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Review Article

Role of Profitability In Mediating Institutional and Managerial Ownership Structure On Firm Value

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Abstract *- This study aims to determine the Effect of Institutional Ownership, Managerial Ownership, and Profitability on Firm Value and determine the Effect of Institutional and Managerial Ownership on Profitability and determine profitability's role in mediating Institutional and Managerial Ownership Structures on Firm Value. This research was conducted in Infrastructure, Utility, and Transportation companies listed on the IDX for 2015-2019, with a total sample of 16 companies using the purposive sampling method. The data collection method used was the non-participant observation method. Path analysis techniques are used in this study. The results of the analysis show that Managerial Ownership (MO) and Profitability (ROA) have a positive effect on Firm Value (Tobin's Q), while Institutional Ownership (IO) does not affect Firm Value (Tobin's Q). Institutional and Managerial Ownership has a positive effect on Tobin's Q), Firm Value. Profitability (ROA) can mediate the Effect of Institutional Ownership on Firm Value (Tobin's Q), while Profitability (ROA) is unable to mediate the Effect of managerial ownership on firm value*

Keywords *- Agency Theory, Signalling Theory, Institutional Ownership, Managerial Ownership, Profitability, and Firm Value*

I. INTRODUCTION

In the business world and economy, which is increasingly competitive, companies compete to achieve the firm's goals. The firm's goal makes companies compete not only to increase profits but also to increase firm value. One way to increase firm value is by increasing shareholder ownership prosperity (Brigham and Daves, 2019).

Firm Value is a certain condition that has been achieved by a firm as a reflection of public trust in the firm after going through a process of activities for several years since the firm was founded until now (Ngatemin et al., 2018). In their research, Gill and Obradovich (2012) stated that overall firm value must maximize wealth and shareholder ownership prosperity, which the firm's goals and objectives. Ngatemin et al. (2018) explained that Firm Value could be interpreted as an investor's assessment of the level of success associated with stock prices. High stock prices will make the firm Value and high companies, often related to stock prices. Management can maximize company value by utilizing its strengths and improving and reducing its weaknesses. Financial information can provide data that can compare the company's performance with other companies in the same industry and is useful for evaluating its performance so far (Brigham and Daves, 2019).

Several factors can influence firm value. Several previous studies have found several factors that affect firm value. Firm Value can be influenced by institutional ownership structures (Al-Najjar (2015); Lilienfeld and Ruenzi, (2014); Jafarinejad et al. (2015); Firth *et al*. (2016); Scmidt and Fahlenbrach, (2017); and Awais, et al., (2018)), Managerial Ownership Structure (Al-Najjar (2015 Lilienfeld and Ruenzi et al. (2015), Awais, et al. 2018); and Profitability (Grill and Obradovich (2012); Selcuk, et al. (2015); Ngatemin, et al. (2018); Masidonda et al. (2018), Sari and Sedana (2020)).

Al Najjar (2015) states that the company's ownership structure is one of the most important things in determining how to protect shareholders' interests from potential management exploitation. Previous research discusses the relationship between the ownership structure, institutional ownership structure, and managerial ownership structure to firm value and ownership structure that impact company performance. The institutional ownership structure is an important factor in determining the firm's financial performance. Institutional shareholders have an important role in implementing corporate governance and accounting transparency and consistent with the view that institutional investors monitor and protect shareholders' interests (Liu et al., 2017). Institutional shareholders play an important role in monitoring and protecting shareholder interests by improving corporate governance and consistent accounting transparency (Liu et al., 2018). Lawal et al. (2018) argue that institutional shareholders work professionally and use their monitoring management expertise to ensure that management's interests are aligned with company interests.

