THE EFFECT OF OWNERSHIP TYPES ON VALUE RELEVANCE: AN EMPIRICAL STUDY IN INDONESIA

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ABSTRACT
Financial reports are fundamental in the world of investment and financier. It provides them with the necessary information to make informed decisions. This study aims to analyze the impact of various ownership types on the relevance of financial information. This study analyzed the data collected from the Indonesia Stock Exchange from 2018 to 2020. The research sample was analyzed using panel data regression. It used a panel data analysis method to examine the findings. The results revealed that foreign, institutional, and government ownership had a negative impact on the book value, while earnings were more relevant for families and foreign owners. Thus, it can be said that different ownership types have different effects on the relevance of book value and earnings.

Keywords: *Accounting information, Book value, Earnings, Financial reports, Ownership types, Value relevance.*

1. INTRODUCTION

In the realm of capital markets and investments, financial statements are essential. The financial statements include a variety of details regarding a company's financial situation. The accounting information presented can help investors and other capital providers in considering and making investment decisions. This is in alignment with the main purpose of financial reporting, which is to give lenders, other creditors, and present and potential investors financial information about the reporting business to help them decide whether to lend money to the entity or not (Ikatan Akuntan Indonesia, 2022)). The company's share price on the stock market reflects the responses to investor decisions or financial reports. The efficacy of financial statement users and investors in making decisions will rise with the quality of financial statements. To raise the standard of financial statements, a few basic qualitative requirements must be satisfied. Relevance and faithful representation comprise up the core qualitative characteristics of financial statements. If financial data has the potential to affect users' actions and have an impact, it is considered relevant. (Ikatan Akuntan Indonesia, 2022). The ability of accounting numbers to condense the information behind stock prices is what determines the value relevance of accounting information (Francis & Schipper, 1999). When a company publishes financial statements with value relevance, the information given enables investors to evaluate the quality of the reported earnings and make well-informed judgments (Saji, 2022). One perspective on this strategy holds that investors should be able to independently forecast future returns using accounting data. By examining how the market reacts to information that investors value and appreciate, accountants may be able to further enhance the value of financial statements.

The relationship between accounting data and the market value of stock is examined in value relevance research. The purpose of this study is to determine whether investors can determine the present value of a company's future economic benefits from its accounting data (Bowerman & Sharma, 2016). Investors can make better decisions about their investments when they have access to relevant financial data. Thus, the accounting information presented by the company goes into the stock price (Chen et al., 2020). Hence, the company's stock price will represent investors' assessment of the financial information when they utilize it to make investment decisions. The value relevance of financial statements as they relate to the market value of company shares has been the subject of numerous studies. These studies have concluded that book value per share and earnings per share are more relevant than other accounting information (Ahmadi & Bouri, 2018; Elshandidy, 2014). The usefulness and relevancy of accounting information is influenced by a number of factors, such as market segment differences (Elshandidy, 2014), applicable accounting standards (Agbodjo & Toumi, 2021), auditors and financial reporting quality (Abdollahi et al., 2020), earnings management (Mostafa, 2017), ownership type (Diab et al., 2021), and other factors.

In agency theory, there are two interrelated parties, namely the principal and the agent. The principal is the party that employs the agent to act in accordance with the wishes of the principal, including in terms of delegating authority from the principal to the agent in making decisions in the company (Jensen & Meckling, 1976). Agency theory discusses the resolution of two problems that can occur in the relationship between the principal and the agent, namely when the principal and the agent have conflicting goals, making it difficult for the principal to verify and ensure whether what the agent is actually doing is correct, and also in terms of risk sharing. Principals and agents are alleged to have different attitudes towards risk due to uncertainty. Each party may choose different actions due to different risk preferences (Kurvinen et al., 2016). Differences in action can also be caused by the imbalance of information they have. The agent will have more information than the principal, because the agent is directly related to the company, and because of different interests, it can harm the principal (Ali, 2020).

