

THE INFLUENCE OF PROFITABILITY, INSTITUTIONAL OWNERSHIP, AND MANAGERIAL OWNERSHIP ON STOCK RETURN IN THE ENERGY SECTOR

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Submitted: 10-06-2025, Revised: 26-06-2025, Accepted: 09-07-2025

ABSTRACT

This study aims to examine how stock returns in the energy sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 timeframe are impacted by profitability, institutional ownership, and management ownership. With the aid of Microsoft Excel 2016 and SPSS version 25, multiple linear regression analysis was performed on secondary data taken from firm financial reports. The percentage of shares held by institutions is the basis for institutional ownership, the percentage of shares held by firm management is the basis for managerial ownership, and Return on Assets (ROA) is the basis for profitability. The findings demonstrate that profitability positively and significantly impacts stock returns, suggesting that more profitable businesses typically offer larger stock returns. The fact that managerial and institutional ownership have no discernible impact on stock returns, however, suggests that managerial shareholding and institutional investor participation have no direct bearing on a company's stock performance. This analysis suggests that while institutional and management ownership are not determining variables in predicting stock returns, investors should prioritize profitability when making judgments about energy sector investments.

Keywords: Profitability, Institutional Ownership, Managerial Ownership, Stock Returns, Energy Sector.

1. INTRODUCTION

The economy depends heavily on the capital market as a platform for investments and a source of funding for businesses (Dewi Lubis et al., 2024). Because they offer dividends and financial gains, stocks are the most widely used investment vehicles. However, both internal and external factors might cause fluctuations in stock returns (VA Putri & N Yustisia, 2021). While economic conditions and governmental restrictions are examples of external influences, internal elements include corporate governance, management policies, and financial situations. Investors must comprehend the factors influencing stock returns since stock prices are a crucial sign of a company's performance (Egam, 2017). Businesses in the energy sector are distinct due to their reliance on fluctuating laws and worldwide commodity prices. As a result, researching the variables affecting stock returns in the energy industry is quite pertinent. It is anticipated that the research's conclusions will give management and investors new information.

Since profitability measures a company's capacity to earn a profit, it is one of the primary elements affecting stock returns (Tuasikal & Susianti, 2022). Return on Assets (ROA) measures how well a business makes use of its resources to produce profits. The potential stock returns for investors are increased by a higher ROA. Because it indicates financial stability, investors are more likely to be drawn to businesses with high profitability. High profitability also boosts the company's reputation in the marketplace. Demand for stocks may increase as a result, raising stock prices. Therefore, increased profitability may have a

favorable effect on stock returns. Low profitability, however, can turn off investors and push stock returns lower.

Due to their resources and experience in assessing businesses, institutional investors have an impact on stock returns (Almira & Wiagustini, 2020). Institutional investors can reduce inefficiencies and improve managerial supervision. Businesses typically have better corporate governance when there is more stringent oversight. Investor trust in the company's performance rises as a result. Excessive institutional ownership, however, may restrict managers' ability to make strategic choices. Institutional investors occasionally put short-term profits first. This may limit a business's capacity for long-term expansion. Thus, depending on the situation, institutional ownership has a different effect on stock returns.

The degree to which a company's management owns stock in the business they run is known as managerial ownership (Egam, 2017). A high degree of managerial ownership might encourage management to improve the performance of the business. Managers are more inclined to make choices that serve the interests of shareholders when they possess shares. Stock prices may rise as a result, and investor confidence may grow. Conflicts of interest, however, might result from extensive managerial ownership. Managers may put their own interests ahead of those of other shareholders when making choices. On the other hand, a lack of managerial ownership might make management less dedicated to increasing the value of the organization. Therefore, striking a balance between managerial ownership and stock returns is essential.

In keeping with its stated goals, this research is anticipated to yield a number of advantages. This study improves our knowledge of the effects of management ownership, institutional ownership, and profitability on stock returns in energy sector businesses and establishes the framework for further research in this field. Investors, especially those in the energy sector, might use the findings as a useful guide when making investment decisions. Furthermore, the management of the organization can use this research as a strategic tool to create long-term, sustainable strategies.

