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Blockholder Ownership Foreign Ownership and Industry Type on Firm Value Through Financing Policy: An Empirical Evidence from Indonesia

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ABSTRACT: This study aims to analyze the direct and indirect effects of blockholder ownership, foreign ownership, and industry type on firm value through funding policy. The research method employs quantitative analysis to examine the causal relationship between research variables, on the other hand, block holder ownership, foreign ownership, and industry type as independent variables, and firm value as the dependent variable with funding policy serving as an intervening variable. The research sample was 25 state-owned companies listed on the IDX, engaged in six sectors, namely financial services, energy, infrastructure, basic materials, health, and transportation & logistics. The analysis technique used path analysis. The findings of the study showed that blockholder ownership and foreign ownership had a direct effect on firm value, and did not have an effect through debt funding policy. Only the type of industry affected the firm value through funding policy. The novelty of the study by referring to the results of path analysis is that debt funding policy (DER) partially mediates the connection between the type of company and firm value. Logically empirically, it can be explained that the type of infrastructure company tends to have a large debt composition after being confirmed to get a tender for the development project auction. Thus, the type of industry will affect debt funding policy and at the same time affect the value of the company. On the other hand, block holder ownership negatively affects the value of the company.

KEYWORDS: block holder, foreign ownership**,** industry type, debt funding policy, firm value

I. INTRODUCTION

State-owned enterprises (BUMN) play a tactical function in economic development in Indonesia, namely as the main driver and supporter of the economy, with a focus on providing goods and services needed by the community, as well as a pioneer in sectors that have not been of interest to the private sector. To date, there have been 28 BUMNs listed on the IDX and operating in six sectors, namely financial services, energy, infrastructure, basic materials, health, and transportation-logistics.

The firm value of BUMN in Indonesia shows various values that reflect investors' market response. Positive perceptions of BUMN include having attractive dividends and attractive long-term growth potential. Conversely, negative perceptions of BUMN include BUMN dominance (government policies preferring BUMN, limited foreign investment, and unfair competition). This negative perception will affect the firm value of BUMN following the investor's perception, as shown when the BUMN sentiment and the formation of Danantara caused the JCI to fall by more than five percent, so the IDX implemented a temporary trading halt.

The negative perception of BUMN in Indonesia is also influenced by the many cases in BUMN, such as alleged corruption in the management of crude oil and refinery products, as well as fuel adulteration that is detrimental to the community by PT Pertamina Patra Niaga, misuse of investment funds by PT Jiwasraya and PT Asabri, alleged corruption in the procurement of ships and permits by PT ASDP Indonesia Ferry, and the case of corruption in the tin trade that caused a loss of IDR 300 trillion and ecological damage by PT Timah Tbk, are evidence of poor corporate governance by BUMN companies in Indonesia.

Corporate Governance (CG) and the integration of financing policy functions can maximize the company's value. The term "corporate governance" refers to the process by which a company is led and managed to meet its shareholders' needs (Cadbury, 1992). When shareholders and managers have conflicting interests, corporate governance helps resolve this problem (Baker & Jabbouri, 2016). Companies can better avoid scandals, fraud, and legal problems with good corporate governance. It enhances a company's reputation, attracting customers, investors, and suppliers (Lipman & Lipman, 2006).

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Implementing effective corporate governance (CG)—represented through the active role of blockholder ownership and foreign ownership—can increase company value by minimizing conflicts of interest or agency problems between owners and management. Various studies have shown that these governance elements positively influence company value.

A company's financing policy details its approach to securing affordable financing. Funding for a business can come from two sources: internally (through retained earnings) or externally (through the sale of new shares or bonds). Up to a point, the company's value can be increased through financing policies. However, once leverage is increased, the company's value declines. Leverage, which generates more tax benefits than the cost of debt, is responsible for the maximum increase in the company's value. It will fall, and investors will lose confidence when interest payments on debt exceed profits (Soewarno et al., 2017). Estimates that after a certain point, the value of the company will decline.

According to Sulhan & Purnamasari, (2020). Several research results reveal that funding policies proxied by leverage hurt firm value (Soewarno et al., 2017; Faisal et al., 2020; Akhmadi & Robiyanto, 2020). On the other hand, Dewi et al (2021), Chadha & Sharma (2016), and Tahir & Razali (2011) reveal no influence of funding policy on company value.