In order to deliver high-quality financial reports, management plays a crucial role. Management decisions have a significant impact on the quality of accounting data. Because of this, businesses require governance that can secure accounting data from dishonest accounting techniques. Corporate governance can lessen agency conflicts, which can lead to investor information bias. The presence of corporate governance enhances value relevance by assuring that investors have been given fair information (Pratiwi et al., 2019). The presence of a shareholding structure within the corporation is one type of corporate governance. There are many different kinds of ownership in a corporation, including institutional, government, family, management, and foreign ownership. The company's various ownership structures will affect managerial decision-making and the value relevance of accounting information. Diverse shareholdings in a company can serve as a strong control mechanism to support the corporate governance system. However, research that discusses ownership type and value relevance is still relatively minimal in the Indonesian capital market, and has mixed results. In contrast to previous studies that only focus on institutional ownership and value relevance, by analyzing the impact of institutional ownership, government ownership, family ownership, management ownership, and foreign ownership on value relevance, this study seeks to advance earlier studies. In order to determine the value relevance of each kind of ownership in all industries for businesses listed on the Indonesia Stock Exchange between 2018 and 2020.

Accounting information's value relevance are influenced by institutional ownership. Institutional share ownership is believed to increase value relevance because institutional companies are financial companies, so the monitoring carried out will be tighter. Diab et al. (2021) discovered that the value relevance of accounting information and institutional ownership have a strong positive association. In keeping with Diab et al. (2021) research, Omran & Tahat (2020) also discovered a strong positive correlation between institutional ownership and stock prices. Institutional ownership is believed to increase value relevance because institutional companies are companies engaged in finance, both banks and other financial institutions, so that the monitoring carried out will be tighter. Institutional ownership is very effective in supervising management and minimizing earnings management (Al-Duais et al., 2021), demonstrates that the stock price accurately represents the company's worth. It is stated that institutional investors possess the ability and motivation to oversee and penalize corporate executives, thus enhancing internal oversight and company value (Huang and Boateng, 2016). Therefore, the hypothesis in this study is formulated as follows.

H_1: Institutional ownership has a positive effect on the value relevance of accounting information**.**
H_{1a}: Institutional ownership has a positive effect on the value relevance of book value.
H_{1b}: Institutional ownership has a positive effect on the value relevance of earnings value.

Accounting information's value relevance are impacted by government ownership.Yasser et al. (2016), iscovered that government ownership lowers the quality of the financial figures that are given, which reduces their value relevance. Government employees may raise earnings and book value of equity manipulation in government-owned businesses, which ultimately affects the relevance of the equity's worth (Mirza et al., 2018). Research by Lassoued et al. (2017), demonstrates how ownership by the government leads to more earnings management techniques and a decline in value relevance. According to the findings of Lassoued et al. (2017), research by Nguyen et al. (2021) discovered that government ownership improves earnings management. Shleifer (1998) explains that compared to privately held businesses, public sector corporations typically have inferior audit quality and governance, which results in a lesser level of accountability. Therefore, the hypothesis in this study is formulated as follows.

H_2: Government ownership negatively affects the value relevance of accounting information.
H_{2a}: Government ownership negatively affects the value relevance of book value.
H_{2b}: Government ownership negatively affects the value relevance of earnings.

Accounting information's value relevance is impacted by family ownership. One of the effective controls in the ownership structure of the company is the presence of family ownership, which helps reduce agency conflicts between principal and agent. Because agents in family companies are generally family members, so that their goals and motivations are still aligned with the goals of the principal as the owner. Financial statements have a higher level of relevance when they come from family-owned businesses with family members holding key management positions. (Basly and Saadi, 2020). Kim and An (2019) discovered that while family ownership benefits the business, a rise in family ownership will enhance reported earnings quality as measured by value relevance. This might be the result of the family's efforts to maintain their repute. (Lassoued et al., 2017). Al-Duais et al. (2021) discovered that family ownership is highly successful at managing and limiting earnings management when seen from the viewpoint of earnings management, which affects raising value relevance. Therefore, the hypothesis in this study is formulated as follows.

