UNTAR Universitas Tarumanagara
Jurnal Ekonomi e-JE
E-ISSN 2580-4901
P-ISSN 0854-9842

Ownership Structure And Risk Management Moderated By Audit Committee On Firm Performance

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Submitted *02-02-2024* ***Reviewed*** *28-02-2024* ***Revised*** *07-03-2024* ***Accepted*** *08-03-2024* ***Published*** *28-03-2024*

Abstract: The purpose of this study is to obtain empirical evidence regarding the effect of managerial ownership, ownership concentration, institutional ownership, and enterprise risk management on firm performance before and after moderated by audit committee. This study used consumer and non consumer cyclicals sector companies listed on the Indonesia Stock Exchange in 2018-2022. Samples were selected by purposive sampling method and the data used were 235 data. The data obtained was processed using the E-Views 13 program to analyze panel data regression. Based on research conducted, the results are managerial ownership, ownership concentration, and institutional ownership has a positive significant effect on firm performance. After moderated by audit committee, managerial ownership and ownership concentration negatively moderated on firm performance. As a control variable, firm size and leverage has a negative significant effect on firm performance.
Keywords: Ownership Structure; Enterprise Risk Management; Audit Committee; Firm Performance.

Abstrak: Tujuan dari penelitian ini adalah untuk memperoleh bukti empiris mengenai pengaruh kepemilikan manajerial, konsentrasi kepemilikan, kepemilikan institusional, dan manajemen risiko perusahaan terhadap kinerja perusahaan sebelum dan sesudah dimoderasi oleh komite audit. Penelitian ini menggunakan perusahaan sektor cyclicals konsumen dan non-konsumen yang terdaftar di Bursa Efek Indonesia pada tahun 2018-2022. Sampel dipilih dengan metode purposive sampling dan data yang digunakan sebanyak 235 data. Data yang diperoleh diolah menggunakan program E-Views 13 untuk menganalisis regresi data panel. Berdasarkan penelitian yang dilakukan, diperoleh hasil bahwa kepemilikan manajerial, konsentrasi kepemilikan, dan kepemilikan institusional berpengaruh positif signifikan terhadap kinerja perusahaan. Setelah dimoderasi oleh komite audit, kepemilikan manajerial dan konsentrasi kepemilikan memoderasi secara negatif terhadap kinerja perusahaan. Sebagai variabel kontrol, ukuran perusahaan dan leverage berpengaruh negatif signifikan terhadap kinerja perusahaan.
Kata Kuncis: Struktur Kepemilikan; Manajemen Risiko; Komite Audit; Kinerja Perusahaan.

INTRODUCTION

As the crisis escalates, companies must increase risk mitigation to face the volatile economic situation accompanied by rapid advances in information technology. So companies need a system that functions to direct and control their business activities. Corporate governance regulates the distribution of duties, rights and obligations of parties in the organization regarding company operations, including shareholders, board of directors, managers and other stakeholders. The main objective of good corporate management is to treat shareholders and other interested parties fairly, apart from that, corporate governance can encourage the achievement of corporate sustainability through

UNTAR Universitas Tarumanagara
Jurnal Ekonomi
e-JE
E-ISSN 2580-4901
P-ISSN 0854-9842

management based on the principles of transparency, accountability, responsibility, independence as well as equality and fairness (Al-Ahdal et al., 2023a).

There are five principles in implementing corporate governance (Ilyas et al., 2021). The **first** is transparency, namely providing relevant information in a way that is easily accessible and easy to understand by stakeholders. **Second** is accountability which is responsibility in a transparent and fair manner. Companies must be managed properly while taking into account the interests of shareholders and other stakeholders. The **third** principle is responsibility, namely compliance with legislation. **Fourth** is the principle of independence, namely managing the company independently so that there is no intervention by other parties. Furthermore, the **fifth** principle is equality and fairness, namely guaranteeing the protection of the rights of shareholders and other stakeholders and ensuring the implementation of commitments to investors. Implementation of these five principles can support better firm performance.

Firm Performance represents the achievement of the company's vision, mission and goals. Stakeholders tend to trust and support positive company performance (Al-Ahdal et al., 2023b). This can provide better access to capital and financing, thereby providing opportunities for companies to offer better products/services, more competitive prices and superior innovation. All of these things depend on how the company is managed by the management. Ownership Structure has a close relationship with company management because it is directly related to the company's operational activities. Ownership Structure describes the delegation of authority and management rights from company owners to individuals in an organization to carry out company affairs (Al-Ahdal et al., 2023a). According to (Shan et al., 2023), ownership structure is important for improving corporate governance because it can reduce risks that occur in company management. This is supported by research (Budiman et al., 2023) which reveals the importance of the role of ownership structure because it relates to decisions to be taken by financial managers.

Enterprise risk management is able to help companies identify, measure and manage risks well, tending to be more resilient in facing challenges (Alkhyyoon et al., 2023b). Changing challenges over time and advances in technology make the level of risk faced by companies increasingly higher. Actions that need to be taken in enterprise risk management efforts are planning, organizing, mobilizing and monitoring (Pratiwi & Mulyono, 2022). Companies in the food industry sub-sector are one of the sectors that make a fairly high contribution to economic growth. Every company needs to mitigate risks in a more measurable and integrated manner through implementing enterprise risk management (Chairani & Siregar, 2021). In general, enterprise risk management procedures are part of the responsibility of the audit committee which is tasked with supervising firm performance. This will be closely related to reviewing the company's control system and increasing the validity of financial reports. Financial reports represent Firm Performance which is the basis for management decision making and ultimately investor assessment for making investment decisions (Salim Saputra et al., 2023).

The problem with previous research is that there are mixed results regarding the influence of ownership on firm performance, often managerial ownership that is too large can have a negative impact, this is not in accordance with agency theory which states that when the principal and agent have the same goals, conflict can be avoided. Enterprise risk management is interesting to research because there are several studies which state that enterprise risk management has a significant effect on firm performance. This research will

increase confidence in its influence. The audit committee is expected to supervise the implementation of company activities so that company goals can be achieved.

Based on the phenomena and background previously explained, the author is interested in conducting research entitled "Ownership Structure and Enterprise Risk Management Moderated by Audit Committees on Indonesian Firm Performance". This research is a combination of the results of previous research conducted previously by (Al-Ahdal et al., 2023a) by adopting the Ownership Structure variable as an independent variable, Firm Performance was chosen to be used as the dependent variable, and Audit Committee as a moderating variable. The novelty examined in this research is adding enterprise risk management variables from research conducted by (Alkhyyoon et al., 2023a), this is important to research because it is a monitoring function in maximizing firm performance.

THEORITICAL REVIEW

Agency theory plays an important role in the ownership structure which consists of managerial ownership, ownership concentration, institutional ownership so that it can influence firm performance. Differences in interests between principals (company owners) and agents (management) can trigger agency conflicts (Al-Ahdal et al., 2023a). This will influence decision making which will have an impact on firm performance. Each decision has a different level of risk, so management needs to consider decisions that have the least risk (Alkhyyoon et al., 2023a).