Examining the effects of management ownership, institutional ownership, and profitability on stock returns in the energy sector listed on the Indonesia Stock Exchange (IDX) between 2020 and 2023 is the goal of this study. It is essential to comprehend these linkages because they provide light on the variables affecting stock performance in a sector that is marked by changes in regulations and swings in commodity prices. By helping corporate decision-makers optimize their governance methods to increase company value and providing investors with a better knowledge of the primary drivers of stock returns, the study findings are anticipated to advance both theoretical and practical viewpoints.

The findings may also help policymakers create policies that promote investor trust and market stability. This study offers current and pertinent insights that can assist stakeholders in managing investment risks and making well-informed financial decisions, given the energy sector's critical role in economic growth and its susceptibility to global market dynamics. Additionally, by concentrating on developing markets, where corporate governance frameworks and investment practices may differ from those in established nations, this study adds to the body of current knowledge. As a result, the findings are useful for cross-border comparisons and further research.

There are six primary sections to this study. The introduction, the first section, provides the study's background, goals, and subjects. The theoretical review, which covers theories and concepts pertinent to the research topic, is covered in the second portion. A literature review that looks at earlier research on the subject is included in the third section. The research methodology is then explained in the fourth section, which also covers the methods and techniques employed in this investigation. The research findings, analysis, and discussion are presented in the fifth section. The conclusion, which summarizes the main conclusions, research implications, and suggestions for additional research, is finally included in the sixth section.

Stakeholder Theory

According to the stakeholder theory, conflicts of interest in corporate governance may arise from the connection between shareholders as principals and management as agents (Freeman, R. E., 1984). Profitability, which measures how well management uses corporate resources to produce profits, is one element that lessens this tension. High profitability suggests that management has taken the best possible actions to improve the performance of the business, which should lead to higher stock returns for investors (Putra & Santoso, 2020). On the other hand, low profitability may cause investors to lose faith in the company's abilities, which could result in lower stock returns (Rahmawati, 2021). Profitability data is a crucial metric used by investors in the capital market to evaluate a company's prospects and make investment choices. Therefore, profitability, as part of a company's financial performance, plays a crucial role in shaping investor expectations regarding stock returns.

Signalling Theory

According to signaling theory, information management communicates to investors about the company's prospects for the future can be seen as a signal, especially regarding ownership structure and how it affects stock returns (Spence, M., 1973). As a component of corporate governance, managerial and institutional ownership show internal and external stakeholders' confidence in the company's success. It is anticipated that more optimal activities to increase firm value will be encouraged by high managerial ownership, which shows that management has a direct financial interest in the business (Jannah & Khoiruddin, 2019). Institutional ownership, on the other hand, may indicate more stringent management control, which would enhance transparency and lessen possible conflicts of interest (Muzakki, 2022). Investors utilize this data to evaluate a company's stability and future prospects in the capital market, which ultimately affects their choice to invest. Investor expectations for stock returns are thus significantly shaped by managerial and institutional ownership, which are elements of corporate governance.

Stock Return

The outcomes of stock investments are known as stock returns, and they are a crucial metric for evaluating the performance of investments (Elton et al., 2017). Returns include predicted returns, which are forecasted for the future to gauge possible profits and investment risks, and realized returns, which are computed using historical data and used to measure corporate performance (Hartono, 2014; Santoso et al., 2023). A number of factors affect stock returns, including changes in the stock price, dividend payments, internal business conditions, and external factors including market stability and economic policy (Lumantow, 2022). To reduce risks and optimize long-term benefits, investors must have a thorough understanding of stock returns in order to make logical investing decisions and create portfolio diversification strategies. Because past data can be utilized to examine financial performance and create future predicted returns, realized returns are the main focus of this study.

Profitability

When making investment selections, investors frequently take a company's profitability into account (Kieso et al., 2020). A financial ratio called return on assets (ROA) gauges how well a business uses its resources to produce a profit. ROA, which shows how much profit a business makes from each unit of its assets, is computed by dividing net income by total assets. A high return on assets (ROA) suggests that a business can efficiently manage its resources to generate higher profitability (Brigham & Houston, 2021). Investors frequently use ROA as a fundamental indicator when assessing a company's performance in relation to stock returns. Since the company is thought to have consistent and successful financial performance, the higher the ROA, the higher the prospective stock return (Putri & Wahyudi, 2022).

