ABSTRACT

Diversification has emerged as a strategic approach used by multinational organizations, particularly in light of the fact that 95% of Indonesian firms are predominantly family-owned. This study examines the influence of family ownership on internal capital market in Southeast Asia, namely in Indonesia and the Philippines. This study investigates the impact of family ownership, segment transfer, and segment subsidy. Applying multiple linear regression analysis to data from 77 companies listed on the Indonesian and Philippines stock exchanges.

The results suggest that only ownership by the Family has a favorable influence on the performance of the company. However, it is important to note that both segment transfer and segment subsidy have no impact on the overall performance of the organization.

The research emphasizes the intricacy of diversity in terms of subsidy and transfer in order to maximize value. The study is constrained in its concentration on publicly traded companies and its narrow geographic coverage. Future researchers are encouraged to investigate other regions.

Keywords: Internal Capital Market, Family ownership, Firm Performance