

The Effect of Blockholder Ownership and Audit Committee on Financial Performance of Property & Real Estate Companies Listed on The Indonesia Stock Exchange For The 2020–2024 Period

Andini Hardiansyah Putri¹, Siti Sundari²

^{1,2} Universitas Pembangunan Nasional Veteran Jawa Timur, Indonesia

Email: sitisundari.ak@upnjatim.ac.id

Keywords:

Audit Committee, Blockholder Ownership, Financial Performance, Property and Real Estate Sector, Return on Assets.

Abstract

Financial performance is an important indicator of a company's ability to generate profits and maintain business sustainability. In the property and real estate sector, financial performance can be influenced by corporate governance mechanisms such as blockholder ownership and audit committees. However, previous studies have reported inconsistent findings regarding the effectiveness of these governance mechanisms in improving company performance. Therefore, this study aims to examine the effect of blockholder ownership and audit committee on the financial performance of property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. This study employed a quantitative approach using multiple linear regression analysis. The population consisted of property and real estate companies listed on the Indonesia Stock Exchange, and purposive sampling resulted in 41 companies with 205 firm-year observations. Financial performance was measured using Return on Assets (ROA), while blockholder ownership was measured by the percentage of share ownership held by shareholders owning at least 5% of outstanding shares, and audit committee was measured by the number of audit committee members. The results indicate that blockholder ownership does not significantly affect financial performance. Meanwhile, the audit committee has a negative and significant effect on financial performance. Simultaneously, blockholder ownership and audit committee significantly affect financial performance. These findings imply that the existence of corporate governance mechanisms alone is insufficient to improve profitability unless they are supported by effective monitoring practices and competent governance implementation.

INTRODUCTION

Corporate financial performance is a primary indicator in assessing the effectiveness of economic resource management and the operational sustainability of a business entity, as it reflects the company's ability to generate profits from its assets and capital (Ashari & Krismiaji, 2020). Strong financial performance enables companies to expand their business operations, increase capital expenditures, and enhance production capacity (World Bank, 2023). Conversely, deteriorating financial performance may suppress investment activities, reduce employment absorption, and increase volatility risks in financial markets (OECD, 2025). The importance of financial performance also plays a strategic role in maintaining national economic stability, particularly in crucial sectors such as property and real estate (Aji Cakti & Ahmad Buchori, 2025).

Return on Assets (ROA) is commonly used as a tool to measure corporate financial performance because it reflects the company's ability to generate profits from its total assets (Suhartono et al., 2023). An increasing ROA indicates improving financial performance, whereas

fluctuations or declines in ROA suggest challenges in the effectiveness of asset management at the corporate level (Nicholaus Bayu Eka Pratama & Prita Andini, 2025). In the context of the asset-intensive property industry, ROA is considered highly relevant because it provides a representative overview of the efficiency of utilizing assets such as land and buildings in generating profits (Manaf, 2023).

Blockholder ownership refers to large-scale share ownership, generally defined as ownership of at least 5% or more of outstanding shares, which plays an important role in corporate monitoring (Septiana & Aris, 2023). Based on agency theory, ownership concentration can serve as an effective monitoring mechanism to reduce conflicts of interest between management (agents) and shareholders (principals) (Jensen et al., 1976). Majority shareholders possess greater economic incentives to monitor managerial policies in order to encourage operational efficiency and improve corporate profitability (Rahaman et al., 2025).

The audit committee is a committee established by the board of commissioners to support supervisory functions, particularly concerning financial reporting processes and the effectiveness of internal control systems (Ashari & Krismiaji, 2020). The audit committee is responsible for ensuring transparency, accountability, and compliance with applicable accounting standards. The existence of an independent and competent audit committee is expected to enhance the credibility of financial statements and reduce opportunistic managerial behavior that may harm shareholders (Andriani et al., 2024; Nancy Lisbeth & Sari Edastami, 2024).

The relationship between blockholder ownership, audit committees, and financial performance can be explained through Agency Theory developed by Jensen and Meckling (1976). Agency Theory suggests that conflicts may arise between shareholders (principals) and managers (agents) due to differences in interests. To minimize these conflicts, companies require effective monitoring mechanisms that can align managerial actions with shareholders' objectives. In this context, blockholder ownership and audit committees are considered important governance mechanisms that can reduce agency problems and improve organizational effectiveness.