Based on the results of previous research, it shows various results, such as the results of research by (Al-Ahdal et al., 2023b) which shows that managerial ownership and institutional ownership have a positive effect on company performance, apart from that the control variables firm size and leverage have an effect on firm performance. Meanwhile, research results (Alkhyyoon et al., 2023b) show that enterprise risk management in companies will improve firm performance, because there is tighter control and supervision, so that risks can be minimized. The framework for thinking in this research is as follows:

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Jurnal Ekonomi
e-JE
E-ISSN 2580-4901
P-ISSN 0854-9842

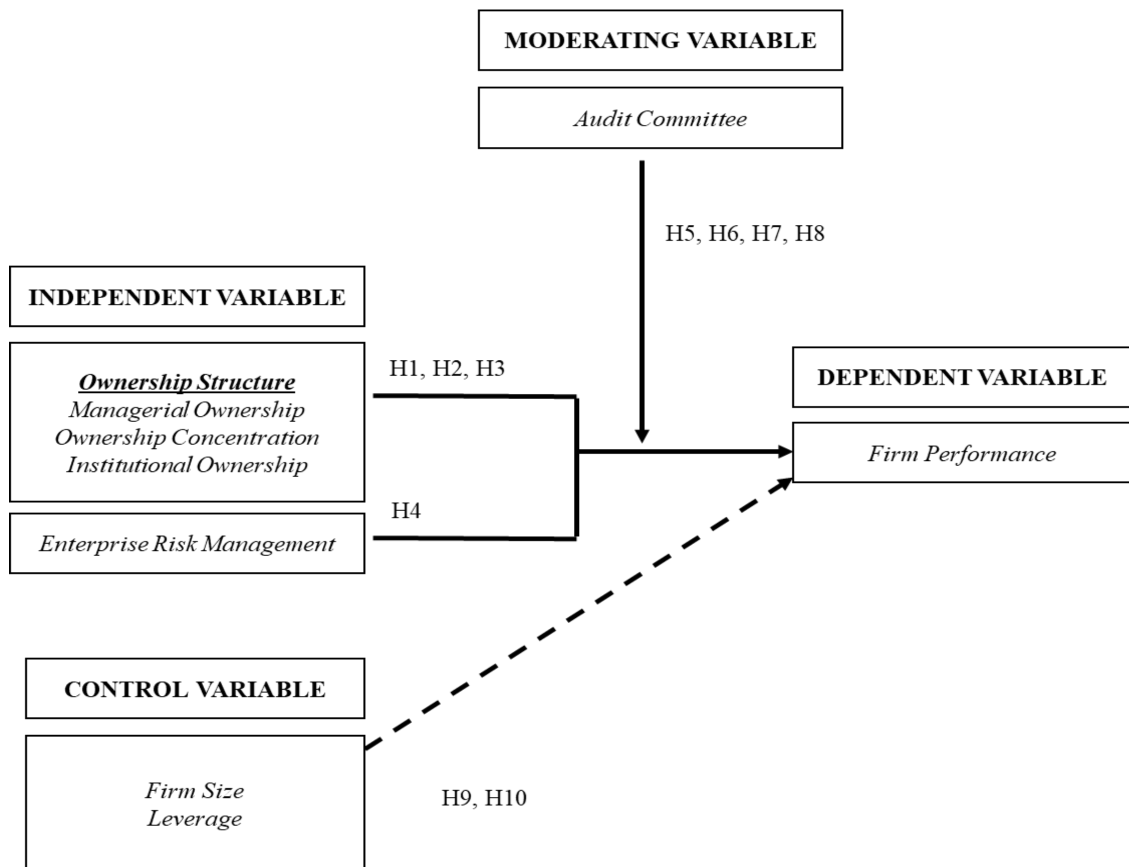

Figure 1. Research Model
Source: processed by the author (2023)

The Influence of Managerial Ownership on Firm Performance. Managerial ownership is one step that can minimize agency conflicts because managers will have a higher sense of responsibility. Research on the relationship between managerial ownership and firm performance has produced various studies. According to research (Al-Ahdal et al., 2023a), it was found that managerial ownership has a positive influence on firm performance, because company managers have an important role in the company's progress. This is supported by research (Salema, 2023) which explains that the greater share ownership by directors and commissioners will increase firm performance, so this has a positive effect, while research conducted by (Hassanein et al., 2023) shows that managerial ownership has an effect negative impact on firm performance because there are two roles played by managers so that decisions taken will focus on personal interests rather than company goals.

Management that has a dual role, namely as owner and manager, tends to be more careful in making decisions. The greater the amount of managerial ownership, the less agency conflicts that will arise. Managers with a high level of ownership tend to have confidence in the company's future prospects. Investors consider managerial ownership to be a positive thing, because managers will try to maximize welfare to achieve company goals (Al-Ahdal et al., 2023a). Based on the discussion above, the following hypothesis is proposed:

H1: Managerial ownership influences firm performance.

The Influence of Ownership Concentration on Firm Performance. Ownership concentration is one aspect of a company's success, because the company will have the same direction and goals so that it can minimize agency costs and increase monitoring of company management decisions, so the preferences of management and company owners can be unified. According to research (Alkurdi et al., 2021), (Iwasaki & Mizobata, 2020), if the ownership concentration is small, the company's focus will be divided, so the company must be careful in maintaining the proportion of its majority shareholders. Previous research conducted by (Hossain et al., 2021), (Alkurdi et al., 2021) and (Iwasaki & Mizobata, 2020) shows consistent results that ownership concentration has a positive effect on firm performance. This improves corporate governance in making fair decisions for all shareholders. Based on the discussion above, the following hypothesis is proposed:

H2: Ownership concentration affects firm performance.

The Influence of Institutional Ownership on Firm Performance. Institutional Ownership represents the composition of a company, whether external or internal. This will play an important role in monitoring company management which will maximize shareholder interests. The higher the level of institutional ownership and the longer the ownership period, the investors will have a higher level of knowledge and information processing so that they can strengthen their ability to understand the nature and scope of company performance which has a monitoring role for the company . These results suggest that institutional ownership is critical in managing and disciplining management power and influencing reporting. (Helmi A. Boshnak, 2023). According to research conducted by (Boshnak Helmi A., 2023), (Alkurdi et al., 2021), (Hossain et al., 2021), (Feng Kao et al., 2019) shows that institutional ownership has a positive effect on firm performance, while research conducted by (Salema et al al., 2023), (Karim et al., 2022) found that institutional ownership has a negative effect on company value. Based on the discussion above, the following hypothesis is proposed:

H3: Institutional Ownership influences firm performance.

The Influence of Enterprise Risk Management on Firm Performance. Enterprise risk management encourages openness to possible risks that occur, and increases transparency in business management. This can minimize expenses, increase investment productivity, and increase synergies to generate income (Alkhyyoon et al., 2023b). Risks can occur at any time and can cause large losses, so companies need to implement integrated enterprise risk management. This is also considered to be a solution to answer things that are inconsistent and ambiguous so that company goals can be achieved (Ricardianto et al., 2023).

Previous studies on enterprise risk management and firm performance have shown varying results. Research from (Alkhyyoon et al., 2023b) and (Ricardianto et al., 2023) shows the positive influence of enterprise risk management on firm performance because costs arising from risks that may arise can be reduced. Meanwhile research (Salim Saputra et al., n.d.). Shows the negative influence of enterprise risk management on Firm Performance which is caused by a bad perspective from investors regarding enterprise risk

management that is too strict. Mixed research results warrant further research on this issue. Based on the discussion above, the following hypothesis is proposed:

H4: Enterprise risk management influences firm performance.

