N	Mean	Median	Standard Deviation (Std. Dev.)	Minimum Value	Maksimum Value	Unit
Tobin's Q	50	1.39	1.28	0.53	0.85	2.10	Ratio
Return on Assets (ROA)	50	0.071	0.064	0.035	0.024	0.145	Ratio
Total Assets	50	99.800	84.000	52.400	3.400	450.000	Billion IDR
Concentrated Ownership	50	73.4	74.0	6.7	60.0	87.0	Persent (%)

Source: Data processed using E-views12

The results in Table 1 show that the firm value variable, measured using Tobin's Q, has an average Tobin's Q value of 1.39, which means that the market value of the company is generally higher than its book value (Tobin's Q > 1). This indicates that investors assess manufacturing companies on the IDX as having positive growth prospects and being capable of creating added value above the value of assets recorded on the balance sheet. However, with a standard deviation of 0.53, there is considerable variation between companies, indicating differences in market perceptions of the value of each issuer.

The profitability variable, proxied by ROA, has an average Return on Assets (ROA) of 7.1%, indicating that manufacturing companies are generally efficient in utilizing assets to generate profits. The minimum value of 2.4% and maximum value of 14.5% indicate that profitability levels vary greatly between companies, which could be due to differences in operational efficiency, production strategies, and cost structures.

The company size variable, namely total assets, has an average of IDR 99,800 billion with a relatively large standard deviation (IDR 52,400 billion), indicating a fairly high disparity in size between companies in the manufacturing sector. Large issuers such as ASII, UNVR, and INDF have total assets that are much larger than companies such as SIDO or MERK. This reflects the heterogeneous structure of Indonesia's manufacturing industry, which consists of large conglomerates to medium-sized companies.

Meanwhile, the variable of concentrated ownership shows an average of 73.4%, with a minimum value of 60% and a maximum of 87%. This figure indicates that the share ownership structure in Indonesia's manufacturing sector is highly concentrated, with the majority of shares controlled by majority shareholders. This phenomenon is in line with the characteristics of family-owned firms that dominate the Indonesian capital market. This condition can have positive implications because it increases monitoring of management (monitoring effect), but it also has the potential to pose a risk of expropriation to minority shareholders (entrenchment effect).

Panel Model Selection Results

Next, to determine the best model, two types of tests were used, namely the Chow Test to compare CEM and FEM, and the Hausman Test to compare FEM and REM. These two tests aim to ensure that the selected model is able to accurately explain data variations and produce unbiased estimates. The results of the model selection are shown in Table 2 below:

Tabel 2. Panel Model Selection Results

Type of test	Hypothesis Tested	Results Statistics/P-Value	Decision	Selected Model
Chow Test (CEM vs FEM)	H ₀ : The CEM model is better than FEM	F = 5.82 / p = 0.000	Reject H ₀ → FEM is better	FEM
Hausman Test (FEM vs REM)	H ₀ : REM model is better than FEM	χ^2 = 9.47 / p = 0.008	Reject H ₀ → FEM is better	FEM (Final Model)

Source: Data processed using E-views12

Based on the results of the model selection test in Table 2 above, the Chow test shows an F-statistic value of 5.82 with a p-value = 0.000, which is smaller than the significance level

of 0.05. Thus, the null hypothesis (H_0) stating that the Common Effect Model (CEM) is better is rejected, and it can be concluded that the Fixed Effect Model (FEM) is a more appropriate model than CEM.

The Hausman test yielded a χ^2 value of 9.47 with a p-value = 0.008, which is also smaller than 0.05. This result again rejects the null hypothesis (H_0) that the Random Effect Model (REM) is better than the Fixed Effect Model (FEM). Thus, the best model selected for further analysis is the Fixed Effect Model (FEM).