Furthermore, Corporate Governance Theory emphasizes the importance of transparency, accountability, and effective supervision in enhancing company performance. Strong governance structures are expected to improve decision-making quality, strengthen internal control systems, and increase stakeholder confidence. Therefore, the presence of concentrated ownership and an effective audit committee is theoretically expected to support better financial performance through improved monitoring and control functions.

Several previous studies have shown inconsistent findings regarding the relationship between blockholder ownership, audit committees, and financial performance. Rahaman et al. (2025) revealed that blockholder ownership positively correlates with financial performance because it encourages operational efficiency. However, Septiana and Aris (2023) found that blockholder ownership does not significantly affect ROA. Regarding audit committees, Ashari and Krismiaji (2020) found that audit committees are able to improve financial performance through better supervisory quality. On the other hand, Septiana and Aris (2023) as well as Takain and Hidayah (2024) reported that audit committees do not significantly affect financial performance (ROA).

Based on the explanation above, the authors selected the 2020–2024 period to examine the financial performance of property and real estate companies over time. This period reflects a critical phase ranging from the COVID-19 pandemic shock to the post-pandemic economic recovery phase, thereby allowing a more comprehensive analysis of corporate resilience. The

inconsistency of findings in previous studies (research gap) makes this topic interesting for further investigation to determine the effect of blockholder ownership and audit committees on financial performance. Based on the foregoing discussion, this study is entitled: “Determinants of Financial Performance in Property & Real Estate Sector Companies Listed on the Indonesia Stock Exchange During the 2020–2024 Period.”

METHODS

This study employed a quantitative research approach using multiple linear regression analysis to examine the effect of blockholder ownership and audit committee on financial performance in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was selected using purposive sampling based on several criteria, resulting in 41 companies with a total of 205 observation data. The data used in this study were secondary data obtained from annual reports and financial statements published through the official Indonesia Stock Exchange website and the respective company websites.

Financial performance was measured using Return on Assets (ROA), blockholder ownership was measured based on the percentage of shares owned by shareholders holding at least 5% of total outstanding shares, while the audit committee variable was measured by the number of audit committee members within the company. Data analysis was conducted using descriptive statistical analysis, classical assumption tests, and multiple linear regression analysis with the regression model formulated as follows: $ROA = \alpha + \beta_1BLOCK + \beta_2AC + e$.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Financial Performance	153	0.00	0.59	0.1835	0.10913
Blockholder Ownership	153	0.57	1.00	0.8482	0.10008
Audit Committee	153	1.41	2.00	1.7285	0.05169
Valid N (listwise)	153				

Source: Processed SPSS Data, 2026

Based on Table 1, a total of 153 data observations were used in this study. The financial performance variable shows a minimum value of 0.00, a maximum value of 0.59, a mean value of 0.1835, and a standard deviation of 0.10913. The blockholder ownership variable has a minimum value of 0.57, a maximum value of 1.00, a mean value of 0.8482, and a standard deviation of 0.10008. Meanwhile, the audit committee variable has a minimum value of 1.41, a maximum value of 2.00, a mean value of 1.7285, and a standard deviation of 0.05169. A standard deviation value lower than the mean indicates that the data distribution tends to be less varied.

Normality Test

Table 2. Normality Test

		Unstandardized Residual
N		153
Normal Parameters	Mean	.0000000
	Std. Deviation	.10693345
Most Extreme Differences	Absolute	.070

Test Statistic Asymp. Sig. (2-Tailed) Monte Carlo Sig. (2-Tailed)	Positive		.070
	Negative		-.059
			.070
			.068
	Sig.		.073
	99% Confidence Interval	Lower Bound	
	Upper Bound		.079

The results of the One-Sample Kolmogorov-Smirnov test show that the Asymp. Sig. (2-tailed) value is 0.068, which is greater than the significance level of 0.05. In addition, the Monte Carlo Sig. (2-tailed) value of 0.073 also exceeds 0.05. Therefore, it can be concluded that the residuals in the regression model examining the effect of blockholder ownership and audit committee on financial performance are normally distributed. Thus, the regression model has fulfilled the normality assumption and is appropriate for further analysis.