Ha1: Return on Asset significantly impacts and has positive effects on Stock Return.

Institutional Ownership

The percentage of a company's shares held by financial organizations like banks, insurance providers, or pension funds is known as institutional ownership. Compared to individual investors, institutional shareholders are frequently thought to have the ability and resources to keep an eye on and supervise company performance (Gillan S.L., 2006). Greater confidence among other investors can result from high institutional ownership, which can improve company governance and lower the danger of opportunistic management actions. According to earlier research, firms with a large institutional ownership base typically have higher stock returns because their management practices are subject to more stringent monitoring (Wibowo & Santosa, 2022).

Ha2: Institutional Ownership significantly impacts and has positive effects on Stock Return.

Managerial Ownership

The percentage of shares held by a company's executives and directors is known as managerial ownership. According to agency theory, managerial ownership can reduce conflicts of interest between managers and external shareholders since managers who own company shares are more likely to act in the best interests of shareholders (Morck et al., 1988). Management is more likely to make choices that improve business performance and, eventually, increase stock returns when they have a direct financial stake. Prior research has demonstrated that a rise in managerial ownership can boost a company's capital market value and bolster investor confidence (Prasetyo & Handayani, 2023).

Ha3: Institutional Ownership significantly impacts and has positive effects on Stock Return.

2. RESEARCH METHOD

The approach used in this study is quantitative descriptive research. The study uses secondary data, or cross-sectional data, collected from the yearly financial reports of banks listed between 2020 and 2023 on the Indonesia Stock Exchange (IDX). In this study, non-probability sampling was the sample approach employed. Purposive sampling is the strategy used in this sample design, which involves carefully choosing components that meet predefined standards drawn from the study's goals. The following criteria were used to determine the study's sample: (1) Energy sector traded on IDX from 2020 to 2023; (2) Energy sector that had no initial public offering (IPO) from 2019.

This study examines information gathered from samples of 88 energy-related companies that were listed on the Indonesian Stock Exchange (BEI) between 2019 and 2023. Nonetheless, 43 institutions in all were selected as samples based on predetermined standards. Microsoft

Excel software was used for data organization and purification throughout data processing, and the most recent version of the Statistical Package for the Social Sciences (SPSS) Version 25 was used for statistical analysis. Using this specific sample, the study aims to gain a deeper knowledge of financial performance and the factors influencing it in Indonesia's energy sector.

Stock Return

The gain or loss that investors experience from owning shares is reflected in the stock return, which is impacted by both internal and external causes (Elton et al., 2017). It is computed as follows:

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$$

where P_t is the stock price at time t and P_{t-1} is the previous stock price on December 31st.

Return on Assets

Return on Assets (ROA) quantifies how well a business makes money off of its assets. Better financial performance is indicated by a higher ROA (Kieso et al., 2020). It is computed as follows:

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

Institutional Ownership

According to Gillan S.L. (2006), institutional ownership is determined by taking into account the shares that financial institutions own, which improve corporate governance and monitoring. It is computed as follows:

$$IO = \frac{\text{Total Shares Owned by Institutions}}{\text{Total Outstanding Shares}} \times 100\%$$

Managerial Ownership

The percentage of shares held by directors and executives is referred to as managerial ownership. Increased ownership reduces agency conflicts by bringing management's interests into line with those of shareholders Morck et al. (1988). It is computed as follows:

$$MO = \frac{\text{Total Shares Owned by Management}}{\text{Total Outstanding Shares}} \times 100\%$$

3. RESULTS AND DISCUSSIONS

A critical step in regression analysis is the normality test to ascertain if the residuals are regularly distributed. The normality of residuals is a fundamental premise of parametric statistical tests, guaranteeing the objectivity of the calculated coefficients and the validity of hypothesis testing. The One-Sample Kolmogorov-Smirnov (K-S) Test, which determines if the sample distribution differs noticeably from a normal distribution, is one of the often used techniques for determining normality.