Managerial Ownership Structure is the number of shares owned by firm management. Managerial ownership refers to the fraction of ownership of shares in a firm held by managers (Lawal et al., 2019). Awais et al. (2018) stated in their research that managerial ownership structure was an effective way to reduce agency problems between management and external shareholders because interests have been aligned when management also acts as a shareholder of the company. Another factor that affects firm Value is Profitability; profitability is the ability to generate profits during a certain period using assets or capital, both overall capital and own capital (Hanafi and Dewi, 2018). Companies that have high profitability show good firm performance prospects to increase firm value. (Sari and Sedana, 2020)

The mediating role of profitability has been discussed in several previous studies, but research with profitability as a mediating variable related to institutional and managerial ownership structures has not been widely carried out. In previous studies, it was stated that profitability was a mediating variable that could affect firm value. According to Osazuwa (2018), there is a positive mediating effect for profitability on the relationship between eco-efficiency and firm value. Research from Purbawangsa and Suprasto (2020) concluded that profitability could mediate business risk, GCG, and CSR on firm value.

The results of previous research that have not been consistent on the variable institutional and managerial ownership structure, and firm value and also research on profitability as a mediating variable that has not been widely carried out, it is an opportunity for the researcher to be able to conduct further research with the title of this study "The Role Profitability of Institutional and Managerial Ownership Structure On Firm Value." This research will examine not only the direct influence of institutional and managerial ownership structure variables on firm Value but also the indirect Effect between institutional and managerial ownership structure variables on firm Value through Profitability as a mediating variable, which aims to determine whether profitability able to mediate the variables of managerial and institutional ownership structure on firm value

II. LITERATURE REVIEW

A. Agency Theory

According to Jansen and Meckling (1976), agency theory is related to the relationship between the firm or party that gives the mandate (shareholders) and the agent (firm Manager or party receiving the mandate) to perform some services on behalf of shareholders, which involves delegating some decision-making authority to agents. Agency theory assumes that all individuals act based on their interests and not the interests of others. Managers have both personal and firm interest. Therefore, managers can be expected to act in their interests, and if their interests are not aligned with those of shareholders, then the firm value will not be maximized, Agency theory says that in a company, there is a problem between the Manager and the owner of the company, therefore there needs to be supervision from the company management so that it works for the interests of the company owner, and also agency costs incurred by the company can minimize the risk of loss (Kurniati 2019).

Agency problems arise because of conflicts or differences in interests between shareholders and agents. Conflict of interest in a firm causes the relationship between shareholders and management to be difficult to establish properly. Conflicts of interest can be minimized by getting management to act on behalf of the owners to achieve its goals, namely increasing company value (Yusra et al., 2018). Brigham and Daves (2019) Explain that managers can be encouraged to act in the interests of shareholders through a series of incentives, duties, and penalties.

One factor that can reduce company value is agency conflict (Yusra et al., 2019). To reduce agency conflicts, shareholders must incur agency costs, including all costs incurred by shareholders to encourage managers to maximize the firm's long-term share price rather than acting in management's interests. If shareholders do not make efforts to influence managerial behavior, thereby not incurring agency costs, there will almost certainly be some loss from shareholders due to managerial transactions. Conversely, agency costs will be very high if shareholders strive to ensure that every managerial action coincides with shareholders' interests (Brigham and Daves, 2019).

B. Signaling Theory

Modigliani and Miller's theorem explains that shareholders have the same information about their prospects as their managers. This is called symmetric information. However, in reality, managers often have better information than investors. This is called asymmetric information, and it has an important effect on the optimal capital structure. Asymmetric information problems can be minimized if the parties provide information signals to each other. It has also been used to explain information disclosure on firm reports (Ross, 1977). Ross (1977) states that firm managers who have better information about their firm will be encouraged to convey this information to investors to increase their stock price. Every public firm needs to provide information to investors through the issuance of financial statements because the firm's quality of information influences the decisions that investors will make through its financial statements.

Signaling theory explains that companies with good quality will deliberately provide signals to the market so that the market is expected to differentiate between good and bad quality companies. To create an effective signal, the signal must be captured by the market and well perceived. Good company quality is shown through good corporate governance. This will provide a signal by promptly delivering financial reports and information on governance that the company has achieved within a certain period. The signal given by a company is of good quality, the market will judge it as good news, while the signal given by a company is of bad quality, the market will judge it as bad news (Kurniati, 2019). Connely et al. (2011) explained that signaling theory is useful for describing behavior when two parties (individuals or organizations) have access to different information. Information affects the decision-making process used by individuals in households, businesses, and governments. Individuals make decisions based on public information and personal information, only available to a public portion (Connely et al., 2011).