Multicollinearity Test

Table 3. Multicollinearity Test

	Colinearity Statistics	
	Tolerance	vif
(Constant)		
<i>Blockholder Ownership</i>	.996	1.004
Audit Committee	.996	1.004

Source: Processed SPSS Data, 2026

The multicollinearity test results indicate that the independent variables, namely blockholder ownership and audit committee, each have a tolerance value of 0.996 (> 0.10) and a VIF value of 1.004 (< 10). These results indicate that there is no multicollinearity problem among the independent variables in the regression model. Therefore, the regression model satisfies the multicollinearity assumption.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test

	Sig.
(Constant)	.723
<i>Blockholder Ownership</i>	.686
Audit Committee	.958

Source: Processed SPSS Data, 2026

Based on Table 4, the significance value for blockholder ownership is 0.686, while the audit committee variable has a significance value of 0.958. Since both significance values are greater than 0.05, it can be concluded that the regression model does not exhibit heteroscedasticity symptoms.

Autocorrelation Test

Model	Durbin-Watson
1	1.916

Source: *Processed SPSS Data, 2026*

The Durbin-Watson test produced a value of 1.916. With $k = 2$ independent variables and $n = 153$ observations, the calculated statistic lies between the upper critical value ($dU =$

1.7622) and $4 - dU$ (2.2378), indicating that the model is free from autocorrelation ($1.7622 < 1.916 < 2.2378$). Therefore, the regression model is considered appropriate for further analysis.

Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Analysis

	Unstandardized Coefficients	
	B	Std. Error
(Constant)	.921	.369
<i>Blockholder Ownership</i>	.079	.085
Audit Committee	-.465	.206

Source: Processed SPSS Data, 2026

Based on the regression results, the regression equation can be formulated as follows:

$$\text{Financial Performance} = 0.921 + 0.079(\text{Blockholder Ownership}) - 0.465(\text{Audit Committee}) + \varepsilon$$

The regression equation indicates that the constant coefficient is 0.921. If blockholder ownership and audit committee variables are equal to zero, the financial performance value would be 0.921. The regression coefficient of blockholder ownership is positive at 0.079, indicating a positive relationship between blockholder ownership and financial performance. Meanwhile, the audit committee variable has a negative regression coefficient of -0.465, indicating a negative relationship between the audit committee and financial performance.

Partial Regression Test (t-Test)

Table 7. t-Test

	t	Sig.
(Constant)	2.497	.014
<i>Blockholder Ownership</i>	.932	.353
Audit Committee	-2.252	.026

Source: Processed SPSS Data, 2026

Based on the partial regression test results, blockholder ownership has a significance value of 0.353, which is greater than 0.05, indicating that blockholder ownership does not significantly affect financial performance. In contrast, the audit committee variable has a significance value of 0.026, which is lower than 0.05, with a negative t-value. This result indicates that the audit committee has a negative and significant effect on financial performance.

Model Feasibility Test (F-Test)

Table 8. F-Test

	F	Sig.
Regression	3.119	.047

Source: Processed SPSS Data, 2026

The F-test results show a significance value of 0.047 and an F-value of 3.119. Since the significance value is lower than 0.05, it can be concluded that blockholder ownership and audit committee simultaneously have a significant effect on financial performance.

Coefficient of Determination (R²)

Table 9. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.200	.040	.027	.10764

Source: Processed SPSS Data, 2026

Based on the coefficient of determination test, the Adjusted R Square value is 0.027. This indicates that blockholder ownership and audit committee explain 2.7% of the variation in

financial performance, while the remaining 97.3% is influenced by other variables outside the research model.