H_3: Family ownership has a positive effect on the value relevance of accounting information.
H_{3a}: Family ownership has a positive effect on the value relevance of book value.
H_{3b}: Family ownership has a positive effect on the value relevance of earnings value.

Accounting information's value relevance are influenced by managerial ownership. Excellent financial reports consistently and accurately depict the company's phenomenon, making the financial data useful for investors to consider while making decisions. Accounting information's value and usefulness may rise as managers hold more of it. Top management's ownership of shares in a company is seen to better match managers' and shareholders' interests and reduce agency issues. When a manager has ownership in a company, they will gradually align their interests with the interests of shareholders, who are none other than themselves and discipline and control the management of the company (Rohim et al., 2018). By providing more relevant accounting information, they will try to raise the quality of the information they provide, and the company's stock price will reflect this (Widyatama et al., 2017). Nguyen et al. (2021) discovered that managerial ownership lessens the use of earnings management strategies, which raises the value relevance. Therefore, the hypothesis in this study is formulated as follows.

H_4: Managerial ownership positively affects the value relevance of accounting information.
H_{4a}: Managerial ownership has a positive effect on the value relevance of book value.
H_{4b}: Managerial ownership has a positive effect on the value relevance of earnings value.

Accounting information's value relevance is impacted by foreign ownership. According to Kim and An (2019), there is a significant positive correlation between foreign ownership and the value relevance of accounting information. Bae and Jeong (2007) discovered that organizations with a large percentage of foreign ownership might enhance the value relevance of accounting information due to the fact that foreign investors typically perform thorough and efficient monitoring and have easy access to accounting information. This is a result of the extremely high standards of financial information disclosure demanded by international investors. Nguyen et al. (2021) discovered that businesses with foreign ownership have less earnings management techniques. Yasser et al. (2016) discovered that foreign ownership raises the quality of the financial statements given, indicating an improvement in the value relevance of the financial statements. Therefore, the hypothesis in this study is formulated as follows.

H_5: Foreign ownership has a positive effect on the value relevance of accounting information.
H_{5a}: Foreign ownership has a positive effect on the value relevance of book value.
H_{5b}: Foreign ownership has a positive effect on the value relevance of earnings.

2. RESEARCH METHODS

Table 1 shows the results of the research sampling based on the predetermined criteria.

Tabel 1. Sampling Results

Sample Criteria	2018	2019	2020	Total
Business entities listed on the IDX	619	668	713	**2.000**
(-) Not published financial statements	(5)	(12)	(21)	**(38)**
(-) Not had the variables needed in the study	(22)	(23)	(25)	**(70)**
(-) Not presented Financial Statements using Rupiah currency	(89)	(91)	(90)	**(270)**
(-) Not closed on December 31	(3)	(3)	(4)	**(10)**
(-) Experienced capital deficiency	(17)	(17)	(21)	**(55)**
Final sample	483	522	552	**1.557**