III. HYPOTHESIS

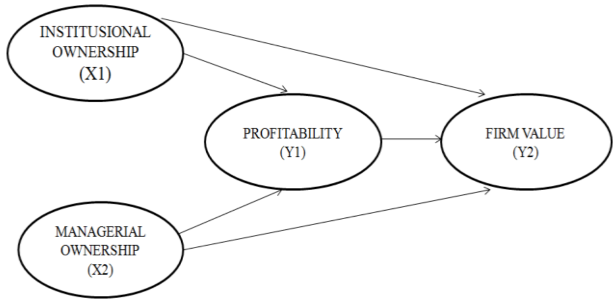

Fig.1 Conceptual Framework

The institutional ownership structure is an important factor in determining firm value. Institutional ownership is believed to be able to monitor management in financial decision-making. The greater the institutional ownership, the more efficient the use of firm assets, and it is expected to act as a deterrent for useless operations (Ngatemin et al., 2018). Institutional ownership has a significant positive effect on firm value (Ngatemin et al. (2018) Baghdadi et al. (2018), Jafarinejad et al. (2015) Hoang et al. (2017)

H1: Institutional Ownership Structure Has a Positive Effect on Firm Value

The managerial ownership structure is an important factor in determining firm value. Awais et al. (2018) explain that managerial ownership has been considered an effective way to reduce agency problems between management and shareholders because interests are aligned when management also acts as a shareholder. Several previous studies have found that management who is also a shareholder can increase firm Value (Lilienfeld and Ruenzi (2014), Hanafi and Dewi (2018), Kamardin (2014) and Yusra et al. (2019))

H2: Managerial Ownership Structure Has a Positive Effect on Firm Value

Profitability is the level of net profit that a firm can achieve when running its operations. The firm's ability to generate profits is one factor that influences firm Value (Sari and Sedana, 2020). The greater the firm's profitability, the more profit is given, and the higher the firm Value (Chen and Chen, 2011). Profitability has a significant positive effect on Firm Value (Ngatemin et al., (2018), Asiri et al. (2014) ill and Obradovich (2012), Selcuk et al. (2015), Yeh (2018) and Masidonda, et al. (2018).

H3: Profitability has a positive effect on firm value

Liu et al. (2017) stated that institutional ownership structure is an important factor in determining a firm's financial performance. Institutional shareholders play an important role in improving corporate governance and accounting transparency and are consistent with the view that institutional investors monitor and protect shareholder interests. Active monitoring of institutional shareholders to get returns from increased efficiency and firm performance (Lin et al., 2017). Previous research has stated that institutional ownership positively affects firm performance (Firth et al. (2016), Baghdadi et al. (2018) Lin et al. (2017) Ngatemin et al. (2018)).

H4: Institutional Ownership Structure Has a Positive Effect on Profitability.

The managerial ownership structure is an important factor in determining the firm's financial performance. Awais et al. (2018) explain that managerial ownership has been considered an effective way to reduce agency problems between management and shareholders because interests are aligned when management also acts as a shareholder. Previous research stated that managerial ownership structure has a positive and significant effect on ROA, as well as research conducted by Mirsha and Kapil (2016), Talab et al. (2018) Awais, et al. (2018)

H5: Managerial Ownership Structure Has a Positive Effect on Profitability.

High firm profitability will reflect good firm prospects. The higher the profitability of a firm, it will also reflect a high level of firm efficiency. Profitability can be a mediating variable that can affect firm value. According to Osazuwa and Che-Ahmad (2018), there is a positive mediating effect for profitability on the relationship between eco-efficiency and firm value. Purbawangsa and Suprasto (2020) concluded that profitability could mediate the Effect of business risk, GCG, and CSR on firm value. According to Andayani and Purbawangsa (2019) found in their research that profitability plays an important role in mediating the Effect of sales growth and capital structure on firm value. Sugosha and Artini (2019) researched pharmaceutical companies on the Indonesia Stock Exchange, with the research results showing that profitability can mediate foreign ownership and firm size on firm value.