Panel Data Regression Analysis Results

Based on both the Chow test and Hausman test, the Fixed Effect Model (FEM) was determined to be the best model to use in panel data regression analysis. This model will be used in the next stage of analysis to test the effect of profitability (ROA) and company size (LnAssets) on company value (Tobin's Q). For manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. The results of the panel data regression are presented in Table 3:

Tabel 3. Panel Data Regression Analysis Results

Independent Variables	FEM (Coefficient / p-value)
Constant (C)	0.762 / 0.018
ROA	2.040 / 0.001
LnAssets	0.094 / 0.038
R ² (Coefficient of Determination)	0.74
Adjusted R ²	0.70
F-Statistik (p-value)	0.000

Source: Data processed using E-views12

$$\text{Tobin's } Q_{it} = 0.762 + 2.040 \times ROA_{it} + 0.094 \times LnAset_{it} + \varepsilon_{it}$$

Based on Table 3, the results of panel data regression with Fixed Effect Model (FEM) estimation show that the constant (C) is 0.762 with a p-value of 0.018, which is significant at a 5% significance level. This indicates that when the variables of profitability (ROA) and company size (LnAssets) are considered constant, the company value still has a positive base value. This condition indicates that there are other factors outside the model that also influence company value.

The profitability variable, proxied by ROA, has a coefficient of 2.040 with a p-value of 0.001. This value shows that ROA has a positive and significant effect on company value. This means that every increase in profitability will increase company value. Economically, this finding reflects that companies that are able to generate higher profits tend to receive a positive response from investors, thereby increasing stock prices and company value.

Meanwhile, company size, proxied by LnAssets, has a coefficient of 0.094 with a p-value of 0.038, which is also significant at the 5% level. This result shows that company size has a positive effect on company value. The greater the total assets owned by a company, the higher the company value. This can be interpreted as large-scale companies being perceived as having better operational stability, resource capacity, and sustainability prospects, thereby increasing investor confidence.

The coefficient of determination (R^2) value of 0.74 indicates that 74% of the variation in company value can be explained by the variables of profitability and company size in this model, while the remaining 26% is explained by other factors outside the scope of this study. The Adjusted R^2 value of 0.70 indicates that the model has good explanatory power after adjusting for the number of variables used. In addition, the simultaneous test results through F-statistics show a p-value of 0.000, which means that profitability and company size together have a significant effect on company value. Thus, the regression model used is valid and able to adequately explain the relationship between independent variables and company value.

Moderated Regression Analysis (MRA) Results

Moderated Regression Analysis (MRA) was used in this study to examine the role of concentrated ownership as a moderating variable that potentially influences the relationship between profitability (ROA) and company size (LnAssets) on firm value or company value (Tobin's Q). The MRA test results are presented in the following table:

Tabel 4. MRA Test Results

Variable	Coefficient	Std. Error	t-statistik	p-value	Description
Constant (C)	0.525	0.114	4.61	0.000	Significant
ROA	1.845	0.312	5.91	0.000	Significant (+)
LnAset	0.081	0.039	2.08	0.043	Significant (+)
Concentrated Ownership (KepTerk)	0.014	0.006	2.33	0.024	Significant (+)
ROA × KepTerk	0.029	0.011	2.64	0.011	Significant (+)
LnAset × KepTerk	-0.007	0.004	-1.78	0.081	Not Significant
R^2	0.79				
Adjusted R^2	0.76				
F-statistik (p-value)	0.000				Significant Model Simultan

Sumber: Data diolah *E-views12*

Based on Table 4 of the Moderated Regression Analysis (MRA) results, it was found that the constant was 0.525 with a p-value of 0.000, indicating that the value was significant. This indicates that when all independent variables and interaction variables were zero, the company value still had a positive base value.

The profitability variable (ROA) has a coefficient of 1.845 with a p-value of 0.000 and a t-statistic value of 5.91. These results indicate that ROA has a positive and significant effect on firm value. This means that every increase in profitability will increase the company's value, so the hypothesis regarding the positive effect of profitability on firm value is again proven in the moderation model. Company size (LnAset) also shows a positive and significant effect with a coefficient of 0.081 and a p-value of 0.043. This means that the larger the company size, the more the company value tends to increase.

Furthermore, the variable of concentrated ownership (KepTerk) has a coefficient of 0.014 with a p-value of 0.024, which indicates a positive and significant effect on company value. This finding indicates that the higher the concentration of ownership, the higher the company value, reflecting that the market responds positively to a centralized ownership structure.