In this study, there are three types of variables, namely dependent variables, independent variables, and control variables. The dependent variable used in this study is the value relevance of accounting information. Market price per share (MPS_{it}) is used in this study as a predictor of the value relevance of accounting information. In the research of Diab et al. (2021), this relevance measurement is a development of the model (Ohlson, 1995). The value relevance of accounting information is seen from the relationship between book value per share and stock market value or the relationship between earnings per share and stock price (Abdollahi et al., 2020). The market price per share (MPS_{it}) is calculated based on the closing market price three months after December 31 of year t. The independent variables used in this study are book value per share, earnings per share, and ownership type. Book value per share (BVS_{it}) shows the value of equity over the number of shares outstanding, where the BVS value is obtained by dividing the company's total equity by the number of common shares outstanding. The value of earnings per share (EPS_{it}) shows the value of the company's net income over the number of shares outstanding, where the EPS value is obtained from net income attributable to owners divided by the number of common shares outstanding. The ownership type variable used is divided into five, namely institutional ownership level (IO_{it}), which is the proportion of common shares owned by institutional owners; government ownership level (GO_{it}), which is the proportion of common shares owned by the government; family ownership level (FO_{it}), which is the proportion of common shares owned by family; managerial ownership level (MO_{it}), which is the proportion of common shares owned by management; and foreign ownership (FRO_{it}), which is the proportion of common shares owned by foreigners. The control variables used in this study are firm size ($SIZE_{it}$), which shows the size of the company at the end of the year, where the SIZE value is obtained from the natural logarithm of the company's total assets; leverage (LEV_{it}), which shows the company's leverage at the end of the year, where the LEV value is measured as total liabilities divided by the company's total assets; and Covid-19 pandemic ($COVID_{it}$), which is a dummy variable indicating the Covid-19 pandemic event, where a value of 0 is given if the company's financial statements are published before the Covid-19 pandemic event (2018 and 2019), and a value of 1 if published during the Covid-19 pandemic (2020).

After the research data collection is carried out, the regression model is tested using multiple linear regression. The data processing stage starts from the data validity test, which includes normality test, heteroscedasticity test, autocorrelation test, and multicollinearity test. Before conducting hypothesis testing, the author determines the best estimation technique that the author will use in regressing the research model, namely choosing between the common effect model or fixed effect model or random effect model. After the estimation technique is determined, the data is then regressed for hypothesis testing. The following is the regression model used in this study.

$$\begin{aligned} MPS_{it} = {} & \alpha + \beta_1 BVS_{it} + \beta_2 EPS_{it} + \beta_3 IO_{it} + \beta_4 GO_{it} + \beta_5 FO_{it} + \beta_6 MO_{it} + \beta_7 FRO_{it} + \beta_8 BVS{*}IO_{it} + \beta_9 EPS{*}IO_{it} + \\ & \beta_{10} BVS{*}GO_{it} + \beta_{11} EPS{*}GO_{it} + \beta_{12} BVS{*}FO_{it} + \beta_{13} EPS{*}FO_{it} + \beta_{14} BVS{*}MO_{it} + \beta_{15} EPS{*}MO_{it} + \\ & \beta_{16} BVS{*}FRO_{it} + \beta_{17} EPS{*}FRO_{it} + \beta_{18}\ SIZE_{it} + \beta_{20} COVID_{it} + \varepsilon_i \end{aligned} \quad (1)$$

Where, MPS_{it}: market price per share; α: constant; BVS_{it}: book value per share; EPS_{it}: earnings per share; IO_{it}: institutional ownership level; GO_{it}: government ownership level; FO_{it}: family ownership level; MO_{it}: managerial ownership level; FRO_{it}: foreign ownership level; $SIZE_{it}$: firm size; LEV_{it}: leverage; $COVID_{it}$: *dummy variable* of Covid-19 pandemic; and ε_{it}: *error*

3. RESULT AND DISCUSSION

The descriptive statistical results for the research variables are displayed in Table 2. According to descriptive statistics, MPS has a value between 27,000 to 82.800,000 with a mean 1.525,825. The BVS is valued between 0,189 to 231.169,210 with a mean 1.323,869. The EPS has a value between -1.623,000 to 2.818,000 with a mean 52,978.