H6. Profitability Able to Mediate The Effect of Institutional Ownership Structure on Firm Value.

H7. Profitability Able to Mediate The Effect of Managerial Ownership Structure on Firm Value

IV. METHODOLOGY OF RESEARCH

This study's independent variables are institutional ownership structure (X1) and managerial ownership structure (X2). The dependent variable used in this study is firm Value (Y2). The mediating variable in this study is Profitability (Y1). Quantitative data in this study are financial reports and stock prices of infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange from 2015-2019. This study's qualitative data is a general description of companies listed in the infrastructure, utilities, and transportation sectors in the Indonesia Stock Exchange. Sources of secondary data used in this study were obtained from the official website of the Indonesia Stock Exchange

This study's population was 77 companies in the infrastructure, utility, and transportation sectors listed on the Indonesia Stock Exchange in 2015 - 2019. Determination of the sample used by using purposive sampling method with the amount so that the total sample size is 16. The data analysis technique used in this research is to use path analysis (path analysis)

Table 1. Total Population and Sample

Total Population	77
Sampling Criteria 1. The firm is consistently being listed on the Indonesia Stock Exchange 2. IPO after 2015 3. Do not have Managerial and Institutional Ownership 4. Data Outlier	(3) (28) (29) (1)
Number of Observations (a)	16
Number of years of observation (b)	5
Number of data analyzed (an x b)	80

V. RESULT

Table 2. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Dev
IO	80	18.58	94.67	59.44	20.07
MO	80	0.01	67.24	11.55	17.76
ROA	80	-28.97	17.80	0.91	7.60
Tobin's (	80	0.44	2.87	1.01	0.45

The descriptive analysis results are shown in Table 2 explains that the amount of data used in this study is 80 data from 16 companies with a research observation period of 5 years from 2015-2019. Based on the descriptive analysis data, the largest Institutional Ownership is 94.67 percent, while for the smallest Institutional Ownership is 18.58 percent, the average is 59.44 percent with a standard deviation of 20.07. The largest managerial ownership variable is 67.25 percent, while the smallest is 0.01 percent, the average managerial ownership of the sample was 11.55 percent with a standard deviation of 17.76.

The highest profitability value was 17.80 percent, and the smallest was -28.97 percent. Profitability (ROA) had an average of 0.91 percent and a standard deviation of 7.60. The firm Value on the proxy of Tobin's Q with the highest value is 2.87, and the lowest is 0.39 for the firm. The average firm Value (Tobin's Q) during the observation period was 1.01, and the standard deviation was 0.45. Testing data in this study using path analysis (path analysis), which has been through the classical assumption test with the software SPSS 22.0 for Windows.

A. *Path Analysis*

Testing the data in this study using path analysis (path analysis), which has been through the classical assumption test with the software SPSS 22.0 for Windows.

Table 3. Results of Path Analysis for Structure 1 Coefficients

Variable	*Standardized Coefficients*	*Std. Error*	T Value	Sig.
(Constant)		0.241	4.287	0.000
IO (X1)	-0,118	0.003	-0.754	0.453
MO (X2)	0,422	0.004	2.947	0.004
Profitability (Y1)	0,286	0.007	2.596	0.011
R *Square*	0.280			
F Statistic	9.874			
Significance of the F Test	0.000			

Source= Secondary Data 2020,

Y_2= -0.118 X_1 + 0.422 X_2 + 0.286 Y_1 + e_1

ε_2 (*$error_2$*) = $\sqrt{(1\text{-}R^2)}$

ε_2 (*$error_2$*) = $\sqrt{(1\text{-}0{,}280)}$

ε_2 (*$error_2$*) = 0,848

The Effect of Institutional Ownership Structure (X1) on Firm Value (Y2) has a β value of -0.118 and a significance value of 0.453 ≥ 0.05, which means H1 rejected so that there is no effect between Institutional Ownership Structure on Firm Value.