Audit committee in moderating the influence of Managerial Ownership on Firm Performance. The audit committee has an important role in improving firm performance as a control tool in implementing corporate governance, and ensuring the credibility of the company's financial reports. Studies on the audit committee as a moderator of firm performance have produced mixed research results. Research (Alkhyyoon et al., 2023b) shows that the audit committee can moderate the influence of managerial ownership on firm performance. Other research conducted by (Ashrafi et al., 2019a) shows that the audit committee can moderate the influence of RPT (related party transactions) and firm performance. Research (Machmuddah et al., 2022a) shows that the audit committee can moderate the influence of integrated reporting on firm performance. Based on the discussion above, the following hypothesis is proposed:

H5: The audit committee can moderate the influence of managerial ownership on firm performance.

Audit committee moderates the influence of ownership concentration on firm performance. One way that companies can reduce conflicts of interest and fraud by management is to form an audit committee whose role is to supervise so that published reports on firm performance have a high level of validity. This is supported by research conducted by (Al-Ahdal et al., 2023b) and which explains that audit committees can moderate the influence of corporate governance on firm performance. (Machmuddah et al., 2022b) stated that the more audit committees there are, the more effective the supervisory function is, so it can be concluded that the audit committee can moderate firm performance.

Research (Ashrafi et al., 2019b) suggests that the audit committee is one of the company's mechanisms for reducing conflicts of interest and minimizing the occurrence of fraud committed by management, and increasing disclosure of company information. This proves (Ashrafi et al., 2019a) that the audit committee has succeeded in moderating ownership concentration on firm performance because the company's credibility level will increase. Meanwhile, research (Hussin et al., 2022a) states that the audit committee can moderate the evaluation of the quality of accounting and financial reports on firm performance because the audit committee takes part in supervising the preparation of financial reports. Based on the explanation above, the following hypothesis is proposed:

H6: The audit committee can moderate the influence of ownership consent on firm performance.

Audit committee moderates the influence of institutional ownership on firm performance. Investment decisions generally refer to institutional ownership. The greater institutional ownership in a company can be considered a positive signal that the company has potential for growth or value. This is because institutional shareholders have greater voting rights so they can influence company policies. Apart from that, companies owned by institutions are often considered more stable because they tend to have a long-term

investment strategy (Boshnak Helmi A., 2023). Previous research conducted by (Al-Ahdal et al., 2023b) shows that the audit committee can moderate the influence of ownership structure on firm performance. Research (Hussin et al., 2022b) suggests that the audit committee can moderate creative accounting on the quality of financial reporting. Apart from that, research (Machmuddah et al., 2022a) shows that the audit committee can moderate the disclosure of integrated reporting on firm performance. This indicates that the audit committee can moderate Institutional Ownership on firm performance due to the high level of supervision of the running business. Based on the explanation above, the following hypothesis is proposed:

H7: The audit committee can moderate the influence of institutional ownership on firm performance.

Audit committee moderates the influence of enterprise risk management on firm performance. Enterprise risk management is one of the factors for assessing the success of a business. It can also be used to identify, evaluate and respond to risks efficiently. The Committee of Sponsoring Organization (COSO) explains the enterprise risk management framework which is defined as a process that influences the board of directors, management, applying strategy formulation to identify potential risks and minimize risks that may arise (Alkhyyoon et al., 2023b). Having an audit committee in a company will increase the company's compliance in fulfilling corporate governance obligations and better risk mitigation. Research (Alkhyyoon et al., 2023b) suggests that companies that have good enterprise risk management will make stakeholders feel safe because the company's condition is more stable. This is also supported by research (Florio & Leoni, 2017) explaining that the existence of enterprise risk management can increase effective cooperation between the audit committee and the board of directors so that it will maximize firm performance. Based on this discussion, the following hypothesis is proposed:

H8: The audit committee can moderate the influence of enterprise risk management on firm performance.

The Influence of Firm Size on Firm Performance. A larger company means the company has a better credit score and minimizes the possibility of bankruptcy. This is supported by (Al-Ahdal et al., 2023b) who state that companies with large asset sizes will have easier access to obtain larger amounts of external capital. Investors are interested in investing capital that can be used for company development thereby increasing company value (Al-Ahdal et al., 2023a). One indicator of company size can be assessed from the value of the assets it owns, so that it will influence the company's prospects in the future. This tends to increase investors' interest in investing capital. Based on. (Sari Nurmalita & Sumiyarsih, 2022). explains that firm size has a negative effect on firm performance, while research conducted by (Al-Ahdal et al., 2023b) and (Azzahra Suci & Nasib, 2019) explains that firm size has a positive effect on firm performance. According to (Al-Matari & Mgammal, 2019) states that perceptions are formed from available information, so that if a company announces positive information it will be considered a good signal by investors. Based on this discussion, the following hypothesis is proposed:

H9: There is an influence of Firm Size on firm performance

The Effect of Leverage on firm performance. Corporate leverage is fixed income securities used by companies, such as preferred debt and equity (Dan & Dermawan, 2019) and (Machmuddah et al., 2022a). A company's financial performance can be influenced by several factors, namely leverage, liquidity, firm size and sales growth (Mardaningsih et al., 2021). Leverage is a tool used to measure how much a company is dependent on its creditors in financing company assets. Companies with high levels of leverage rely heavily on external loans for funding. Leverage represents the level of risk contained within a company, so it needs to be managed well. This is influenced by high debt levels which will increase financial costs which will have an impact on firm performance. Research results (Sari Nurmalita & Sumiyarsih, 2022) suggest that leverage has a significant influence on financial performance partially. In line with this as stated by (Roja Saragih et al., 2019) leverage has a partial effect on company performance. Based on this discussion, the following hypothesis is proposed:

H10: There is an influence of Leverage on Firm Performance.

METHODS

The population of this research is 278 non-cyclical and consumer cyclical consumer sector companies listed on the Indonesia Stock Exchange from 2018 to 2022. Sampling was carried out using a purposive sampling method. The financial data used is taken from company reports uploaded on the idx.co.id site and each company's website. The final sample of this research consists of 47 company-year samples originating from five years of observations..

This research uses a quantitative approach with secondary data. Research calculations were processed using the Panel Data Regression method with Eviews 13. The hypothesis of this research will be tested with the following equation:

Model 1 TQ = $\alpha + \beta_1(MO)_{i,t} + \beta_2(OC)_{i,t} + \beta_3(INS)_{i,t} + \beta_4(ERM)_{i,t} + \beta_5(MOxAC)_{i,t} + \beta_6(OCxAC)_{i,t} + \beta_7(INSxAC)_{i,t} + \beta_8(ERMxAC)_{i,t} + \beta_9(FSIZE)_{i,t} + \beta_{10}(LEV)_{i,t} + \mu_{i,t}$ .... (1)

Model 2 ROE = $\alpha + \beta_1(MO)_{i,t} + \beta_2(OC)_{i,t} + \beta_3(INS)_{i,t} + \beta_4(ERM)_{i,t} + \beta_5(MOxAC)_{i,t} + \beta_6(OCxAC)_{i,t} + \beta_7(INSxAC)_{i,t} + \beta_8(ERMxAC)_{i,t} + \beta_9(FSIZE)_{i,t} + \beta_{10}(LEV)_{i,t} + \mu_{i,t}$ .... (2)

The equation model from this research will test the relationship between the independent variable and the dependent variable and the interaction with the moderating variable. This equation model refers to the model of several studies that have been conducted previously (Al-Ahdal et al., 2023 & Alkhyoon et al., 2023). The operational definitions of the variables in the equation model are explained in **Table 1**.