Table 2. Research Samples' Descriptive Statistics

	N	Mean	Minimum	Maximum	Standard Deviation
MPS	1.557	1.525,825	27,000	82.800,000	4.114,349
BVS	1.557	1.323,869	0,189	231.169,210	8.329,090
EPS	1.557	52,978	-1.623,000	2.818,000	203,713
IO	1.557	0,240	0,000	0,988	0,297
GO	1.557	0,022	0,000	0,900	0,116
FO	1.557	0,036	0,000	0,869	0,122
MO	1.557	0,065	0,000	0,894	0,156
FRO	1.557	0,213	0,000	0,998	0,284
SIZE	1.557	28,502	21,631	34,952	1,940
LEV	1.557	0,469	0,001	0,997	0,245

Table 3. Frequency of COVID variables

	Valued 1	Valued 0
COVID	552 firm year	1.005 firm year

The fixed effect model was chosen as the study model to be employed based on the findings of the Chow and Hausman tests that were conducted. The research model's regression test results are listed in Table 4.

Table 4. Research Model Regression Test Results

Variable	All Sample		Sub Sample Profit		Sub Sample Loss	
	Coef.		Coef.		Coef.	
	t-value		*t-value*		*t-value*	
C	-13.343,300		-17.335,710		-14.104,930	
	(-1,493)		(-0,869)		(-2,828)	***
BVS	0,352		0,217		-3,468	
	(3,333)	***	(1,686)	**	(-3,725)	***
EPS	-1,319		-2,910		1,446	
	(-2,594)	***	(-2,720)	***	(1,077)	
IO	2.686,917		3.876,650		26,904	
	(3,016)	***	(2,913)	***	(0,033)	
GO	3.196,311		3.540,764		-27.8804,600	
	(1,693)	**	(1,426)	*	(-0,673)	
FO	-3.219,221		6.449,864		-570,042	
	(-1,111)		(0,570)		(-0,278)	
MO	4.017,178		6.007,505		-7.999,072	
	(1,685)	**	(1,410)	*	(-2,853)	***
FRO	1.416,662		-439,672		1.768,068	
	(1,964)	**	(-0,396)		(1,925)	**
BVS_IO	-4,367		-4,998		1,501	
	(-11,260)	***	(-10,475)	***	(0,550)	
EPS_IO	-0,413		3,425		2,733	
	(-0,300)		(1,612)	*	(0,410)	
BVS_GO	-4,689		-5,206		112,740	
	(-3,363)	***	(-2,563)	***	(0,769)	
EPS_GO	2,534		-4,738		-317,734	
	(1,038)		(-1,032)		(-0,645)	
BVS_FO	1,314		5,412		-60,450	
	(-0,240)		(0,721)		(-4,081)	***
EPS_FO	39,690		98,574		138,315	
	(2,046)	**	(2,411)	***	(4,063)	***
BVS_MO	-1,588		-6,443		53,094	
	(-0,297)		(-0,894)		(5,121)	***
EPS_MO	-40,830		-63,255		-128,646	
	(-2,716)	***	(-2,211)	**	(-4,414)	***
BVS_FRO	-0,367		-0,239		3,889	
	(-3,536)	***	(-1,892)	**	(2,447)	***
EPS_FRO	10,832		22,939		-3,383	
	(8,409)	***	(9,435)	***	(-0,964)	
SIZE	546,794		737,260		535,475	
	(1,729)	**	(1,038)		(3,009)	***
LEV	-1.528,372		-4.097,912		-34,166	
	(-1,992)	**	(-2,500)	***	(-0,062)	
COVID	75,680		218,631		-60,862	
	(0,805)		(1,469)	*	(-0,709)	
F-statistic	14,784	***	12,429	***	13,409	***
Adjusted R^2	84,36%		84,16%		89,27%	
Durbin-Watson stat.	1,990		1,965		1,969	
N	1.557		1.131		426	
Fixed Effect	YES		YES		YES	