In testing the interaction variable, the interaction between ROA and concentrated ownership (ROA x KepTerk) has a coefficient of 0.029 with a p-value of 0.011 and a positive sign. This result shows that concentrated ownership is able to strengthen the positive effect of profitability on company value. In other words, when a company has a high level of profitability and is supported by a concentrated ownership structure, the increase in company value becomes stronger. Conversely, the interaction between company size and concentrated ownership (LnAset x KepTerk) has a negative coefficient of -0.007 with a p-value of 0.081, which means it is not significant at the 5% level. This indicates that concentrated ownership is unable to moderate the effect of company size on company value.

The results of the Moderated Regression Analysis (MRA) indicate that concentrated ownership does not significantly moderate the relationship between firm size and firm value ($p = 0.081 > 0.05$). This finding suggests that the influence of firm size on firm value tends to be independent of ownership structure.

One possible explanation lies in the nature of firm size as a relatively observable and objective indicator compared to profitability. Firm size, which is commonly measured by total assets, already reflects the scale of operations, market presence, and resource capacity of a company. As such, investors may directly interpret firm size as a signal of stability and long-term sustainability without relying heavily on governance mechanisms such as ownership concentration.

From a monitoring perspective, concentrated ownership plays a more critical role in overseeing variables that are prone to managerial discretion, such as profitability. In contrast, firm size is less susceptible to manipulation and does not require intensive monitoring to ensure its credibility. Therefore, the monitoring effect of concentrated ownership becomes less relevant in strengthening the relationship between firm size and firm value.

Additionally, in the context of emerging markets like Indonesia, large firms are not always perceived as more efficient or value-creating due to potential bureaucratic inefficiencies and agency issues. This may further weaken the role of concentrated ownership in enhancing the effect of firm size on firm value. Consequently, the moderating role of concentrated ownership is not significant in this relationship.

The coefficient of determination (R^2) value of 0.79 indicates that 79% of the variation in company value can be explained by the variables in the model, while the remaining 21% is explained by other factors outside the study. The Adjusted R^2 value of 0.76 indicates that the model has strong explanatory power after adjusting for the number of variables. In addition, the F-test results show a p-value of 0.000, which means that the model is simultaneously significant. Overall, the MRA test results show that concentrated ownership acts as a moderating variable that strengthens the relationship between profitability and company value, but does not moderate the relationship between company size and company value.

DISCUSSION

The Relationship Between Profitability and Firm Value

Based on the test results, profitability with an ROA coefficient of 1.845 with $0.00 < 0.05$. It can be concluded that profitability has a positive and significant effect on company value. This means that the higher a company's ability to generate profits, the higher the market's perception of the company's value. This finding is in line with signaling theory, which states that high profits are a positive signal to investors regarding the company's performance prospects.

The results of this test are also in line with Gaol (2023) dan Indra et al (2025) who found evidence that profitability has a positive and significant effect on company value, particularly in the manufacturing sector for the period 2020-2024.

The Relationship Between Company Size and Firm Value

The test results show that company size has a coefficient of 0.081 with $0.043 < 0.05$, indicating that company size has a positive and significant effect on company value. Companies with large assets generally have stronger production capacity, financial stability, and market competitiveness, so they tend to be more trusted by investors.

This finding is in line with Hidayat & Khotimah (2022) who explained that company size has a positive and significant effect on firm value. These results indicate that the larger the company size, the more the company value tends to increase and generate a positive response from investors.

The Relationship Between Concentrated Ownership and Firm Value

The test results show that concentrated ownership has a coefficient of 0.014 with a p-value of 0.024. This indicates that high share ownership by majority shareholders has a positive and significant effect on company value. This indicates a monitoring effect, whereby concentrated ownership can reduce information asymmetry because major shareholders have a strong incentive to signal and monitor management. This result is in line with Khalasha (2020) who states that concentrated ownership has a positive and significant effect on firm value.

Contribution of Moderate Concentrated Ownership

The MRA test results show that concentrated ownership successfully strengthens the positive influence of profitability on company value. This finding indicates that companies with high profitability levels and supported by a concentrated ownership structure will increase their company value more strongly. This can be explained through a more effective control mechanism by the major shareholders, which encourages management to optimize profits for increasing company value.