Table 1. Normality Test
 Source: Processed by the author

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		78
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	0.345499882
Most Extreme Differences	Absolute	0.077
	Positive	0.077
	Negative	-0.048
Test Statistic		0.077
Asymp. Sig. (2-tailed)		0.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

The asymptotic significance (2-tailed) value of 0.200 exceeds the significance level of 0.05. The null hypothesis of normality cannot be disproved because $0.200 > 0.05$, suggesting that the residuals have a normal distribution. This outcome supports the validity of further statistical conclusions drawn from the regression model by confirming that the normalcy assumption is met.

A high correlation between independent variables in a regression model is known as multicollinearity, and it can skew coefficient estimation and lower the validity of statistical conclusions. Analyzing the Variance Inflation Factor (VIF) and Tolerance values is a popular technique for identifying multicollinearity. While tolerance is the inverse of VIF and shows the percentage of variance not explained by other independent variables, VIF shows how much the variance of a regression coefficient is exaggerated due to multicollinearity.

Table 2. Multicollinearity Test
 Source: Processed by the author

COEFFICIENTS ^a								
Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
							Tolerance	VIF
1	(Constant)	0.495	0.167		2.960	0.004		
	ROA	0.073	0.024	0.337	3.029	0.003	0.960	1.042
	IO	-0.013	0.019	-0.071	-0.644	0.522	0.990	1.010
	MO	0.015	0.061	0.027	0.242	0.809	0.962	1.040

a. Dependent Variable: Rt

With ROA = 1.042, IO = 1.010, and MO = 1.040, the VIF values for each of the independent variables (ROA, IO, and MO) in the table are less than 10. Given that a VIF threshold of less than 10 indicates that collinearity is not a significant worry, these values show that there is no severe multicollinearity. Furthermore, all of the tolerance values (ROA = 0.960, IO = 0.990, MO = 0.962) are near to 1, which further supports the idea that each independent variable adds something distinct to the model without a lot of repetition. Multicollinearity is absent from this regression model since the VIF values are low and the tolerance values are high. This guarantees the stability of the estimated coefficients and the validity of the interpretations of the effects of the independent factors on the dependent variable.

Inefficient estimations and incorrect hypothesis testing can result from heteroscedasticity, which happens when the variance of the residuals in a regression model varies across observations (Gujarati & Porter, 2009). Analyzing the significance values (Sig.) of the independent variables in a heteroscedasticity test, like the Glejser or Breusch-Pagan tests, is a popular method for detecting heteroscedasticity.

Table 3. Heteroscedasticity Test
 Source: Processed by the author

COEFFICIENTS ^a								
Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
							Tolerance	VIF
1	(Constant)	0.495	0.167		2.960	0.004		
	ROA	0.073	0.024	0.337	3.029	0.003	0.960	1.042
	IO	-0.013	0.019	-0.071	-0.644	0.522	0.990	1.010
	MO	0.015	0.061	0.027	0.242	0.809	0.962	1.040

a. Dependent Variable: Rt

Heteroscedasticity is suggested if the Sig. value is greater than 0.05, which shows that the independent variable has no discernible impact on the residuals' variance. Since IO and MO in this instance have Sig. values higher than 0.05, they are not involved in heteroscedasticity. Nonetheless, ROA's Sig. value of 0.003, which is less than 0.05, indicates that it might be a factor in heteroscedasticity.

Instead than assessing multicollinearity directly, the Durbin-Watson (DW) test is frequently employed to find autocorrelation in regression residuals. When residuals are correlated across observations, it's called autocorrelation and might be a sign of problems with the model specification (Gujarati & Porter, 2009). Severe autocorrelation can occasionally be connected to collinearity among independent variables, even if the DW statistic does not specifically identify multicollinearity. There is no discernible autocorrelation in the residuals of the regression model, as indicated by the Durbin-Watson score of 2.026, which is around the optimal threshold of 2.0.

Table 4. Autocorrelation Test
 Source: Processed by the author

MODEL SUMMARY ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.345 ^a	0.119	0.083	0.36212	2.026

a. Predictors: (Constant), ROA, IO, MO

b. Dependent Variables: Rt

Ordinary least squares (OLS) regression is supported by the assumption that the residuals are independent when the Durbin-Watson value falls between 1.5 and 2.5. Positive autocorrelation would be indicated by a number less than 1.5, whereas negative autocorrelation would be suggested by a value more than 2.5. The model does not show autocorrelation problems because the resulting value falls within the permitted range.