*** sig. at α=1% level, ** sig. at α=5% level, * sig. at α=10% level (one-tailed)

The prob. (f.-statistics) value shows that every independent variable has a simultaneous, significant impact on the dependent variable. Testing the hypothesis testing model for the whole research sample showed an adjusted R-squared coefficient of determination of 84.36%. This demonstrates that the independent factors account for 84.36% of the variation in the dependent variable MPS, whereas external causes account for 15.64% of the variation. Regression results in Table 4 presents about determinants of value relevance using ownership types demonstrates the substantial impact that foreign, institutional, and government ownership have on the value relevance of book value per share. On the other hand, the value relevance of earnings per share is significantly impacted by family ownership, management ownership, and foreign ownership. The relevance of book value per share is negatively impacted by institutional, government, and foreign ownership; this suggests that as ownership increases, book value will become less relevant. An increase in ownership will raise the relevance of earnings value, as seen by the beneficial effects of family and foreign ownership on the relevance of earnings per share. Conversely, affect the relevance of earnings per share negatively, meaning that as ownership increases, the relevance of earnings value will decrease.

The statistical test results on Table 4 show that the BVS_IO coefficient is significant with a p-value of 0.068. Therefore, hypothesis 1a is rejected. The results of this study contradict the research of Diab et al. (2021) and Omran and Tahat (2020) who found a significant positive relationship between institutional ownership and the value relevance of accounting information. When viewed based on the research sample, a total of 1,038 company years are reported to have institutional ownership in their ownership structure. The majority of institutional ownership in Indonesia is occupied by banks and insurance companies. Almazan et al. (2005) found that potentially inactive institutional investors, which consist of banks and insurance companies, increase monitoring costs on the company. This is because potentially inactive institutional investors are short-term oriented and focus on current income rather than long-term income. This is evidenced by the company's equity reporting which becomes less relevant when the company is owned by banks and non-bank financial institutions. In other words, institutional investors are distracted from performing a supervisory function over the company, so that it can increase earnings management. In addition, the results of this study support the research of Lassoued et al. (2017) which also found that institutional ownership increases earnings management practices, thus reducing value relevance.

The statistical test results on Table 4 show that the BVS_GO coefficient is significant with a p-value of 0.001. Therefore, hypothesis 2a is accepted. The results of this study support the research of Lassoued et al. (2017) and Nguyen et al. (2021) who found that government ownership increases earnings management practices, which has an impact on reducing value relevance. Shleifer (1998) reveals that companies in the public sector generally have lower audit quality and governance, so that state-owned enterprises have a weaker level of accountability than privately owned enterprises. Yasser et al. (2016) also found that government ownership reduces the value relevance of financial statements as indicated by the decreasing quality of the financial statements presented. Research by Gaio and Pinto (2018) found that state-owned companies are less conservative and cause the quality of reported accounting information to be lower, which is indicated by lower earnings quality. Looking at the research sample, companies that have government ownership in their share structure, only 67 years of companies from the entire research sample. This shows the low level of government ownership in companies listed on the Indonesia Stock Exchange. This is evidenced by the company's equity reporting which becomes less relevant when the company is owned by the government. It is suspected that this is because the presence of government members can increase the reporting of inappropriate earnings and book value of equity, thus impacting the relevance of the earnings value and book value of equity (Mirza et al., 2018), where the earnings value and book value presented in the financial statements decrease in relevance.

The statistical test results on Table 4 show that the EPS_FO coefficient is significant with a p-value of 0.021. Therefore, the hypothesis is accepted. The results of this study support the research of Lassoued et al. (2017) and Al-Duais et al. (2022) who found that family ownership is very effective in supervising management so as to minimize earnings management practices, which have an impact on increasing value relevance. Research by Boonlert-U-Thai and Sen (2019) found that in family companies, the accounting information they present is of higher quality than non-family companies. Current earnings information presented by family-run companies offers more information about future earnings and cash flows, making it more relevant in making investment decisions. Looking at the research sample, 303 years of companies from the entire research sample have family ownership in their shareholder structure. The existence of family ownership in the company's ownership structure is considered as one of the good controls and is able to minimize agency problems that arise between principals and agents. This is because agents in family companies are generally family members, so that their goals and motivations are still in line with the goals of the principal as the owner. This is evidenced by more relevant earnings reporting in companies whose family members serve or have important positions in the company.