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Jurnal Ekonomi
e-JE
E-ISSN 2580-4901
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Table 1. Operational Definition of Research Variables

Type	Variable Name	Symbol	Definition Variable Operation	Reference
Dependent Variable	*Firm Performance*	TQ	$\text{Tobin's Q} = \frac{Equity\ Martket\ Value + Debt}{Total\ Assets}$	(Al-Ahdal et al., 2023)
		ROE	$ROE = \frac{Net\ income}{Total\ Equity}$	(Al-Ahdal et al., 2023)
Independent Variable	*Managerial Ownership*	MO	$MO = \frac{Share\ held\ by\ managerial}{Jumlah\ saham\ beredar}$	(Al-Ahdal et al., 2023)
	Ownership Concentration	OC	$OC = \frac{5per\ cent\ Share\ holder}{Share\ outstanding}$	(Al-Ahdal et al., 2023)
	Institutional Ownership	INS	$INS = \frac{Share\ held\ by\ institutional}{Share\ outtstanding}$	(Boshnak, Helmi A., 2023)
	Enterprise Risk Management	ERM	ERM = Strategy+Operation+Reporting+Compliance	(Alkhyyoon et al., 2023)
Moderating Variable	*Audit Commitee*	AC	Number of committee audit member	(Al-Ahdal et al., 2023)
Control Variable	*Firm Size*	FSIZE	Natural Logarithm Assets	(Al-Ahdal et al., 2023)
	Leverage	LEV	Debt to Assets Rasio	(Al-Ahdal et al., 2023)

Source: processed by researchers from various sources (2023)

Referring to the equation above, TQ represents Tobin's Q and ROE represents Return on Assets which is the dependent variable in this research. Meanwhile, MO refers to Managerial Ownership, OC refers to Ownership concentration, INS refers to Institutional Ownership, ERM refers to Enterprise Risk Management. These four variables are independent variables. Apart from that, there are control variables, namely FSIZE which represents Firm Size and LEV which represents Leverage and there is a moderation variable which is represented by the Audit Committee.

RESULTS

Descriptive statistical analysis in this research aims to get a picture of the research variables. To interpret the results of descriptive statistics, you need to look at the mean, median, maximum, minimum and standard deviation values achieved. This can be shown in **Table 2**, namely as follows:

Table 2. Statistic Descriptive

Statistik	TQ	ROE	MO	OC	INS	ERM	ACC	FSIZE	LEV
Mean	2.040	0.060	0.150	0.670	0.680	1.830	3.030	28.800	0.460
Median	2.060	0.070	0.100	0.670	0.720	1.750	3.000	28.860	0.440

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E-ISSN 2580-4901
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Maximum	4.300	0.310	0.520	0.980	0.980	4.150	4.000	32.900	0.970
Minimum	0.660	-0.230	0.000	0.310	0.150	-0.290	2.000	25.160	0.000
Std. Dev.	0.730	0.110	0.130	0.150	0.160	0.910	0.180	1.690	0.230
Observations	235	235	235	235	235	235	235	235	235

Source: Eviews 13 output, processed by the Author (2023)

Table 2 shows, it can also be seen that the TQ value ranges from 0.660 to 4.300 with an average of 2.040 and a standard deviation of 0.720. shows that the company with the highest TQ from 2018 to 2022 is DIGI in 2020 at 4.3, PNSE in 2020 at 4.270 and AMRT in 2022 at 4.210. The company with the lowest TQ in 2018 to 2022 GZCO 2020 was 0.660, GZCO in 2019 was 0.730 and GZCO in 2018 was 0.740. The greater the value of a company described by TQ, the better the company is considered to be. DIGI Company in 2020 has the largest TQ value, namely 4.3, this is because DIGI's share price is appreciated by the market and tends to have a large number of assets and a large amount of debt. not too much so it is not aggressive in determining the capital structure, this is different from GZCO which obtained the lowest TQ value, namely in 2020 of 0.660, GZCO's share price tends to fall and is not considered attractive by the market, besides that GZCO has a very large amount of debt compared to assets.

ROE value ranges from –0.232 to 0.308 with an average of 0.061 and a standard deviation of 0.110. shows that the company with the highest ROE from 2018 to 2022 is TGKA in 2019 of 0.307, SMSM in 2018 of 0.294 and SMSM in 2022 of 0.281, ULTJ in 2020 was -0.232. The company with the lowest ROE in 2018 to 2022, DFAM in 2021 was -0.214 and WICO in 2020 was -0.196, The net profit obtained by the Company is funded by equity, TGKA has the largest ROE figure, namely 0.307, meaning that the Company can utilize equity resources to generate a net profit. The company's health condition can be reflected in its ROE value. The greater the ROE, the better the condition of the Company, the smallest ROE value. obtained by DFAM in 2021 is -0.214, meaning that the Company is in a state of loss, if it continues to be left in the long term without any improvement, then the sustainability of the Company is questionable because the Company's health condition is not good

MO value ranges from 0.000 to 0.522 with an average of 0.147 and a standard deviation of 0.128. The company with the highest MO from 2018 to 2022 is GZCO in 2022 at 0.522, ULTJ in 2022 at 0.487 and ULTJ in 2021 at 0.484. The company with the lowest MO from 2018 to 2022 is CARS in 2019 at 0.000, DFAM in 2019 at 0.000 and WICO in 2020 at 0.001, The largest managerial ownership was obtained by GZCO in 2022, amounting to 0.522, meaning that more than 50 per cent of share ownership is owned by managers. This can reduce conflicts that may occur due to the similarity of interests between the principal and agent, while managerial ownership that is too small can later lead to conflicts of interest.

OC value ranges from 0.308 to 0.977 with an average of 0.673 and a standard deviation of 0.147. The company with the highest OC from 2018 to 2022 is WICO in 2018 of 0.976, WICO in 2022 of 0.931 and WICO in 2019 of 0.924. The company with the lowest OC from 2018 to 2022 is DIGI in 2022 at 0.153, DIGI in 2021 at 0.212 and DIGI in 2019 at 0.263. The largest ownership concentration was obtained by WICO in 2018, amounting to 0.976 meaning that they have 97 per cent ownership or control held by a particular individual, entity, or group in a company. High ownership concentration can have implications for corporate governance and decision-making processes within the company,

as a significant concentration of power may be vested in a small number of individuals or entities. It's important to consider the context and the specific company or scenario to understand the implications of such ownership concentration.

INS value ranges from 0.154 to 0.977 with an average of 0.683 and a standard deviation of 0.157. The company with the highest INS from 2018 to 2022 is TGKA in 2020 of 0.981, TGKA in 2018 of 0.979 and TGKA in 2019 of 0.979. The company with the lowest INS from 2018 to 2022 is LMPI in 2022 of 0.177, ULTJ in 2022 of 0.213 and GOOD in 2019 of 0.227. The largest institutional ownership was obtained by TGKA in 2020, amounting to 0.981 meaning that they have 98.1 institutional investors collectively own 98.100 per cent of the company's outstanding shares. High institutional ownership can indicate that professional investors and large financial institutions have confidence in the company's potential for growth and profitability. It may also suggest that the stock is widely held by institutional funds. On the other hand, extremely high institutional ownership might lead to concerns about a lack of diversity in the shareholder base or potential for large market movements if institutional investors decide to buy or sell large amounts of stock.

