

ABSTRACT

This study aims to examine the effect of managerial ownership and independent commissioners on firm value with profitability as a mediating variable in manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period. In addition, this study investigates whether the influence of corporate governance mechanisms differs between firms with high governance and low governance levels. Firm value is measured using Tobin's Q, while profitability is proxied by Return on Assets (ROA). Leverage and firm size are included as control variables. The study employs secondary data obtained from Bloomberg Terminal and company reports. Using a purposive sampling method, 134 manufacturing companies with a total of 670 firm-year observations were selected as the research sample. Data analysis was conducted using panel data regression with the Fixed Effect Model (FEM) and robust standard errors.

The results indicate that managerial ownership has no significant effect on either firm value or profitability. Independent commissioners have a significant negative effect on firm value but do not significantly affect profitability. Profitability, as measured by ROA, has a positive and significant effect on firm value. Furthermore, the mediation analysis reveals that profitability is unable to mediate the relationship between managerial ownership and firm value, as well as the relationship between independent commissioners and firm value. The findings also reveal differences in the effects of corporate governance mechanisms between firms with high governance and low governance levels. Specifically, managerial ownership and independent commissioners exhibit significant effects only in the high-governance group.

This study suggests that profitability is a more consistent determinant of firm value than the internal corporate governance mechanisms examined. Therefore, companies should not only strengthen their corporate governance structures but also enhance the effectiveness of governance implementation and improve profitability performance to create sustainable firm value.

Keywords: *Managerial Ownership, Independent Commissioners, Profitability, Return on Assets, Tobin's Q, Firm Value, Corporate Governance.*