Funding for a business can come from a variety of sources, including debt and investment. Companies should carefully consider their dividend policy in this regard because, before investing their money in a business, investors look for evidence that the company can generate good returns. The impact of CG on company value is not only direct but also indirect. CG practices influence funding policies (Soewarno et al., 2017; Farooq et al., 2022; and Fernando et al., 2021).

A series of previous research results show that corporate governance measured using the company's ownership structure and managerial capacity reflected through intellectual capital can influence company value (Soewarno et al., 2017; Harmono et al., 2023; Bose, 2023; Harmono & Insyiroh, 2024). Good CG conditions can increase the trust of external parties, including creditors and investors, and have the benefit of increasing access to higher credit, namely increasing leverage levels and decreasing debt costs. On the other hand, healthy corporate governance conditions can increase the efficiency and effectiveness of organizational operations and can increase profits. Therefore, good corporate governance, in addition to increasing access to debt funding, can also increase investor confidence in investing their capital in the company. Thus, management's choice to determine the optimal capital structure has the opportunity for various alternative funding structures; This is consistent with the efficient capital structure idea (Modigliani & Miller, 1963).

Logically and empirically, the block holder ownership structure is the majority share ownership; when the block holder is owned by a certain group, it will have an impact on the perception of other investors. Thus, the characteristics of block holder ownership will provide a good image of the firm. When the characteristics of the stockholders in the firm are good and able to uphold good corporate governance values, of course, it will be responded to positively by other investors, and vice versa. If it is not fair, other investors will respond negatively. Therefore, this research is interesting to see the pattern of the relationship between blockholder ownership and foreign ownership on company value through funding structure (Soewarno et al., 2017; Harmono et al., 2023; Bose, 2023; Harmono & Insyiroh, 2024).

Faisal et al. (2020) revealed that corporate governance (CG) has an indirect impact through management's finance choices in addition to a direct impact on the company's value. This means that good CG quality can influence a the decision of the corporation to choose the right funding structure—either through debt or equity—which ultimately has an effect on raising or decreasing the company's value. With tighter supervision from the board of commissioners, audit committee, and the involvement of institutional owners, management is more motivated to make efficient funding decisions that are in line with the company's long-term interests. This finding confirms that the role of CG is very strategic in creating healthy financial governance, as well as being a bridge between the company's internal policies and market perceptions of the company's overall performance and value, while Soewarno et al. (2017) revealed Through dividend policy, CG indirectly affects corporate value. However, the role of financing policy and dividend policy in mediating the corelation between CG and firm value is inconsistent; in this case, The relationship between CG and corporate value is not mediated by finance policies.

This study's objective is to characterise and evaluate the direct and indirect effects of blockholder ownership foreign ownership and industry type on firm value through funding policy. The results are expected to provide theoretical and practical contributions. Theoretical contributions support the development of Financial Accounting and Public Sector Science. Practical contributions include recommendations for BUMN in corporate governance practices, funding policies, and company value.

II. LITERATURE REVIEW AND HYPOTHESIS

According to (Jansen & Meckling, 1976), An agency relationship is a legally binding arrangement in which one party (the shareholder) delegates decision-making power over a business to another party (the agent). As compensation for the agent's services in managing the firm, the principal pays the agent in the expectation that the agent will direct the firm in a manner that

maximizes shareholder wealth. To ensure that the agent does not do anything that could harm the principal, there are additional incentives for the agent in certain situations. A corporate governance system that establishes clear policies, duties, accountabilities, and processes is necessary to achieve this goal of controlling the firm. The primary goal of good corporate governance is to ensure that all parties involved (shareholders, managers, and employees) work together to achieve the common goal of maximizing the firm's assets for profit.

Blockholder ownership is monitored to confirm its important significance in managerial choices to optimise the wealth of shareholders. As a result, stockholders may be personally motivated to use their corporate power to seize the wealth of minority shareholders. Ibrahimy & Ahmad's (2020) research revealed that blockholder ownership positively affects company value. Blockholder ownership plays a role in monitoring management, lowering agency expenses as a governance tool in the process.

Based on the empirical logic of the relationship between blockholder ownership and firm value, the following hypothesis is formulated:

H_a1: Blockholder ownership affects firm value.

Shares held by foreign investors, both people and institutions, are referred to as foreign ownership. Large foreign ownership will be effective in controlling managerial supervision of policies issued. This demonstrates that the more foreign stock a business owns, the more credible and reliable the presentation of financial information will be, and the lower the asymmetric information about finances (Latridis, 2016). For example, The presence of foreign investors has increased awareness of corporate governance and financial reporting systems. This will enable the reporting system to better monitor management.