ERM value ranges from –0.286 to 4.149 with an average of 1.832 and a standard deviation of 0.912. The company with the highest ERM from 2018 to 2022 is AMRT in 2022 of 4,149, CPRO in 2021 of 4.051 and ZONE in 2022 of 4.039. The company with the lowest ERM from 2018 to 2022 is DIGI in 2022 of -0.286, PANR in 2020 of -0.165 and PDES in 2020 of -0.113. The largest enterprise risk management was obtained by AMRT in 2022, amounting to 4,149 impacted by highest sales and total assets which can improve component of strategy and operation's firm. When the level of ERM is described as "high," it typically means that the company is placing significant emphasis on addressing potential risks and uncertainties. While a high level of enterprise risk management is generally considered positive for a company's long-term sustainability, it's crucial for the approach to be balanced. Overly conservative risk management may stifle innovation and growth, so finding the right balance between risk and reward is key.

ACC value ranges from 2.000 to 4.000 with an average of 3.025 and a standard deviation of 0.183. The company with the highest ACC from 2018 to 2022 is DFAM from 2018 to 2020 at 4,000,000, TGKA from 2018 to 2019 at 4,000,000 and TCID from 2021 to 2022 at 4,000,000. The company with the lowest ACC from 2018 to 2022 is ULTJ in 2022 at 2,000,000, AMRT from 2018 to 2022 at 3,000,000, and BISI from 2018 to 2022 at 3,000,000. From the data provided, companies such as DFAM, TGKA, and TCID have the highest ACC, while companies such as ULTJ, AMRT, and BISI have the lowest ACC. This shows differences in their ability to manage risk and results in different performance. The audit committee plays an important role in supervising and ensuring the effectiveness of the company's internal control and risk management systems. If ERM is implemented well, the audit committee can play a significant role in ensuring that the company has the right strategies and processes to identify, deploy, and manage risks effectively. This can improve company performance, especially in facing business threats and risks.

FSIZE value ranges from 25.158 to 32.900 with an average of 28.797 and a standard deviation of 1.691. The company with the highest FSIZE from 2018 to 2022 is TBLA in 2020 of 32.900, INDF in 2022 of 32.830 and INDF in 2021 of 32.820. The company with the lowest FSIZE from 2018 to 2022 is PGLI in 2018 of 25.160, PGLI in 2020 of 25.190 and PGLI in 2019 of 25.230, companies such as TBLA and INDF have the highest FSIZE, while PGLI has the lowest FSIZE. This shows the differences in the scale of operations and assets owned by these companies. Company size can have a significant influence on their

performance. Larger companies may have more resources, access to broader markets, and the ability to invest in innovation and development. This can result in a competitive advantage that can improve their overall performance. However, company size can also bring certain challenges, such as greater management complexity, more bureaucracy, and the inability to adapt to market changes quickly. Therefore, the relationship between company size and company performance is not always linear or simple.

LEV value ranges from 0.001 to 0.967 with an average of 0.456 and a standard deviation of 0.225. The company with the highest LEV from 2018 to 2022 is JAWA in 2022 at 0.967, WICO in 2018 at 0.960 and CPRO in 2019 at 0.945. The company with the lowest LEV in 2018 to 2022, FILM in 2020 was 0.001, FILM in 2019 was 0.001 and FILM in 2018 was 0.002. From the data provided, companies such as JAWA, WICO, and CPRO have the highest leverage levels, while FILM has the lowest leverage levels. A high level of leverage indicates that the company has a significant level of debt compared to their own capital. The level of leverage can affect a company's performance in several ways. First, using leverage can increase potential returns for shareholders because loaned funds can be used to make investments that generate profits higher than the cost of borrowing. However, leverage also increases financial risk because the company must pay interest and principal on the loan within a certain period, even if the company's profits decrease. Therefore, the relationship between leverage and company performance is not always linear or simple. Some companies may be able to manage leverage well and use borrowed funds to improve their performance, while others may be trapped in excessive debt and experience financial difficulties.

Model Selection Test. The research data testing method uses panel data regression which is divided into 3 models, namely common effect, fixed effect, and random effect. Next, the Chow Test, Hausman Test, and Lagrange Multiplier Test are needed to determine which model is most appropriate for interpreting the research results.

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	8.380	(46,178)	0.000
Cross-section Chi-square	270.810	46	0.000

Source: Eviews 13 output, processed by the Author (2023)

Table 3 shows the Chow Test results, the prob value was obtained. Cross-section F of 0.000 is smaller than the 5 per cent significance level, so it is in accordance with the decision-making provisions that thiss research is better to use the Fixed Effect model rather than the Common Effect. So then the Hausman test is carried out.

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	24.676	10	0.006

Source: Eviews 13 output, processed by the Author (2023)

Table 4 shows the Hausman Test results, the prob value was obtained. The random cross-section of 0.006 is smaller than the 5 per cent significance level, so it is in accordance with the decision-making provisions that this research is better to use the Fixed Effect model than the Random Effect model.

Table 5. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.489	(46,178)	0.000
Cross-section Chi-square	180.990	46	0.000

Source: Eviews 13 output, processed by the Author (2023)

Table 5 shows the Chow Test results, the prob value was obtained. cross-section F of 0.000 is smaller than the 5 per cent significance level, so it is in accordance with the decision-making provisions that this research is better to use the Fixed Effect model rather than the Common Effect. So then the Hausman test is carried out.

Table 6. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	17.317	10	0.067

Source: Eviews 13 output, processed by the Author (2023)

Table 6 shows the Hausman Test results, the prob value was obtained. The random cross-section of 0.067 is greater than the 5 per cent significance level, so it is in accordance with the decision-making provisions that this research is better to use the Random Effect model than the Fixed Effect. So the next step is to carry out the Lagrange Multiplier Test.

Table 7. Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	60.791 (0.000)	2.765 (0.096)	63.556 (0.000)

Source: Eviews 13 output, processed by the Author (2023)

Table 7 shows the results of the Lagrange Multiplier Test, the prob value is obtained. Breusch-Pagan Both of 0.000 is smaller than the 5 per cent significance level, so it is in accordance with the decision-making provisions that this research is better to use the Random Effect model than the Common Effect. So the next analysis was carried out using the Random Effect model.

Regression Test. The F test was carried out to measure the significance of the independent variables (Managerial Ownership, Ownership Concentration, Institutional Ownership, and Enterprise Risk Management) along with the control variables (Firm Size and Leverage) simultaneously in influencing the dependent variables (TQ and ROE). The focus of the F Test is to determine the feasibility of the research regression model.

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E-ISSN 2580-4901
P-ISSN 0854-9842

Tabel 8. Result F Test TQ Model

Dependent Variable	*F-Statistics*	Probability	Result
TQ	9.193	0.000	Ho rejected

Source: Eviews 13 output, processed by the Author (2023)

Table 8 shows The F test was carried out to measure the significance of the independent variables (Managerial Ownership, Ownership Concentration, Institutional Ownership, and Enterprise Risk Management) along with the control variables (Firm Size and Leverage) simultaneously in influencing the dependent variables (TQ). The focus of the F Test is to determine the feasibility of the research regression model.

