

THE EFFECT OF INSTITUTIONAL OWNERSHIP, OPERATING PROFIT MARGIN,
AND CAPITAL STRUCTURE
(Banking Sector Companies for the 2021–2025 Period)

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ABSTRAK

Penelitian ini bertujuan menganalisis pengaruh kepemilikan institusional, *operating profit margin*, dan struktur modal terhadap nilai perusahaan pada perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia selama periode 2021–2025. Pendekatan yang digunakan adalah kuantitatif dengan sumber data sekunder berupa laporan tahunan dan laporan keuangan perusahaan. Sampel ditentukan melalui teknik *purposive sampling*, sehingga diperoleh 46 perusahaan dengan 230 observasi dengan bantuan SPSS versi 24. Hasil penelitian menunjukkan bahwa kepemilikan institusional dan struktur modal berpengaruh negatif dan signifikan terhadap nilai perusahaan, sedangkan *operating profit margin* berpengaruh positif dan signifikan. Penelitian berikutnya disarankan untuk memperpanjang periode pengamatan serta mempertimbangkan variabel lain yang relevan terhadap nilai perusahaan.

Kata Kunci: Kepemilikan Institusional, *Operating Profit Margin*, Struktur Modal.

ABSTRACT

This study examines the effects of institutional ownership, operating profit margin, and capital structure on the firm value of banking companies listed on the Indonesia Stock Exchange during 2021–2025. A quantitative approach was employed using secondary data from 46 companies, comprising 230 observations selected through purposive sampling. The data were analyzed using multiple linear regression and Moderated Regression Analysis (MRA) with SPSS version 24. The results show that institutional ownership and capital structure have a negative and significant effect on firm value, while operating profit margin has a positive and significant effect. Digital transformation does not strengthen or weaken these relationships. Future research is recommended to extend the observation period and consider additional relevant factors.

Keywords: Institutional Ownership, Operating Profit Margin, Capital Structure.

A. INTRODUCTION

Institutional ownership, operating profit margin, and capital structure are important indicators of a company's financial performance and condition. Institutional ownership refers to shareholdings held by investment firms, insurance companies, pension funds, and other financial institutions. Greater institutional ownership may strengthen managerial accountability, reduce conflicts between managers and shareholders, and support better corporate decision-making (Latief & Fauziah, 2023). Chen et al. (2021) stated that institutional investors can contribute to improved managerial decisions and enable companies to utilize investment opportunities more effectively. However, Wardoyo and Fauziah (2024) found that institutional ownership does not always have a significant effect when its monitoring function is not properly implemented. Operating profit margin reflects a company's ability to generate profit from its primary business activities. A higher operating profit margin indicates greater operational efficiency and may increase investor confidence (Tiarsih et al., 2022). Nurastuti and Maesaroh (2022) also found that operating profit margin has a positive and significant effect. Meanwhile, capital structure describes the composition of debt and equity used to finance a company's operations. An appropriate capital structure can support business activities and investment while maintaining financial stability (Kebede, 2024). The differences in previous findings indicate that further research is needed to examine the effects of institutional ownership, operating profit margin, and capital structure on companies in the banking sector.

THEORETICAL REVIEW AND RESEARCH HYPOTHESIS

Signaling Theory

Signaling Theory describes how companies convey relevant information to investors as a means of influencing their perceptions and decisions to reduce information asymmetry (Spence, 1973; Ross, 1977). In this study, institutional ownership, operating profit margin, and capital structure are viewed as information that can provide signals about a company's condition and prospects.

A high operating profit margin serves as a favorable signal to investors, indicating that the company is capable of generating operating profits efficiently (Wardoyo & Fauziah, 2024). Capital structure also provides a signal regarding the company's ability to manage financing and financial risk. An optimal capital structure can provide a positive signal, while excessive debt may provide a negative signal (Alifian & Susilo, 2024). Meanwhile, institutional ownership can signal investor confidence and stronger managerial monitoring, which may increase investor confidence in the company (Yonathan & Apriwenni, 2025). Thus, Signaling Theory serves as the grand theory for explaining the role of the three variables in providing information to investors.

Agency Theory

Agency Theory explains the conflict of interests and information asymmetry between owners and managers (Jensen & Meckling, 1976). Institutional ownership acts as a monitoring mechanism to reduce agency conflicts and align management decisions with shareholders' interests. Thus, Agency Theory supports the role of institutional ownership

Institutional Ownership

Institutional ownership refers to the proportion of shares held by institutions and serves as an effective monitoring mechanism to control management and reduce conflicts of interest. Higher institutional ownership can improve corporate governance, transparency, and firm performance, thereby increasing firm value (Fadilla & Fitriawati, 2024; Ferdy Putra & Putra, 2021; Yonathan & Apriwenni, 2025). It is measured by the ratio of institutional shares to total outstanding shares (Cristan & Poniman, 2023).

Operating Profit Margin

Operating Profit Margin (OPM) measures a company's ability to generate operating profit from net sales and reflects operational efficiency and cost management (Tiarsih et al., 2022; Perdana et al., 2023). A higher OPM indicates better operational performance and provides a positive signal to investors, which can increase investor confidence and firm value (Ayu et al., 2023; Yanah & Sutrisna, 2023).