A statistical technique for examining the relationship between a dependent variable and two or more independent variables is multiple linear regression. By adjusting for other variables, this technique assists in determining the degree to which each independent variable affects the dependent variable.

Table 5. Multiple Linear Regression
Source: Processed by the author

COEFFICIENTS ^a								
Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
							Tolerance	VIF
1	(Constant)	0.495	0.167		2.960	0.004		
	ROA	0.073	0.024	0.337	3.029	0.003	0.960	1.042
	IO	-0.013	0.019	-0.071	-0.644	0.522	0.990	1.010
	MO	0.015	0.061	0.027	0.242	0.809	0.962	1.040

a. Dependent Variable: Rt

Based on the multiple linear regression results, the regression model can be formulated as follows:

$$R_t = 0.495 + 0.073(ROA) - 0.013(IO) + 0.015(MO) + \epsilon$$

This equation indicates that Return on Assets (ROA) has a positive and significant effect on stock return, while Institutional Ownership (IO) and Managerial Ownership (MO) have an insignificant effect. The constant value of 0.495 suggests that when all independent variables are zero, the expected stock return is 0.495.

The coefficient of determination (R^2) in the model is 0.119, indicating that 11.9% of the variation in stock return (R_t) can be explained by the independent variables: Return on Assets (ROA), Institutional Ownership (IO), and Managerial Ownership (MO).

Table 6. The Coefficient of Determination
Source: Processed by the author

MODEL SUMMARY ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.345 ^a	0.119	0.083	0.36212	2.026

a. Predictors: (Constant), ROA, IO, MO

b. Dependent Variables: Rt

The adjusted R^2 value of 0.083 suggests a slight reduction after adjusting for the number of predictors, implying that the explanatory power of the model is relatively low. This means that other external factors not included in the model may have a more significant influence on stock returns.

A statistical test called the F-test is used to assess whether the independent variables in a regression model as a whole significantly affect the dependent variable. By contrasting the explained and unexplained variances, it evaluates the model's overall fit. This indicates that at least one of the independent variables helps to explain fluctuations in the dependent variable. A high F-statistic and a low significance value (p-value) imply that the regression model fits the data better than a model without predictors.

Table 7. F-Test
 Source: Processed by the author

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.307	3	436	3.322	0.024 ^b
	Residual	9.704	74	131		
	Total	11.011	77			
a. Dependent Variables: Rt						
b. Predictors: (Constant), ROA, IO, MO						

The overall significance of the regression model is assessed using the F-test in the ANOVA table. The model is statistically significant at the 5% level, according to the F-statistic value of 3.322 and the significance level (Sig.) of 0.024. This indicates that stock returns (R_t) are significantly impacted by at least one of the independent variables: Return on Assets (ROA), Institutional Ownership (IO), or Managerial Ownership (MO). The null hypothesis, according to which all regression coefficients are equal to zero, is rejected since the p-value is less than 0.05, indicating that the independent factors together have an impact on the dependent variable.

T-Test

In a regression model, each independent variable's statistical significance in explaining the dependent variable is assessed using the t-test. It determines if each independent variable's coefficient, which represents its unique contribution to the model, deviates noticeably from zero. A low significance level (p-value) and a high t-value indicate that the independent variable has a significant effect on the dependent variable.

Table 8. T-Test
 Source: Processed by the author

COEFFICIENTS ^a							
Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics
1	(Constant)	0.495	0.167		2.960	0.004	
	ROA	0.073	0.024	0.337	3.029	0.003	0.960
	IO	-0.013	0.019	-0.071	-0.644	0.522	0.990
	MO	0.015	0.061	0.027	0.242	0.809	0.962
a. Dependent Variable: Rt							

The Return on Assets (ROA) variable has a t-value of 3.029 and a significance level (Sig.) of 0.003, which is below 0.05, according to the coefficients table. This suggests that ROA has a significant impact on stock returns (R_t). With p-values of 0.522 and 0.809, respectively, above 0.05, Institutional Ownership (IO) and Managerial Ownership (MO) do not appear to have a statistically significant effect on stock returns in this model.