Tabel 9. Result F Test ROE Model

Variabel Dependen	*F-Statistics*	Probabilitas	Keputusan
ROE	5.935	0.000	Ho rejected

Source: Eviews 13 output, processed by the Author (2023)

Table 9 shows The F test was carried out to measure the significance of the independent variables (Managerial Ownership, Ownership Concentration, Institutional Ownership, and Enterprise Risk Management) along with the control variables (Firm Size and Leverage) simultaneously in influencing the dependent variables (ROE). The focus of the F Test is to determine the feasibility of the research regression model.

Table 10. Coefficient of Determination ROE Model

R-squared	0.509
Adjusted R-squared	0.474

Source: Eviews 13 output, processed by the Author (2023)

Table 10 shows The Goodness of Fit Test results shown provide an illustration of the Adjusted R2 value of 0.474. This means that the independent variables consisting of Managerial ownership, ownership concentration, institutional ownership which are moderated by the audit committee as well as the control variables firm size and leverage are able to explain variations in the dependent variable, namely Return on Equity of 47.410 per cent and the remaining 52.590 per cent can be influenced by other factors not included in the research model.

Table 11. Coefficient of Determination TQ Model

R-squared	0.491
Adjusted R-squared	0.459

Source: Eviews 13 output, processed by the Author (2023)

Table 11 shows The Goodness of Fit Test results shown provide an illustration of the Adjusted R2 value of 0.459. This means that the independent variables consisting of Managerial ownership, ownership concentration, institutional ownership which are moderated by the audit committee as well as the control variables firm size and leverage are able to explain variations in the dependent variable, namely Return on Equity of 45.930 per

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E-ISSN 2580-4901
P-ISSN 0854-9842

cent and the remaining 54.070 per cent can be influenced by other factors not included in the research model.

In this research, the T test (individual) is used to test the significance of the influence of each independent variable consisting of managerial ownership, ownership concentration, institutional ownership, and enterprise risk management as well as the control variables firm size and leverage on the dependent variable, namely firm performance which is moderated. by the audit committee.

Table 12. Result T Test ROE Model

Variable	Coefficient	Prob.	Conclusion
MO	1.769	0.002	Positive and Significant
OC	0.004	0.032	Positive and Significant
INS	0.139	0.028	Positive and Significant
ERM	-0.239	0.177	Not Significant
MOXACC	-0.587	0.002	Negative and significant
OCXACC	0.008	0.822	Not Significant
INSXACC	-0.069	0.601	Not Significant
ERMXACC	0.092	0.118	Not Significant
FSIZE	0.014	0.015	Positive and Significant
LEV	-0.129	0.000	Negative and significant

Source: Eviews 13 output, processed by the Author (2023)

Table 12 shows, it is known that the Managerial Ownership (MO) variable has a p-value of 0.002. When compared with the significance value (α) of 0.050, the p-value less than α of 0.002 less than 0.050 is obtained. Managerial Ownership has a significant and positive effect on Firm Performance (ROE) The MO regression coefficient of 1.769 states that for every additional MO by 1 unit, it will increase ROE by 1.769. Managerial Ownership will affect Firm Performance (ROE). Ownership Concentration (OC) is known to have a p-value of 0.032. When compared with the significance value (α) of 0.050, the p-value less than α of 0.032 less than 0.050 is obtained.

Ownership Concentration has a significant influence on Firm Performance (ROE). The OC regression coefficient of 0.004 states that for every additional OC of 1 unit, it will increase ROE by 0.004. Therefore, the amount of Ownership Concentration will affect Firm Performance (ROE). Institutional Ownership (INS) is known to have a p-value of 0.032. When compared with the significance value (α) of 0.050, the p-value less than α of 0.032 less than 0.050 is obtained. Institutional Ownership has a significant influence on Firm Performance (ROE) The INS regression coefficient of 0.139 states that for every additional INS of 1 unit, it will increase ROE by 0.139. Institutional Ownership will affect Firm Performance (ROE).

Enterprise risk management (ERM) is known to have a p-value of 0.177. When compared with the significance value (α) of 0.050, the p-value more than α of 0.177 more than 0.050 is obtained. Enterprise risk management does not have a significant influence on Firm Performance (ROE). The ERM regression coefficient of -0.239 states that for every additional ERM of 1 unit, it will reduce ROE by 0.239. Enterprise risk management will not affect Firm Performance (ROE).

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E-ISSN 2580-4901
P-ISSN 0854-9842

The audit committee is only able to moderate the managerial ownership variable The MOxAC regression coefficient of - 0.587 states that for every 1 unit increase in the interaction of MO and AC, it will reduce ROE by - 0.587. For the variable control The FS regression coefficient of 0.014881 states that for every additional FS of 1 unit, it will increase ROE by 0.014. The LEV regression coefficient of 0.129 states that for every additional LEV of 1 unit, it will increase ROE by 0.129. So it can be concluded that Fsize have a significant positive effect on ROE and leverage have a significant negative effect on ROE.

ROE = - 0.354 + 1.769 MO + 0.004 OC + 0.139 INS - 0.239 ERM - 0.587 MOxAC + 0.008 OCxAC – 0.069 INSxAC + 0.092ERMxAC + 0.014 FSIZE - 0.129 LEV .... (3)

Table 13. Result T Test TQ Model

Variable	Coefficient	Prob.	Conclusion
MO	12.034	0.024	Positive and Significant
OC	-0.962	0.040	Negative and significant
INS	-0.317	0.026	Negative and significant
ERM	-0.657	0.672	Not Significant
MOXACC	-3.426	0.055	Not Significant
OCXACC	-1.054	0.000	Negative and significant
INSXACC	1.233	0.273	Not Significant
ERMXACC	0.338	0.513	Not Significant
FSIZE	-0.141	0.000	Negative and significant
LEV	-0.175	0.044	Negative and significant

Source: Eviews 13 output, processed by the Author (2023)

Table 13 shows, we can know Managerial Ownership (MO) has a p-value of 0.024. Significance value (α) of 0.050, the p-value less than α of 0.024 less than 0.050 is obtained. Managerial Ownership has a significant positive effect on Firm Performance (TQ) The MO regression coefficient of 12.034 states that for every additional MO of 1 unit, the TQ will increase by 12.034. Managerial Ownership will influence Firm Performance (TQ). Ownership Concentration (OC) is known to have a p-value of 0.040. Significance value (α) of 0.050, the p-value less than α of 0.040 less than 0.050 is obtained. The OC regression coefficient of - 0.962 states that for every additional OC of 1 unit, the TQ will decrease by - 0.962.

Ownership Concentration has a significant influence on Firm Performance (TQ). Therefore, the amount of Ownership Concentration will affect Firm Performance (TQ). Institutional Ownership (INS) is known to have a p-value of 0.026. Significance value (α) of 0.050, the p-value less than α of 0.026 less than 0.050 is obtained. Institutional Ownership has a significant influence on Firm Performance (TQ). The INS regression coefficient of - 0.317 states that for every additional INS of 1 unit, the TQ will increase by 0.317. Institutional Ownership will influence Firm Performance (TQ). Enterprise risk management (ERM) is known to have a p-value of 0.672. Significance value (α) of 0.050, the p-value more than α of 0.672 more than 0.050 is obtained. Enterprise risk management does not have a significant influence on Firm Performance (TQ). The ERM regression coefficient of -0.657 states that for every additional ERM of 1 unit, the TQ will decrease by 0.657.