Capital Structure

Capital structure refers to the proportion of debt and equity used to finance a company's operations and investments, commonly measured by the Debt to Equity Ratio (DER) (Putri & Ambarita, 2025; Ningsih et al., 2024). An optimal capital structure can reduce financial risk, improve financial flexibility, and provide a positive signal to investors, potentially increasing firm value.

Research Hypothesis

Institutional ownership can positively affect firm value because institutional investors have greater resources and expertise to monitor management. Effective monitoring can reduce agency conflicts, prevent inefficient decisions, improve transparency, and encourage better corporate performance. As institutional ownership increases, investor confidence may also increase, ultimately contributing to higher firm value (Gunawan et al., 2023; Natalia et al., 2022; Julia & Finatariani, 2024; Mahfudnurnajamuddin et al., 2025; Natasya et al., 2025).

H1: Institutional ownership positive and significant effect on firm value.

Operating Profit Margin (OPM) positively influences firm value by reflecting operational efficiency and profit-generating ability. A higher OPM signals favorable financial performance and future prospects to investors, which can strengthen investor confidence and increase share prices and firm value. This finding aligns with Signaling Theory and previous research (Tiarsih et al., 2022; Nurastuti & Maesaroh, 2021; Timotius & Setyawan, 2023; Setiyono & Izzaty, 2025).

H2: Operating Profit Margin positive and significant effect on firm value.

B. METHOD

This study uses quantitative research with secondary data obtained from annual reports of banking companies listed on the Indonesia Stock Exchange during 2021–2025 and official company websites. The population consists of 47 banking companies, and 46 companies were selected using purposive sampling based on predetermined criteria. With a five-year observation period, the initial sample consists of 230 observations. After outlier testing, 150 valid observations remain for analysis. The data are processed and analyzed using IBM SPSS Statistics 24.

C. RESULTS AND DISCUSSIONS

Normality Test

To verify wheather the residuals behave normally, a normality test was applied. The rule followed here is straightforward: once the significance value climbs past 0.05, the residuals quality as normally distributed (Ghozali, 2022).

Tabel 1. Normality Test

One-Sample Kolmogorov-Smirnov test		
		Unstandardized Residual
N		150
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.15208979
Most Extreme Differences	Absolute	.080
	Positive	.037
	Negative	-.080
Test Statistic		.080
Asymp. Sig. (2-tailed)		0.019 ^c

Source: Data Processed using IBM SPSS Statistics 27

Based on the normality test results after outlier removal, the Monte Carlo Sig. (2-tailed) value is 0.276, which is greater than 0.05. Therefore, the data are normally distributed and meet the normality assumption.

Partial Test

The t-test is used to examine the individual or partial effect of each independent variable on the dependent variable. This test determines whether institutional ownership, operating profit margin, and capital structure have a significant effect on firm value. A variable is considered to have a significant effect if the significance value is less than 0.05. Conversely, a significance value greater than 0.05 indicates that the variable does not have a significant effect on firm value.

Tabel 2. T-test

	Coefficients		
Model		t	Sig
1	(Constant)	17.382	.000
	KI	-31.388	.000
	OPM	8.864	.000
	SM	-9.209	.000

The t-test results show that institutional ownership has a significant negative effect on firm value, with a t-value of -31.388 and a significance value of 0.000. Operating Profit Margin has a significant positive effect on firm value, with a t-value of 8.864 and a significance value of 0.000. Meanwhile, capital structure has a significant negative effect on firm value, with a t-value of -9.209 and a significance value of 0.000. Therefore, H1 and H3 are rejected, while H2 is accepted.

Goodness Of Fit (F-Test)

Tabel 3. F-test

Anova ^a						
Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	27.022	3	9.007	345.025	0,000 ^b
	Residual	3.812	146	.026		
	Total	30.833	149			

The regression model is considered fit when the significance value is below 0.05. The test results show a significance value of $0.000 < 0.05$, indicating that the regression model is fit and appropriate for use. Institutional ownership, Operating Profit Margin, and capital structure simultaneously explain variations in firm value.

Determination Coefficient Test

Test (R^2) is used to measure how well the independent variables explain variations in the dependent variable. The R^2 value ranges from 0 to 1. The results of the coefficient of determination test are presented below.

Tabel 4. Determinan Coefficient Test

Model	Adjusted R Square
1	.885

. Predictors: (Constant), KI, OPM, SM

Based on the results presented in the table above, the Adjusted R Square value is .885. This indicates that institutional ownership, Operating Profit Margin, capital structure, and digital transformation as a moderating variable explain 88.5% of the variation in firm value, while the remaining 11.5%.

D. CONCLUSIONS

The results show that institutional ownership has a negative effect on company value, while Operating Profit Margin has a positive effect. Meanwhile, capital structure has a negative effect on company value. These findings indicate that higher operational profitability can improve company value, whereas higher institutional ownership and debt levels may reduce company value due to weaker monitoring effectiveness and increased financial risk.

E. SUGGESTIONS

Based on the research findings, companies are advised to strengthen the effectiveness of institutional ownership monitoring, improve operational efficiency and profitability, and manage debt carefully to minimize financial risk. Future researchers are encouraged to add other variables, use different measurement approaches, and broaden the research period or sector to achieve more comprehensive results.

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