The market value of the company will rise as a result of increased foreign ownership since it attracts more independent outsiders in the form of foreign directors, which will impact the board's independence level. This will also show that independent outsiders have more monitoring power and have good intentions for corporate governance. If a company has less development prospects, foreign ownership may encourage more dividend payments to shareholders and avoid the free cash flow problem (a classic corporate governance conundrum) by preventing overinvestment and ensuring effective resource allocation. Thus, through increased dividends, foreign ownership may discipline the managers. Foreign investors are deemed to invest more in r&d projects that are focused on innovation, which could encourage managers to raise capital expenditures when a company has more room to grow. Foreign ownership may be able to discipline management, lower agency costs, and boost business value by raising research and development spending and concentrating on high growth and return prospects (Gürünlü, 2023).

Based on the empirical logic of the relationship between foreign ownership and firm value, the following hypothesis is formulated:

H_a2: Foreign ownership affects firm value.

Sinaga & Fachrurrozie (2017) state that industry classification groups businesses according to their operational area, business hazards, and business management skills. Businesses are divided into two groups according to the type of industry: high-profile and low-profile. High-profile industries like automobiles, aeroplanes, and oil and gas are subject to intensive public scrutiny, high levels of politics, and fierce competition, according to Roberts (1992). Low consumer visibility and low levels of standard and political rivalry, on the other hand, are traits of low-profile industries, such the food, lodging, and financial sectors, that contrast with those of high-profile industries. Therefore, management will be careful in decision-making and more oriented towards stakeholder interests.

Based on the empirical logic of the relationship between industry type and firm value, the following hypothesis is formulated:

H_a3: Industry type affects firm value.

Debt is one of the financing strategies. The instrument's sensitivity to changes in the firm's value is high in the case of debt. The reason is that debt is not always bad; it can have a beneficial effect when appropriately handled. Below are some examples that illustrate both sides of debt:

a. A company can increase future earnings through financing growth, which requires loans to fund operations such as hiring more people, purchasing new equipment, or funding R&D.
b. Financial Leverage: Debt can increase a company's Return on Equity. If the investment earns more than needed to repay the loan, debt can increase shareholder returns.
c. Fixed-rate debt can help with budgeting because it guarantees that some money will be used for interest payments.
d. Interest paid on debt is generally deductible, lowering the business's overall tax liability.

Negative aspects of debt

a. The risk of bankruptcy increases when a company has more debt than it can pay, which can happen if its earnings fall.
b. Paying a lot of interest can eat into your cash flow and leave you with less for other investments.
c. Too much debt leaves a business open to the vagaries of interest rates and the market.

Therefore, with proper planning and management, debt can be a powerful tool for progress and expansion. However, one must exercise moderation and refrain from taking on excessive debt. Initially, a higher debt-to-equity ratio means a higher stock price. However, as debt levels rise, the company's value begins to decline as the benefits of debt outweigh the costs. Business owners prefer to see their companies take on some debt to maximise their investment.

Soewarno et al. (2017) state that leverage decreases the firm's value. Once a firm reaches a certain level of leverage, further increases in leverage will hurt the firm's value. Since leverage provides more tax benefits than the cost of debt, the firm's value increases to its maximum. An investor would be wary of putting money into a firm whose value is declining because its debt service costs exceed its profits. As a result, the firm's value will increase to a certain threshold and then decrease.

Kurniawati & Khair (2020) state that the value of a firm decreases as its debt level increases. Since the marginal benefit of taking on more debt decreases as the debt level increases, firms are increasingly concerned with maximizing efficiency using debt and equity as financing mechanisms, which hurts their stock prices.

Based on the empirical logic of the relationship between funding policy and firm value, the following hypothesis is formulated:

H_a4: Funding policy affects firm value.

Corporate decisions that provide a mix of assets to support investment needs are known as capital structure choices (myers, 2001). It is a widely acknowledged economic fact that a firm's decision-making process is influenced by its ownership. Marquardt & Sachez (2022) find that the relationship is driven by block holder directors who adopt specialised monitoring duties rather than the confrontational or short-term stances frequently associated with activist shareholders. The results, which stand up well to different model specifications and justifications, indicate that when their incentives coincide, block holder directors can act as debtholders' replacement monitors.

Based on the empirical logic of the relationship between blockholder ownership and funding policy, the following hypothesis is formulated:

H_a5: Blockholder ownership affects funding policy.