The Effect of Managerial Ownership Structure (X2) on Firm Value (Y2) has a β value of 0.422 and a significance value of 0.004 <0.05, which means H2 accepted so that it can be concluded that there is a positive influence between Managerial Ownership Structure on Firm Value.

The Effect of Profitability (Y1) on Firm Value (Y2) has a β value of 0.286 and a significance value of 0.011 <0.05, which means that H3 is accepted so that It can be concluded that there is a positive influence between Profitability on Firm Value.

Table 4 Result of Structure Path Analysis II Coefficients

Variable	*Standardized Coefficients*	*Std. Error*	T Value	Sig.
(Constant)		3.856	-3.873	0.000
IO (X1)	0.637	0.054	4.426	0.000
MO (X2)	0.306	0.062	2.124	0.037
R *Square*	0.221			
F Statistic	10.900			

Source= Secondary Data 2020

Y1= 0,637 X1 +0,306 X2 + e_2

ε_2 (*$error_2$*) = $\sqrt{(1\text{-}R^2)}$

ε_2 (*$error_2$*) = $\sqrt{(1\text{-}0{,}221)}$

ε_2 (*$error_2$*) = 0,8826

The Effect of Institutional Ownership Structure (X1) on Profitability (Y1) has a significance value of 0.000 <0.05 and a β value of 0.241, then H4 is accepted so that there is a positive effect of Institutional Ownership Structure on Profitability.

The Effect of Managerial Ownership Structure (X2) on Profitability (Y1) has a significance value of 0.037 <0.05 and a β value of 0.131 so that H5 is accepted, which is a positive influence Institutional Ownership Structure on Profitability.

The results of hypothesis testing can be summarized in table 5.6 as follows;

Table 5. Hypothesis Testing Results

Hypothesis	Estimate	P-Value	Result
H1	-0,118	0,453	Rejected
H2	0,422	0,004	Accepted
H3	0,286	0,011	Accepted
H4	0,637	0,000	Accepted
H5	0,306	0,037	Accepted

Source= Secondary Data 2020

Table 6. Direct Effect, Indirect Effect, and Total Effect

Path	Direct Effect	Indirect Effect	Total Effect
IO→ ROA	0.637	-	0.637
R O A → Tobin's Q	0.286	-	0,017
IO → Tobin's Q	- 0,118	0.182	0.300
MO→ ROA	0.306	-	0.306
R O A → Tobin's Q	0.286	-	0. 286
MO → Tobin's Q	0. 422	0. 0875	0. 509

Source= Secondary Data 2020

Based on the results of the analysis of ε1 and ε2, the total coefficient of determination can be calculated as follows;

$R^2_m = 1 - (\varepsilon_1)^2 (\varepsilon_2)^2$

$R^2_m = 1 - (0.848)^2 (0.8826)^2$

$R^2_m = 1 - (0,719)(0,7789) = 0,439$

The total coefficient of determination is 0.439, which can be concluded that 43.9 percent of the variation in Firm Value is influenced by variations in Institutional Ownership Structure, Managerial Ownership Structure, and Profitability, while the remaining 56.1 percent is explained by other factors not included in the model.

B. Sobel Test

The Sobel test is used to test the mediating Effect of the variables that mediate the relationship between the dependent and independent variables. The Sobel test in this study is used to determine the role of Profitability (Y1) to mediate Institutional Ownership Structure (X1) and Managerial Ownership Structure (X2) on Firm Value (Y2).

Table 6 Sobel Test Result For Role Of Profitability

Sobel Test	IO	MO
Z Value	2,130	1,523
Information	Mediating	No Mediating
Result	H6 Accepted	H7 Rejected

The results of the Sobel Test on the Effect of Institutional Ownership Structure (X1) on Firm Value (Y2) through Profitability (Y2) obtained a Z value is 2.1305. Z Value is greater than Z table 1.96, which means an indirect influence between the dependent variable and the independent variable, which is mediated by the mediating variable. H6 is accepted, that profitability can mediate the Effect of Institutional Ownership Structure on Firm Value

The results of the Sobel test on the Effect of Managerial Ownership Structure (X1) on Firm Value (Y2) through Profitability (Y2) obtained Z value = 1.5232, Z Value is less than 1.96, which means there is no indirect influence between the dependent variable and the variable. Independent mediator. H7 is rejected, that profitability cannot mediate the Effect of Managerial Ownership Structure on Firm Value.