According to the regression results, stock returns (R_t) are significantly positively impacted by return on assets (ROA). ROA is demonstrated to be a significant factor in determining stock returns with a coefficient value of 0.073, a t-value of 3.029, and a significance level of 0.003 (below 0.05). This result is consistent with the basic idea that investor confidence is significantly influenced by profitability. An organization's capacity to produce profits effectively from its assets is indicated by a greater ROA, which attracts more investors and

may raise stock prices. The idea that profitability increases shareholder value is supported by the positive correlation between ROA and stock returns, which incentivizes market participants to invest in companies that exhibit great financial performance.

However, with a coefficient of -0.013, a t-value of -0.644, and a significance level of 0.522, Institutional Ownership (IO) does not appear to have a meaningful impact on stock returns. Although it is not statistically significant, the negative coefficient raises the possibility of an adverse association. This outcome might be the consequence of institutional investors' propensity for long-term investing as opposed to speculative trading, which may mitigate short-term impacts on stock prices. Furthermore, institutional investors may have a greater impact in particular markets or sectors, so their mere existence does not always cause short-term changes in stock prices.

Similarly, with a coefficient of 0.015, a t-value of 0.242, and a significance level of 0.809, Managerial Ownership (MO) likewise had no discernible effect on stock returns. Although the positive coefficient points to a possible upward influence, its negligibility reveals that, in this case, managerial ownership is not a significant factor in determining stock performance. One explanation for this might be that managerial ownership isn't significant enough to match management's objectives with maximizing shareholder value. High levels of managerial ownership can occasionally result in entrenchment, as managers put their own interests ahead of the wealth of shareholders, negating any anticipated boost to stock gains.

The results emphasize the significance of profitability in boosting investor confidence by indicating that, out of the three independent variables, only ROA has a statistically significant effect on stock returns. Structural variables like ownership concentration, investment strategies, or firm-specific governance procedures may be the cause of IO and MO's lack of significance. To better understand the intricate links between ownership arrangements and stock performance, future study could include additional moderating factors like market conditions or company governance standards.

4. CONCLUSIONS AND SUGGESTIONS

The study's conclusions show that only Return on Assets (ROA), out of the three independent factors examined, significantly increases stock returns. This finding emphasizes how important profitability is in affecting stock price fluctuations and investor confidence. Institutional ownership (IO) and managerial ownership (MO), on the other hand, had no discernible influence on stock returns, indicating that ownership structures by themselves might not be very effective predictors of stock performance in the setting under study. Because ownership does not always equate to increased shareholder value, institutional investors' long-term investment strategy or the potential for management entrenchment may be the cause of IO and MO's insignificance. These results support the notion that stock returns are still primarily influenced by financial performance, especially profitability.

The findings of this study have significant implications for investors, corporate management, and policymakers. The substantial positive correlation between ROA and stock returns emphasizes to investors how crucial it is to take profitability into account when choosing an investment. Businesses with more ROA are more likely to produce steady and alluring returns, which makes them desirable investment options. According to the findings, increasing profitability via strategic financial management and effective resource use is crucial for corporate management to increase investor trust and enhance stock performance.

Furthermore, enterprises should concentrate on more comprehensive governance and operational strategies rather than depending exclusively on ownership structures to generate stock returns, as seen by the lack of notable impacts from institutional and managerial ownership. These insights may also be used by policymakers to create rules that promote stock market financial stability, corporate responsibility, and transparency.

Several suggestions can be made in light of these findings. Since profitability has a direct impact on stock returns, businesses should concentrate on increasing operational efficiency and asset utilization to increase profitability. Additionally, rather of depending only on ownership arrangements, investors should take profitability metrics like ROA into account when making investment selections. It is advised that future studies investigate additional variables, such as market conditions or company governance practices, that can mitigate the association between ownership structure and stock returns. To give a more thorough grasp of the variables affecting stock performance, future research might possibly increase the sample size and incorporate additional industries.

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