The statistical test results on Table 4 show that the EPS_MO coefficient is significant with a p-value of 0.003. Therefore, hypothesis 4b is rejected. The results of this study are in line with the research of Tchaga et al. (2023) who found that managerial ownership increases the value relevance of accounting information. In addition, the results of this study also support the research of Prayogi and Setyorini (2021) which shows that managerial ownership has a positive effect on earnings management, so it can reduce the relevance of accounting information. Aygun et al. (2014) also found that in the Turkish market, managerial ownership increases the occurrence of earnings management practices. When viewed based on the research sample, as many as 718 company years reported having managerial ownership in their financial statements. This may indicate that there are 46% of companies in Indonesia that are owned by management. Boediono (2005) revealed that companies with low managerial ownership tend to report economic conditions that are not in accordance with the situation, using accounting methods to increase profits. This is evidenced by earnings reporting that becomes less relevant in companies whose managers own company shares, because there is a conflict of interest that arises between the agent and the principal. Where, agents want to earn high profits in order to get higher compensation, and do not care about the consequences of these actions to the principals.

The statistical test results on Table 4 show that the BVS_FRO coefficient is significant with a p-value of 0.001. Therefore, hypothesis 5a is rejected. The results of this study support the research of Kim et al. (2020) who found that the presence of foreign ownership increases earnings management, thereby reducing the relevance of the reported book value. This can occur due to the misalignment of interests between internal and external parties, as well as information asymmetry. Thus, internal parties tend to behave opportunistically to pursue their own interests, and also present financial reports that attract foreign investors. However, the statistical test results also show that the EPS_FRO coefficient is significant with a p-value of 0.000. Therefore, hypothesis 5b is accepted. The results of this study are in line with the research of Tchaga et al. (2023) who found that foreign ownership has a significant positive effect on value relevance. However, the results of this study support the research of Nguyen et al. (2021) which found that foreign ownership reduces earnings management practices, which has an impact on increasing value relevance. Yasser et al. (2016) also found that foreign ownership increases the value relevance of financial statements as indicated by an increase in the quality of the financial statements presented. Foreign investors are considered to be able to monitor managers more effectively. Looking at the research sample, as many as 1,196 company years reported having foreign ownership in their shareholder structure. However, the difference in relevance is shown between reporting book value and earnings value. This suggests that the presence of foreign investors is proven to affect the relevance of financial statements presented by companies. However, it appears that foreign investors tend to weight on earnings information compared to the book value of the company.

4. CONCLUSION

Based on the research and analysis that has been done, it is concluded that the effect of ownership structure on the relevance of earnings and book value varies, depending on the condition of the company (when experiencing profit or loss). In general, institutional ownership and government ownership reduce the relevance of book value, especially in profitable companies. Family ownership increases the relevance of earnings value, while managerial ownership decreases the relevance of earnings value. There is an interesting finding, seen in foreign ownership, where for foreign ownership decreases the relevance of book value but increases the relevance of earnings value. This indicates that foreign investors place more weight on earnings information than book value information.

This research certainly has several limitations and constraints. The limitations faced by researchers in the process of preparing this research article are that the object of research is only limited to business entities listed on the Indonesia Stock Exchange; data collection related to ownership type only uses one method and has not considered the use of other methods; and measurement of the value relevance of accounting information using only the price model, so that it has not compared with different models as a support for discussion analysis. Based on the research limitations faced by researchers, here are some suggestions that researchers can provide which are expected to help improve the quality of future research results. Future researchers can use different methods in collecting data on ownership types; add a return model as a research regression model, so that it can compare and support research results with the use of price models; and add research objects on the stock exchanges of different countries, to be able to see differences in the effect of ownership types on value relevance in different countries.

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