Li et al. (2009) delve into the impact of institutional development and ownership structure on chinese companies' financing choices. The findings show a negative correlation between all leverage indicators and foreign ownership. The following arguments are used to support the findings: (a) foreign-owned businesses in china are subject to lower corporate tax rates than other businesses, which means they are not encouraged to use debt to save money on taxes because interest on debt is deductible; and (b) businesses with a high percentage of foreign ownership have access to a wider range of funding sources than other businesses due to their reputation and relationships.

Gupta et al. (2024) found a statistically substantial inverse correlation between leverage and foreign ownership. Foreign investors provide money, enhance human resources, and supply superior technology, which raises productivity and promotes global trade, among other benefits. In this manner, businesses can take advantage of the foreign ownership while also lowering their debt load.

Based on the empirical logic of the relationship between foreign ownership and funding policy, the following hypothesis is formulated:

H_a6: Foreign ownership affects funding policy.

A company's industry type significantly impacts its funding policy. The capital needs, risk profiles, and growth prospects of various industries vary, directly influencing their funding sources and strategies. A company's funding policy is a strategic decision influenced by its industry's specific characteristics and dynamics. Based on the empirical logic of the relationship between industry type and funding policy, the following hypothesis is formulated:

H_a7: Industry type affects funding policy.

Good Corporate Governance Significantly Influences Company Value Through Effective Funding Policies. The Implementation Of Transparent And Accountable Corporate Governance Principles Will Increase Investor And Stakeholder Confidence, Which In Turn Will Facilitate Access To Cheaper And More Diverse Funding Sources. Good Risk Management And Strict Supervision Of Funding Decisions Will Ensure That Funds Are Used Efficiently And Generate Optimal Returns. In Addition, Companies That

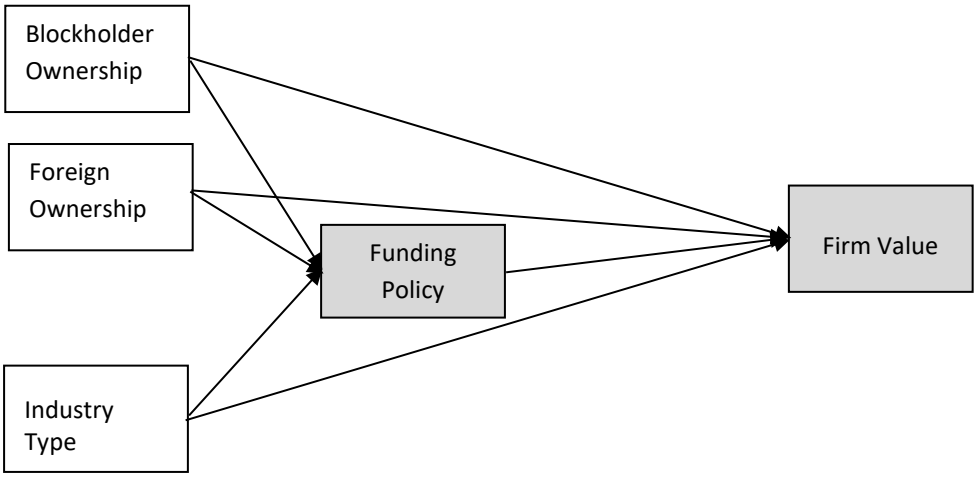
Implement Good Corporate Governance Tend To Have A More Balanced Debt Structure And A Clear Dividend Policy, Thereby Increasing The Financial Stability And Attractiveness Of The Company In The Eyes Of Investors. These Factors Increase The Company's Market Value In The Long Term. The Following Research Hypothesis Can Be Formulated Based On The Framework Of Thought Above:

H_a8: Funding policy mediates the relationship between blockholder ownership and firm value.

H_a9: Financing policy mediates the relationship between foreign ownership and firm value.

H_a10: Financing policy mediates the relationship between industry type and firm value.

Based on the literature review, the research model can be described skeptically as follows:



Figural 1. Conceptual Framework

III. METHOD

This research uses a quantitative research design with a causal nature aimed at testing the influence and relationship of the independent variables blockholder ownership, foreign ownership, and type of industry on the company value variable through funding policy, using path analysis.