VI. DISCUSSION

A. The Effect of Institutional Ownership Structure on Firm Value

This study explains the Effect of Institutional Ownership Structure on Firm Value. The results of this study are not following agency theory; supervision from institutional owners should reduce agency conflicts so that they can affect firm value. This result can be caused by investors assessing that the institutional ownership structure has not been optimal in monitoring and regulating the performance of firm management, which can prosper shareholders so that institutional ownership structure is not a major factor for investors in deciding to invest in a firm, investors consider other factors that become the main consideration for investing in the firm, both internal and external conditions of the firm. In addition, investors consider institutional ownership not to align goals and interests with firm management and cannot prevent management from taking risky projects for the firm. The results of this study support the research of Sugosha and Artini (2020), Rini et al. (2017), Trafalgar and Africa (2019), and Astuti et al. (2018)

B. The Effect of Managerial Ownership Structure on Firm Value

The Effect of Managerial Ownership Structure on Firm Value shows a positive influence between Managerial Ownership Structure on Firm. This study's results follow agency theory, where managerial ownership structure can mitigate agency conflicts in the firm to increase firm value. High managerial ownership shows the desire of management, who is also the owner, to increase the firm regulation portion so that management can take policies to increase shareholder prosperity. This can increase firm value. Investors assess that the higher the managerial ownership structure, the management's interests will be more aligned with shareholders' interests, where management is also a shareholder. Management has an interest and tries to convince investors that the Manager manages the company's performance well. Investors who see information from the firm consider that management, who is also the owner of the firm, has an interest in providing real information related to the current condition and prospects of the firm so that investors have views related to the firm's future for the prosperity of shareholders, this can affect the firm's value. If the information provided has a good signal, then investors have a good view of the firm's future so that the firm's value can increase. The results of this study support the research conducted by Kamardin (2014), Lilienfeld and Ruenzi et al. 2015, Hanafi and Dewi (2018), and Yusra et al. (2019).

C. The Effect of Profitability on Firm Value

The Effect of Profitability on Firm Value shows that profitability has a positive effect on Firm Value. This study's results follow the signaling theory in which investors assess good profitability information on the firm. It shows that management can use firm resources properly to generate firm profits. Investors tend to invest in companies that can provide additional wealth to their owners. Financial information about the firm's profitability becomes a signal for investors in choosing a firm. A good firm's financial information gives a signal that the firm has good prospects in the future so that investors can decide to invest in the firm to increase the firm's value. The results of this study support the research conducted by Sari and Sedana et al. (2018), Yeh (2018), Ngatemin et al. (2018), as well as Masidonda et al. (2016).

D. The Effect of Institutional Ownership Structure on Profitability

The Effect of Institutional Ownership Structure on Profitability shows a positive influence between Institutional Ownership Structure on Profitability. This study's results are in accordance with agency theory where supervision from institutional owners can mitigate and reduce agency conflicts to improve firm performance. This shows that institutional ownership's expertise and professionalism consider the firm to manage and control a project's risks. Institutional ownership applies their managerial skills and expertise, and professionalism to provide consideration to management to improve corporate governance and firm efficiency and good business policies for the firm's benefit. Voting rights in a general meeting of shareholders held by institutional ownership can pressure management to undertake profit-assurance-oriented projects with sufficient risk to increase corporate profits. The results of this study support the research of Baghdadi et al. (2018), Lin et al. (2017) and Ngatemin, et al. (2018).

E. The Effect of Managerial Ownership Structure on Profitability

The Effect of the influence of Managerial Ownership Structure on Profitability Shows that the Managerial Ownership Structure has a positive influence on Firm Value. This study's results follow agency theory, which shows that managerial ownership structure can affect profitability by reducing and mitigating agency conflicts between firm owners and firm management. Management, who is also the firm owner, will have more responsibility in using the firm's resources to be able to increase firm profits. Management will be very careful in using firm assets and will choose to undertake projects that will benefit the firm. Management, who is also the firm's owner, can align the interests of management with shareholders' interests to stimulate management to act more efficiently on all activities and firm policies to improve firm performance. This study's results support the research conducted by Mirsha and Kapil (2016) and Talab et al. (2018).