However, different results were obtained, namely that concentrated ownership was unable to moderate the effect of company size on company value. This means that the effect of company size on market value is relatively independent of the share ownership structure. Company size tends to have a direct effect on company value through the scale of operations and reputation, rather than through the mechanism of concentrated ownership. These findings are consistent with previous research by Claessens et al (2002) dan La Porta et al (1999) which states that in emerging markets, concentrated ownership can provide a governance advantage in improving managerial efficiency and firm value.

The findings indicate that concentrated ownership does not significantly moderate the relationship between firm size and firm value. One plausible explanation is that firm size itself already serves as a strong and observable signal for investors regarding a company's stability, resource capacity, and market presence. As a result, additional signals from ownership structure may no longer provide incremental informational value.

In the framework of signalling theory, firm size is considered a relatively transparent and less ambiguous indicator compared to profitability. Investors can directly assess firm size through publicly available financial statements, reducing the need for additional governance-

based signals to validate its credibility. Therefore, the presence of concentrated ownership does not significantly enhance the informational content of firm size in influencing firm value.

From the monitoring effect perspective, concentrated ownership plays a more critical role in variables that are subject to managerial discretion and potential manipulation, such as profitability. In contrast, firm size is less susceptible to such manipulation, making intensive monitoring less necessary. Consequently, the effectiveness of concentrated ownership as a moderating mechanism becomes limited in this relationship.

Furthermore, in the context of emerging markets such as Indonesia, large firms are not always perceived as more efficient or value-creating due to possible bureaucratic inefficiencies and agency problems. This condition implies that firm size alone does not guarantee higher firm value, and ownership concentration does not significantly alter this perception. Therefore, concentrated ownership fails to strengthen the relationship between firm size and firm value.

Overall, the MRA test results show that concentrated ownership acts as a partial moderator variable. This variable has been proven to strengthen the relationship between profitability and company value, but does not play a significant role in the relationship between company size and company value. This indicates that dominant ownership-based governance is more effective in increasing company value when financial performance shows good results, but is not directly related to company size.

CONCLUSION

This study aims to analyze the effect of profitability and company size on firm value with concentrated ownership as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange for the period 2020–2024. Based on the results of panel data regression analysis using the Fixed Effect Model (FEM), it was found that profitability and company size have a positive and significant effect on company value. This indicates that the higher a company's ability to generate profits and the larger the scale of its assets, the higher the company value in the eyes of investors.

The results of the Moderated Regression Analysis (MRA) test show that concentrated ownership has a positive and significant effect on company value. In addition, concentrated ownership has been proven to strengthen the effect of profitability on firm value, thus acting as a partial moderator. However, concentrated ownership is not able to moderate the influence of company size on company value. Overall, these findings reinforce the signaling theory perspective that profitability, company size, and ownership structure can be important signals for investors in assessing the prospects and sustainability of a company.

LIMITATIONS

This study has several limitations. First, the sample size is relatively limited, consisting of only 10 manufacturing companies with a five-year observation period, so the generalization of the research results is still limited to certain sectors and periods. Second, there are limitations in secondary data sourced from the annual financial reports of public companies. Not all manufacturing companies listed on the Indonesia Stock Exchange (IDX) consistently publish complete financial reports with the components needed to calculate the research variables, such as Tobin's Q, ROA, and the level of concentrated ownership. The third difficulty is that there are differences in reporting periods and data presentation formats between companies, so researchers need to perform manual verification and adjustment of numerical data to maintain consistency between years and between companies. Efforts made to overcome this

problem include cross-checking data from several sources (IDX, company annual reports, and the OJK official website), as well as applying data cleaning to ensure the validity and reliability of the data before conducting panel analysis.

RECOMMENDATION

Based on the results and limitations of this study, the researchers make the following recommendations. For future researchers, it is recommended to expand the sample size and observation period so that the research results have stronger generalizability. Future studies may also add other relevant variables, such as leverage, dividend policy, good corporate governance, and external factors such as macroeconomic conditions, in order to obtain a more comprehensive model for explaining company value. In addition, the measurement of ownership structure can be developed by distinguishing types of ownership, such as institutional, managerial, or family ownership, to gain a deeper understanding of corporate governance mechanisms. For company management, the results of this study indicate the importance of maintaining profitability and optimally managing ownership structure as a strategy to increase company value. Meanwhile, for investors, concentrated ownership structure can be used as an indicator in evaluating credibility

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