A. Data and Samples

This study uses state-owned companies listed on the IDX for the 2020-2024 period as a population of 30 companies representing six sectors. The list of state-owned companies listed on the IDX for the 2020-2024 period is as follows:

Table 1. List of BUMN Registered On The IDX for The 2020-2024 Period

No	Name	Code	Sector
1	PT. Bank Mandiri (Persero) Tbk	BMRI	Financial Service
2	PT. Bank Negara Indonesia (Persero) Tbk	BBNI	Financial Service
3	PT. Bank Rakyat Indonesia (Persero) Tbk	BBRI	Financial Service
4	PT. Bank Tabungan Negara (Persero) Tbk	BBTN	Financial Service
5	PT. Bank Syariah Indonesia Tbk	BRIS	Financial Service
6	PT. BPD Jawa Barat dan Banten Tbk	BJBR	Financial Service
7	PT. Bank Pembangunan Daerah Banten Tbk	BEKS	Financial Service
8	PT. Bank Pembangunana Jawa Timur Tbk	BJTM	Financial Service
9	PT. Perusahaan Gas Negara Tbk	PGAS	Energy
10	PT. Bukit Asam Tbk	PTBA	Energy
11	PT. Pertamina Geothermal Energy Tbk	PGEO	Energy
12	PT. Elnusa Tbk	ELSA	Energy
13	PT. Telkom Indonesia (Persero) Tbk	TLKM	Infrastructure
14	PT. Dayamitra Telekomunikasi Tbk	MTEL	Infrastructure
15	PT. Jasa Marga (Persero) Tbk	JSMR	Infrastructure
16	PT. PP (Persero) Tbk	PTPP	Infrastructure
17	PT. PP Properti Tbk	PPRO	Infrastructure
18	PT. Wijaya Karya (Persero) Tbk	WIKA	Infrastructure
19	PT. Adhi Karya (Persero) Tbk	ADHI	Infrastructure

No	Name	Code	Sector
20	PT. Timah Tbk	TINS	Basic Materials
21	PT. Aneka Tambang Tbk	ANTM	Basic Materials
22	PT. Semen Indonesia (Persero) Tbk	SMGR	Basic Materials
23	PT. Semen Baturaja (Persero) Tbk	SMBR	Basic Materials
24	PT. Krakatau Steel (Persero) Tbk	KRAS	Basic Materials
25	PT. Waskita Karya (Persero) Tbk	WSKT	Basic Materials
26	PT. Kimia Farma Tbk	KAEF	Health
27	PT. Indofarma Tbk	INAF	Health
28	PT. Garuda Indonesia Tbk	GIIA	Transportation & Logistics
29	PT. Waskita Beton Precast Tbk	WSBP	Basic Materials
30	PT. Wijaya Karya Beton Tbk	WTON	Infrastructure

The sample criteria are state-owned companies listed on the IDX for the 2020-2024 period whose financial report data and/or annual reports, as well as stock prices and number of shares outstanding are available, accessible and the required data is complete. The sample was obtained purposively, and 119 pooled data were obtained.

Table 2. Sample Details

No.	Information	2020	2021	2022	2023	2024	Amount
1	State-owned enterprises listed on the IDX	30	30	30	30	30	150
2	Financial reports and/or annual reports are not accessible	5	5	5	5	5	25
3	Incomplete data for 2019-2023	0	0	1	1	4	6
	Complete and processable data	25	25	24	24	21	119

B. Variable Measurement

The research variables include (1) company value as the dependent variable; corporate governance with blockholder ownership and foreign ownership indicators as independent variables; (3) industry type (4) debt financing policy as intervening variable.

1) Firm Value

Firm value represents the price or value that the market can accept for a company. Tobin's Q, which is a ratio that divides a company's market value by the book value of its assets, is used to measure this variable.

The formula for Tobin's Q:

$$\text{Tobin's Q} = \frac{(\text{Market Value of Equity} + \text{Debt})}{\text{Total Assets}}$$

2) Corporate governance is a framework that regulates how a company is managed, starting from the leadership structure, and relationships between shareholders, directors, board of commissioners, and other stakeholders. This variable is indicated by:

a) Blockholder ownership is the number of shares above 5% of the total company shares.
The formula for blockholder ownership:

$$\text{Blockholder Ownership} = \frac{\text{number of blockholder shares}}{\text{number of shares outstanding}} X\ 100\%$$

b) foreign ownership is shares owned by individuals, legal entities or foreign governments.
The formula for foreign ownership:

$$\text{Foreign Ownership} = \frac{\text{number of shares owned by individuals, legal entities or foreign governments}}{\text{number of shares outstanding}} X\ 100\%$$

2) Debt funding policy is a company's decision to use debt funding sources to finance its business activities, including operations, investment and expansion. This variable is indicated by the Debt-to-Equity Ratio (DER) or the extent to which the company relies on debt or equity (own capital) in financing its operations.
The formula for DER:

$$DER = \frac{\text{Total Debt}}{\text{Equity}} X\ 100\%$$

3) Industry type is a grouping of business activities based on the features of goods or services provided by state-owned businesses that are listed on the IDX. This variable is measured by a dummy.