Enterprise risk management will not affect Firm Performance (TQ). The audit committee is only able to moderate the ownership concentration variable The OCxAC regression coefficient of - 1.054 states that for every 1 unit increase in the interaction of OC and AC, it will increase TQ by 1.054. For the variable control The FSIZE regression coefficient of - 0.141 states that for every additional FS of 1 unit, the TQ will decrease by 0.141. LEV regression coefficient of - 0.175 states that for every additional LEV of 1 unit, the TQ will increase by 0.175. So size and leverage have a significant negative effect on TQ

TQ = 5.255 + 12.034 MO - 0.962 OC - 0.317 INS - 0.657 ERM - 3.426 MOxAC - 1.054 OCxAC + 1.233 INSxAC + 0.338 ERMxAC - 0.141 FSIZE - 0.175 LEV .... (4)

DISCUSSION

The Influence of Managerial Ownership on Firm Performance. The statistical test results of the first model with TQ as the dependent variable show that Managerial Ownership has a positive and significant effect on TQ. The statistical test results of the second model with ROE as the dependent variable show that Managerial Ownership has a significant positive effect on ROE. From the two models, it is found that Managerial Ownership has a significant positive effect on Firm Performance. In accordance with agency theory, the higher the percentage of managerial ownership, the lower the chance of conflict occurring, because if the owner manages the business, the owner will be very careful in making choices so as not to harm his business. The owner has great authority to choose who will sit in management who then determines the direction of policy. At some point a certain amount of managerial ownership is needed to unite the interests of the principal and agent. Apart from that, investors will consider this managerial ownership to be a positive sign for share prices, this is because when managers have the confidence to own company shares, the share price will increase too.

The results of this study support research (Al-Ahdal et al., 2023a), it was found that managerial ownership has a positive influence on firm performance, because company managers have an important role in the company's progress. This is supported by research (Salema, 2023) which explains that the greater share ownership by directors and commissioners will increase firm performance, so this has a positive effect, while research conducted by (Hassanein et al., 2023) shows that managerial ownership has an effect negative impact on firm performance because there are two roles played by managers so that decisions taken will focus on personal interests rather than company goals. Management that has a dual role, namely as owner and manager, tends to be more careful in making decisions. The greater the amount of managerial ownership, the less agency conflicts that will arise. Managers with a high level of ownership tend to have confidence in the company's future prospects. Investors consider managerial ownership to be a positive thing, because managers will try to maximize welfare to achieve company goals (Al-Ahdal et al., 2023a) So it can be concluded that statistically Managerial Ownership influences Firm Performance so that H1 is accepted.

The Influence of Ownership Concentration on Firm Performance. The statistical test results of the first model with TQ as the dependent variable show that Ownership concentration has a negative and significant effect on TQ. The statistical test results of the second model with ROE as the dependent variable show that Ownership concentration has a significant positive effect on ROE. Ownership concentration is one aspect of a company's

success, because the company will have the same direction and goals so that it can minimize agency costs and increase monitoring of company management decisions, so the preferences of management and company owners can be unified. According to research (Alkurdi et al., 2021), (Iwasaki & Mizobata, 2020) if ownership concentration is small, the company's focus will be divided so the company must be careful in maintaining the proportion of its majority shareholders. (Alkurdi et al., 2021) have argued that the concentration of ownership will enhance a firm's performance especially in countries with inadequate protection of the investors, ownership concentration offers powerful incentives to control manager's behaviour in order to reduce the problems resulting from agency conflict, points out that analysing the concentration of ownership and a firm's output. They concluded that the concentration of ownership was reflected positively in minimising agency problems and increased the contributions to shareholder activism. The expenses of the agency costs will therefore also be minimized.

From the two models, it is found that Managerial Ownership has a significant effect on Firm Performance. The results of this research are in line with the research of al-ahdal et al (2023), (Alkurdi et al., 2021), and (Hossain et al., 2021), the greater the proportion of concentrated ownership, the greater the proportion of concentrated ownership. will increase the speed of decision making. shows consistent results that ownership concentration has a positive effect on firm performance. This improves corporate governance in making fair decisions for all shareholders. So it can be concluded that statistically Ownership concentration influences Firm Performance so that H2 is accepted

The Influence of Institutional Ownership on Firm Performance. The results of the statistical test of the first model with TQ as the dependent variable show that Institutional Ownership has a negative and significant effect on TQ. The statistical test results of the second model with ROE as the dependent variable show that Institutional Ownership has a significant positive effect on ROE. Institutional Ownership represents the composition of a company, whether external or internal. This will play an important role in monitoring company management which will maximize shareholder interests. The higher the level of institutional ownership and the longer the ownership period, the investors will have a higher level of knowledge and information processing so that they can strengthen their ability to understand the nature and scope of company performance which has a monitoring role for the company. These results suggest that institutional ownership is critical in managing and disciplining management power and influencing reporting. (Helmi A. Boshnak, 2023)

From the two models, it is found that institutional ownership has a significant effect on firm performance. The results of this research are in line with the research of (al-ahdal et al., 2023), (Helmi A. Boshnak, 2023) and (Hossain et al., 2021), the greater the proportion of institutional ownership, the greater the proportion of institutional ownership. increase understanding of the company's business conditions because institutions usually have very important and insider information. So it can be concluded that statistically Ownership concentration influences Firm Performance so that H3 is accepted

The Influence of Enterprise Risk Management on Firm Performance. The statistical test results of the first model with TQ as the dependent variable show that Enterprise Risk Management has a negative but not significant effect on TQ. The statistical test results of the second model with ROE as the dependent variable show that Enterprise Risk Management has a negative but not significant effect on ROE. Enterprise risk management encourages openness to possible risks that occur, and increases transparency in business management. This can minimize expenses, increase investment productivity,

and increase synergies to generate income (Alkhyyoon et al., 2023b). Risks can occur at any time and can cause large losses, so companies need to implement integrated enterprise risk management. This is also considered to be a solution to answer things that are inconsistent and ambiguous so that company goals can be achieved (Ricardianto et al., 2023).

From the two models, it is found that Enterprise Risk Management has a negative but not significant effect on Firm Performance. So it can be concluded that statistically Enterprise Risk Management does not affect Firm Performance. It is often difficult to directly link ERM implementation with better company performance. Many of the benefits of ERM are preventative or risk reducing in nature, which may be difficult to measure directly in terms of improved financial or operational performance. so H4 is rejected, the results of this study are in line with research conducted by (Saeidi et al., 2020) & (Harvey et al., 2020).

Audit Committee in Moderating the Influence of Managerial Ownership on Firm Performance. The results of the statistical test of the first model with TQ as the dependent variable show that the Audit Committee cannot moderate the influence of Managerial Ownership on TQ. The statistical test results of the second model with ROE as the dependent variable show that the Audit Committee can moderate the influence of Managerial Ownership on ROE in a significantly negative way. From these two models it can be concluded that the Audit Committee can moderate the influence of Managerial Ownership on Firm Performance. This research is in line with (Alkhyyoon et al., 2023b), (Ashrafi et al., 2019a), (Machmuddah et al., 2022a). This is because the audit committee can play a role in enforcing corporate governance, supervising accounting practices, monitoring management performance, developing policies and procedures to ensure that management interests are in line with the company's long-term goals. Thus, H5 in this study is accepted.