F. The Role of Profitability in Mediating the Effect of Institutional Ownership on Firm Value

The role of profitability in mediating the institutional ownership structure on firm value, based on the direct Effect and the indirect Effect, found Institutional Ownership Structure to Firm Value is - 0.118. Meanwhile, the indirect Effect of Institutional Ownership Structure on Firm Value through Profitability is 0.182. It can be concluded that profitability can mediate the relationship between Institutional Ownership Structure and Firm. The results of the Sobel Test analysis showed that profitability could mediate the Effect of Institutional Ownership Structure on Firm Value. The data analysis results show that the Institutional Ownership Structure (X1) variable does not directly affect the Firm Value variable (Y2). Still, the Institutional Ownership Structure (X1) variable affects the Profitability variable (Y1). The Profitability variable (Y1) affects the variable Firm Value (Y2), so the role of Profitability (Y1) in Institutional Ownership Structure (X1) on Firm Value (Y2) is fully mediated. The results of this study do not support any research that uses the same variables as this study.

G. The Role of Profitability in Mediating the Effect of Managerial Ownership Structure on Firm Value

The role of profitability in mediating the managerial ownership structure on firm value The results of the analysis of the direct Effect and the indirect Effect can be concluded that profitability cannot mediate the managerial ownership structure on firm value. This result can be caused by investors assessing that managerial ownership structure more dominantly affects firm Value than Profitability affects firm value. High managerial ownership shows the desire of management who is also the owner to increase the portion of management in the firm so that management can take policies that can increase the welfare of shareholders; besides that management who is also the owner of the firm can align management interests with those of shareholders so that it can stimulate management to act more efficient on firm activities and policies to improve firm performance. Good firm performance can signal investors that the firm has good prospects so that it can increase firm value. Investors consider that the management, who is also the owner of the firm, has an interest in providing real information regarding the firm's current condition and prospects so that investors view the future of the firm regarding the prosperity of shareholders. Management has an interest and tries to convince investors that the Manager manages the firm well

Profitability can influence firm value; however, the firm's financial information signal to investors is not too strong compared to investor confidence in the management, who is also the owner. Investors consider that managerial ownership is one indicator that is expected to help manage risk in investment; management shares directly the benefits of the profits taken and bears losses if some policies and decisions are detrimental to the firm. This causes managerial ownership to be one of the main factors for investors deciding to invest in a firm. The results of this study support the research conducted by Sugosha and Artini (2020) and Nurkhin et al. (2017), which states that profitability cannot mediate Managerial Ownership Structure on Firm Value.

VII. CONCLUSION

Based on the data results that have been described in the discussion, it can be concluded that Institutional Ownership Structure does not affect Firm Value in Infrastructure, Utilities, and Transportation companies in 2015-2019. Managerial Ownership and Profitability positively affect Firm Value in Infrastructure, Utilities, and Transportation companies in 2015-2019. Institutional Ownership and Managerial Ownership Structure positively affect profitability in Infrastructure, Utilities and Transportation companies in 2015-2019. Profitability can mediate the Effect of Institutional Ownership Structure on Firm Value in Infrastructure, Utilities, and Transportation companies in period 2015-2019, but profitability cannot mediate the Effect of Managerial Ownership Structure Firm Value in Infrastructure, Utilities, and Transportation companies in period 2015-2019.

Suggestions based on the results of research conducted for the various party to pay attention to Managerial Ownership Structure and Profitability of the firm to increase Firm Value and investors pay attention to financial statements, especially Return On Assets. through increasing firm performance so that it can attract investors to invest at the firm. This research is limited to the role of the variable Institutional Ownership Structure, Managerial Ownership Structure, Profitability, and Firm Value. For further research, it can be suggested to add other variables such as foreign ownership, macroeconomic aspects that have not been included in this research or expand the research period to expand the research.

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