C. Data Analysis Technique

The research data sources are from financial and/or annual reports, stock prices and the number of shares outstanding from 2020-2024 from BUMN listed on the IDX for the 2020-2024 period, which were obtained from the IDX website or company website. The collected research data were then analyzed using descriptive statistics and path analysis using SPSS software version 22 for Windows. If the sig is met, the hypothesis is accepted for direct influence using the t-test. Value <0.05, then he is accepted, while if the sig. Value> 0.05, then he is rejected. Indirect influence refers to the opinion of Hair et al. (2017), namely (1) full mediation effect if there is no direct influence but there is an indirect influence, (2) partial mediation effect occurs if there is both direct and indirect influence, and (3) no-mediation effect if there is no direct influence and no indirect influence.

D. Research Model

Based on Figure 1, the model has two regression equations as follows:

$DER = \alpha_0 + \beta_1 BLO + \beta_2 FOR + \beta_3 TYP + Ɛ$ ..... (1)

$FIR = \alpha_0 + \beta_1 BLO + \beta_2 FOR + \beta_3 DER + \beta_3 TYP + Ɛ$ ..... (2)

Description: α (constant), β (regression coefficient), DER (debt financing policy), BLO (blockholder ownership), FOR (foreight ownership), FIR (firm value), TYP (industry type), and Ɛ (error).

E. Model Testing

Prior to evaluating the model, a traditional assumption test was conducted, including normality, multicollinearity, heteroscedasticity and autocorrelation tests. With the exception of the normality test, model 1 and model 2 satisfy the classical assumptions based on the test findings (Table 3). The abnormal normality assumption findings can be ignored because the number of samples is relatively large (n = 119), referring to the opinion of Ghasemi & Zahediasl (2012), who stated that the use of sample sizes of more than 30 or 40 should not cause significant problems so that parametric statistics can still be used, even when the number of samples is more than hundreds, the data distribution can be ignored.

Next, the fit of the regression model is determined using the F test. A significance level of F <0.05 indicates that the independent variable in the model is an explanatory variable of the dependent variable. Table 5 shows that the F test for model 1 has a sig. <0.05, meaning that blockholder ownership, foreign ownership, and industry type are explanatory variables of DER. The F test for model 2 also has a sig. <0.05, indicating that blockholder ownership, foreign ownership, industry type, and DER are explanatory variables of the company's value. This reaffirms the fit of both models, providing reassurance about the validity of the analysis.

Table 3. Results of the Classical Assumption Test

Assumption	Model 1 $DER = \alpha_0 + \beta_1 BLO + \beta_2 FOR + \beta_3 TYP + Ɛ$	Model 2 $TOBINS' Q = \alpha_0 + \beta_1 BLO + \beta_2 FOR + \beta_3 TYP + \beta_4 DER + Ɛ$
1. Normality	Not Fulfilled	Not Fulfilled
2. Multicollinearity	Fulfilled	Fulfilled
3. Heteroscedasticity	Fulfilled	Fulfilled
4. Autocorrelation	Fulfilled	Fulfilled

IV. RESULT

1) Descriptive Analysis

The descriptive statistical results of each research variable are presented in the table below:

Table 4. Descriptive Statistics Results

	Observation	Mean	Std. Deviation	Minimum	Maximum
Blockholder Ownership	119	64.906	13.435	35.690	99.990
Foreigh Ownership	119	1.440	4.867	.000	27.160
DER	119	377.078	337.275	4.201	1607.858
Firm Value	119	.650	.208	.035	.891

Blockholder ownership is the number of shares above 5% of the company's total shares. Table 3 shows that blockholder ownership in state-owned companies listed on the IDX for the 2020-2024 period is between 35.690% and 99.990%, with an average of 64.906%. The lowest block holder ownership of 35.690% is owned by PT. Bank Pembangunan Daerah Banten Tbk in 2020, while the most significant block holder ownership of 99.990 is owned by PT. Dayamitra Telekomunikasi Tbk in 2020. The average blockholder ownership = 64.906% with SD = 13.435%, showing relatively small data variation. The value of blockholder ownership tends to be more concentrated above the average.