Audit Committee in Moderating the Influence of Managerial Ownership on Firm Performance. The results of the statistical test of the first model with TQ as the dependent variable show that the Audit Committee cannot moderate the influence of Managerial Ownership on TQ. The statistical test results of the second model with ROE as the dependent variable show that the Audit Committee can moderate the influence of Managerial Ownership on ROE in a significantly negative way. Representation of the audit committee's role in moderating the influence of managerial ownership on firm performance is one of promoting good governance, transparency, and accountability. A robust audit committee framework contributes to the company's overall health, mitigates risks associated with managerial ownership, and fosters an environment conducive to sustainable growth and shareholder value. From these two models it can be concluded that the Audit Committee can moderate the influence of Managerial Ownership on Firm Performance. This research is in line with (Alkhyyoon et al., 2023b), (Ashrafi et al., 2019a), (Machmuddah et al., 2022a). This is because the audit committee can play a role in enforcing corporate governance, supervising accounting practices, monitoring management performance, developing policies and procedures to ensure that management interests are in line with the company's long-term goals. Thus, H5 in this study is accepted.

Audit Committee in Moderating the Influence of Ownership Concentration on Firm Performance. The results of the statistical test of the first model with TQ as the dependent variable show that the Audit Committee can moderate the influence of Ownership Concentration on TQ in a significantly negative way. Representation of the audit committee's role in moderating the influence of ownership concentration on firm performance underscores its significance in ensuring fairness, transparency, and effective

risk management. The committee acts as a safeguard against potential abuses associated with concentrated ownership, promoting a balanced and sustainable approach to corporate governance. The statistical test results of the second model with ROE as the dependent variable show that the Audit Committee cannot moderate the influence of Ownership Concentration on ROE. From the two models, it can be concluded that the Audit Committee can moderate the influence of Ownership Concentration on Firm Performance. This research is in line with (Al-Ahdal et al., 2023b), (Machmuddah et al., 2022b), (Ashrafi et al., 2019a). This is because the audit committee is one of the company's mechanisms for reducing conflicts of interest and minimizing the occurrence of fraud committed by management, and increasing disclosure of company information.

Audit Committee in Moderating the Influence of Enterprise Risk Management on Firm Performance. The statistical test results of the first model with TQ as the dependent variable show that the Audit Committee cannot moderate the influence of Enterprise Risk Management on TQ. The statistical test results of the second model with ROE as the dependent variable show that the Audit Committee cannot moderate the influence of Enterprise Risk Management on ROE. From the two models it can be concluded that the Audit Committee cannot moderate the influence of Enterprise Risk Management. This is in accordance with previous research conducted by (Hertina et al., 2023) and (Yayangida & Ahmed, 2023) on Firm Performance. This could be due to the fact that many companies may implement ERM is formal but not effective in integrating it into daily business practices. This could be due to lack of sufficient understanding at all levels of the organization about the importance of ERM or lack of commitment from top management, hence h8 is rejected. There are several reasons why the results of this study are like that. First, previous research suggests that many companies may only implement ERM formally without effectively integrating it into their business practices. Lack of adequate understanding at all levels of the organization about the importance of ERM or lack of commitment from top management may be a contributing factor. This shows that ERM implementation is not just a formal adoption, but also requires deep understanding and commitment from all levels in the organization.

Implementation of the results of this research can provide valuable insights for related parties, especially company management and audit committees. Company management needs to understand that simply implementing ERM formally is not enough to improve company performance. They need to ensure that ERM is effectively integrated into daily business practices and implemented in a way that aligns with the company's strategic goals, Apart from that, the audit committee also needs to review its role in moderating the influence of ERM on company performance. They must ensure that they have sufficient understanding of ERM and can effectively monitor its implementation throughout the organization. This can involve increasing competency and understanding of ERM, as well as ensuring that they have sufficient access to oversee the company's risk management practices.

The Influence of Firm Size on Firm Performance. The statistical test results of the first model with TQ as the dependent variable show that Firm Size has a negative and significant effect on TQ. The statistical test results of the second model with ROE as the dependent variable show that Firm Size has a positive and significant effect on ROE. From the two models, it is found that Firm Size can have a positive or negative effect on Firm Performance depending on the dependent variable used, however both dependent variables show the same significance results. So it can be concluded that statistically Firm Size influences Firm Performance in accordance with previous research, namely (Al-Ahdal et

al., 2023b), (Azzahra Suci & Nasib, 2019), so the hypothesis proposed in this research, namely h9, is accepted. This finding is caused by various factors. First, company size can have different impacts on various aspects of company performance. For example, in the context of TQ, larger size may result in more complex bureaucracy and a lack of simplicity, which may hinder a company's ability to deliver quality products or services. However, in the context of ROE, greater size may give a company greater access to resources and markets, which can improve profits and overall financial performance.

Implementation of the results of this research can provide valuable insights for related parties, especially company management, investors and regulators. Company management needs to understand that company size can have a complex impact on company performance, and needs to consider these factors in making strategic decisions, including in organizational and operational planning. For investors, understanding how company size affects performance can help them in navigating investment potential and risks. Regulators can also use this information in designing policies that support company growth and sustainability. These findings are consistent with previous research conducted by (Al-Ahdal et al., 2023) and (Azzahra Suci & Nasib, 2019), which also shows that company size can influence company performance. Therefore, the hypothesis proposed in this research, namely that company size influences company performance, is accepted.

The Influence of Leverage on Firm Performance. The statistical test results of the first model with TQ as the dependent variable show that Leverage has a negative and significant effect on TQ. The statistical test results of the second model with ROE as the dependent variable show that Leverage has a negative and significant effect on ROE. From the two models, it is found that Leverage has a negative and significant effect on Firm Performance depending on the dependent variable used, and both dependent variables show the same significance results, namely a negative and significant effect. The causes of this can be due to operational efficiency, risk management, and lack of flexibility in financial matters. So it can be concluded that statistically Leverage has an effect on Firm Performance, this is in line with previous research (Sari Nurmalita & Sumiyarsih, 2022).

There are several causal factors, namely; First, high levels of leverage can result in high interest expenses, which can reduce a company's net profits and reduce its ability to reinvest those profits to improve operational quality or performance. In addition, high leverage can also increase a company's financial risk, which can disrupt operational stability and the company's ability to obtain additional funding for necessary investments. Implementation of the results of this research can provide valuable insights for related parties, especially company management, investors and regulators. Company management needs to understand that high levels of leverage can have a significant negative impact on company performance, and need to consider the risks and benefits of the capital structure adopted. For investors, understanding the relationship between leverage and company performance can help them evaluate investment risks and adjust their investment strategies according to their risk preferences. Regulators can also use this information in designing policies that support company stability and sustainability, as well as protecting the interests of shareholders and creditors.

CONCLUSION

Based on the analysis and discussion that has been described, it can be concluded that managerial ownership, ownership concentration and institutional ownership have a positive

and significant effect on firm performance, while enterprise risk management does not have a significant effect on firm performance and firm size along with leverage has a negative and significant effect, the audit committee able to moderate the influence of managerial ownership and ownership concentration on firm performance.

Limitation. Based on the conclusions and results of the discussion described previously, this research still has several limitations, the independent variables studied only include internal factors so that further research can add variables that can explain other factors.

Implication. For managers, providing views and understanding regarding the characteristics of ownership structure and enterprise risk management which influence firm performance, as well as for investors. Providing information regarding ownership structure and its relationship to firm performance, before making investment decisions in the food industry in Indonesia.

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