Shares held by foreign governments, corporations, or individuals are referred to as foreign ownership. According to Table 4, foreign ownership of state-owned businesses listed on the IDX from 2020 to 2024 ranges from 0% to 27.160%, with an average of 1.440%. The lowest foreign ownership of 0% is owned, for example, by PT. Bank Mandiri (Persero) Tbk in 2024 and PT. Bukit Asam Tbk in 2024, while the largest foreign ownership of 27.160% is owned by PT. Bank Negara Indonesia (Persero) Tbk in 2023. The average of foreign ownership = 1.440% with SD = 4.867%, which shows that the data variation is relatively large. The value of foreign ownership tends to be more spread out below the average.

Funding policy indicated by DER or the extent to which a company relies on debt or equity (own capital) to finance its operations. Table 4 shows that the DER ratio of state-owned companies listed on the IDX for the 2020-2024 period is between 4.201% and 1,607.858%, with an average of 377.078%. The lowest DER ratio of 4.201% was owned by PT. Bukit Asam Tbk in 2020, while the most significant DER ratio of 1,607.858% was owned by PT. Bank Tabungan Negara (Persero) Tbk in 2020. The average DER ratio = 377.078% with SD = 337.275%, showing that the data variation is relatively small. The DER ratio tends to be more concentrated above the average.

Table 4 shows that the company value measured by Tobin's Q in state-owned companies listed on the IDX for the 2020-2024 period is between 0.035 times the book value and 0.891 times the book value, with an average of 0.650 times the book value. The lowest value of 0.035 times the book value was owned by PT. Bukit Asam Tbk in 2020, while the highest value of 0.891 times the book value was owned by PT. Waskita Karya (Persero) Tbk in 2020. The average of Tobin's Q = 0.650 with SD = 0.208 shows that the data variation is relatively small. Tobin's Q values tend to be more concentrated above the average. In addition, the average value of Tobin's Q, which is less than 1.0, indicates that the average state-owned companies listed on the IDX for the 2020-2024 period have a book value greater than their market value.

2) Regression Analysis

The regression results for model 1 and model 2 are presented in the table below.

Table 5. Regression Results

Variable	Model 1 Dependent Variable: DER			Model 2 Dependent Variable: Firm Value		
	Std. Koef	t value	Prob.	Std. Koef	t value	Prob.
Blockholder Ownership	-.116	-1.390	.167	-.166	-2.512	.013***
Foreignh Ownership	-.043	-.555	.580	.108	1.757	.082*
DER				.796	10.869	.000***
Industry Type	-.525	-6.149	.000***	.215	2.776	.006***
R^2			.329			.590
Adj. R^2			.312			.575
F-Stat			18.834			40.952
Sig. F			.000***			.000***

Description: * significant at the 0.10 level; ** significant at the 0.05 level; and *** significant at the 0.01 level

The regression results of model 1 show that blockholder ownership has a regression coefficient of -0.116 with a t value of -1.390 (p = 0.167) significant α> 10%. Foreign ownership has a regression coefficient of -0.043 with a t value of -0.555 (p = 0.580) significant α> 10%. The type of industry has a regression coefficient of -0.525 with a t value of -6.149 (p = 0.000) significant α = 1%. These results indicate that block holders and foreign ownership do not affect der (debt financing policy), while the type of industry hurts der (debt financing policy). Therefore, h5 and h6 are rejected, and vice versa, h7 is accepted.

The regression results of model 2 show that blockholder ownership has a regression coefficient of -0.166 with a t value of -2.512 (p = 0.013) significant α = 1%. Foreign ownership has a regression coefficient of 0.108 with a t value of 1.757 (p = 0.082) significant α = 10%. DER has a regression coefficient of 0.796 with a t value of 10.869 (p = 0.000) significant α = 1%. The type of industry has a regression coefficient of 0.215 with a t value of 2.776 (p = 0.006) significant α = 1%. These results indicate that blockholder ownership hurts firm value, while foreign ownership, DER, and industry type positively affect firm value. The type of industry also has a positive effect on firm value. Therefore, H1, H2, H3, and H4 are accepted.

3) Mediation Variable Test Result

The table below presents the mediating role of debt financing policy in the relationship between blockholder ownership and foreign ownership and firm value.

Table 6. Mediating Effect of Debt Funding Policy on the Relationship between Blockholder Ownership, Foreign Ownership and Industry Type with Firm Value

	Mediation Variable: DER	Dependent Variable: Firm Value		Total Impact	The Role of Mediation Variable
		Direct Influence	Indirect Influence		
Blockholder Ownership	-.116	-.166***	(-.116) X (.796***) = -.092	-.258	No-Mediation
Foreign Ownership	-.043	.108*	(-.043) X (.796***) = -.034	.074	No-Mediation
Industry Type	-.525***	.215***	(-.525***) X (.796***) = -.418	-.203	Partial-Mediation

Description: * significant at the 0.10 level; ** significant at the 0.05 level; and *** significant at the 0.01 level

Table 6 shows that block holder ownership and foreign ownership have a direct effect on firm value and no indirect effect through debt financing policy. Only the type of firm has a direct and indirect effect on firm value. These results show that debt financing policy has a partial mediation effect on the relationship between the type of firm and firm value. Debt financing policy does not have a mediation impact on the relationship between blockholder ownership and foreign ownership and firm value.

V. DISCUSSION

The study's findings revealed that blockholder ownership, foreign ownership of industry types, and debt financing policies affect company value. The impact of block holders on company value is adverse, meaning that the greater the block holder ownership, the lower the company value. Such conditions illustrate the dominance of block holders in the share ownership structure, responded to by investors with negative sentiment. This means that investors who will invest in the company consider the existence of stockholders who will influence the managerial policy process dominantly; investors do not like this in general. Thus, good governance is needed, as is increasing corporate governance enforcement and directing a more proportional ownership structure.

Funding policy affects the company's value. Increasing the DER ratio will decrease the company's value because it increases the risk of bankruptcy, interest costs, and dependence on debt, making it vulnerable to interest rate fluctuations and market conditions. Borrowing funds is one of the financing strategies. Changes in the value of the company can have a significant impact on debt. Stock prices rise with the debt-to-equity ratio, but there is a tipping point where additional debt will decrease the company's value because the benefits of debt are greater than the costs. To boost the company's value, the firm's owners would prefer the company to take on some debt.

Funding policy is important for companies because it can maximize the company's value (Sulhan & Purnamasari, 2020). Research results reveal that funding policies (proxied by leverage) hurt company value (Soewarno et al., 2017; Faisal et al., 2020;

Akhmadi & Robiyanto, 2020). In this case, leverage can increase the company's value to a certain point, but it will decrease the company's value after reaching the increase in leverage. The increase experienced by the company's value to the maximum point is caused by the leverage that brings more tax benefits than the cost of debt. When the cost of debt is higher than the profit, the company's value will decrease, and investors will feel that their investment is too risky. Thus, the company's value will increase to a certain point and then decrease (Modigliani & Miller, 1963; Soewarno et al., 2017; Harmono et al., 2023).

Debt funding policy (DER) hurts company value; this condition illustrates that the greater the composition of debt in the company's capital structure, the more investors are willing to invest in companies with large debt conditions. Thus, the lower investor's response to investment impacts decreasing stock prices or company value. On the other hand, management can optimize the use of debt and equity as company financing can increase the company's production capacity, sales, and profits. Therefore, funding policy is an important factor that must be considered in determining the optimal capital structure (Harmono et al., 2023; Myers, 1977; Adi et al., 2024). The uniqueness of this research finding shows that leverage can mediate the relationship between industry type and firm value. The results of this study can explain that each type of industry requires different funding policies. The results of this research further enrich information about industry types to support the theory of optimal capital structure (Modigliani & Miller, 1963).

VI. CONCLUSION

Blockholder ownership foreign ownership and industry type have a direct effect on firm value, but indirectly do not have an indirect effect on firm value through debt financing policy (DER) does not mediate the relationship between blockholder and foreign ownership with firm value. The unique findings of this study indicate that leverage (DER) mediates the relationship between industry type and firm value. Debt financing policy (DER) partially mediates the relationship between firm type and firm value.

VII. LIMITATIONS

Some limitations of this study include: first, the use of debt financing policy (DER) as an intervening variable between blockholder ownership and foreign ownership with company value, involving the type of company in state-owned companies, is relatively new. Therefore, conducting a consistency test by re-testing the model and the relationship between variables is still necessary. In reflecting on the research variables, it is necessary to conduct testing with a different measurement model.

The second limitation is that the research data collection is relatively short, only five years (2020-2024) and specifically for state-owned enterprises. This year, several important events significantly impacted the national and global economy, such as the COVID-19 pandemic in 2020. It is still in a period of economic recovery, which is exacerbated by the global recession. Several state-owned enterprises are also facing financial and performance problems, even losses. These state-owned enterprises' conditions can affect the company's value and debt financing policies. However, this study contributes to the development of literature on debt financing policies that play a role in mediating the type of company with the value of the company.

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