DISCUSSION

The first hypothesis of this study concerns blockholder ownership. The test results reveal that blockholder ownership does not have a significant effect on the financial performance of property and real estate companies. Blockholder ownership refers to the proportion of share ownership held by shareholders owning at least 5% or more of the company's total outstanding shares. Large-scale ownership is theoretically expected to function as a monitoring mechanism over managerial decision-making processes. However, the findings indicate that the presence of majority shareholders does not automatically guarantee improvements in corporate financial performance. This finding can be explained by Agency Theory, which states that concentrated ownership is expected to function as an effective monitoring mechanism to reduce agency conflicts between shareholders and management (Jensen & Meckling, 1976). However, the absence of a significant effect indicates that ownership concentration alone may not be sufficient to improve financial performance. Large shareholders may prioritize long-term strategic objectives or investment security rather than actively monitoring managerial decisions. Consequently, the monitoring role expected by Agency Theory may not be fully implemented, resulting in an insignificant impact on profitability. This condition may occur because concentrated ownership is often not accompanied by proactive monitoring practices or direct evaluation of managerial activities. The findings of this study are consistent with the research conducted by Septiana and Aris (2023), which reported that blockholder ownership does not significantly affect financial performance proxied by ROA. In this context, the proportion of ownership held by major shareholders is not sufficiently strong to minimize agency conflicts without concrete actions aimed at improving operational efficiency.

The second hypothesis concerns the audit committee. The results indicate that the size or number of audit committee members has a negative and significant effect on the financial performance of property and real estate companies. From the perspective of Corporate Governance Theory, audit committees are established to strengthen oversight functions, improve the quality of financial reporting, and support effective internal control systems. Ideally, a stronger audit committee should contribute positively to company performance through better monitoring of management activities. However, the negative relationship found in this study suggests that increasing the number of audit committee members does not necessarily improve supervisory effectiveness. Without adequate competence, expertise, and coordination, larger audit committees may create inefficiencies that ultimately reduce organizational performance. This finding implies that a larger number of audit committee members may lead to a decline in financial performance. The addition of audit committee members without adequate technical competence, accounting expertise, and effective coordination may create greater complexity and result in supervisory inefficiency. Consequently, companies are not recommended to excessively increase the number of audit committee members, as ineffective committee expansion may negatively affect profitability. A more strategic approach for companies is to maintain the minimum required number of committee members while focusing on enhancing their competence and supervisory commitment. In this way, the financial reporting review and decision-making processes can be conducted more efficiently, thereby optimizing financial performance. These findings support previous studies by Septiana and Aris (2023) and Takain and Hidayah (2024), which suggest that the formal or structural existence of an audit committee

alone does not necessarily improve corporate effectiveness if the quality of its supervisory function is not implemented optimally.

CONCLUSION

Overall, the findings of this study indicate that the effectiveness of corporate governance mechanisms depends not only on their formal existence but also on the quality of their implementation. Consistent with Agency Theory and Corporate Governance Theory, governance mechanisms are expected to improve company performance through effective monitoring and control. However, the results suggest that governance structures alone may not be sufficient to enhance profitability unless supported by competent supervision and active stakeholder involvement.

Based on the analysis and evaluation of the research entitled “The Effect of Blockholder Ownership and Audit Committee on Financial Performance of Property & Real Estate Companies Listed on the Indonesia Stock Exchange for the 2020–2024 Period,” several conclusions can be drawn. First, the blockholder ownership variable was found to have no significant effect on corporate financial performance. Second, based on the statistical analysis results, the audit committee variable was proven to significantly affect corporate financial performance.

ACKNOWLEDGEMENTS

In completing this research, the authors would like to express their sincere gratitude to Dr. Dra. Ec. Siti Sundari, M.Si., as the academic supervisor, for her patience, valuable guidance, constructive suggestions, and continuous support throughout the research process. The authors also extend their deepest appreciation to their beloved parents for their endless moral support, prayers, and encouragement during the completion of this study.

The authors would also like to thank friends and colleagues for their motivation and support throughout the research process. Furthermore, appreciation is addressed to all lecturers at National Development University “Veteran” East Java for the valuable knowledge and academic experience provided during the authors’ higher education journey. Finally, the authors hope that this study will provide positive contributions and practical benefits for readers and serve as a useful reference for future research development.

REFERENCE

- Aji Cakti, & Buchori, A. (2025, May 23). *Kemenko perekonomian: Properti berperan strategis bagi perekonomian*. Antara. <https://www.antaranews.com/berita/4853505/kemenko-perekonomian-properti-berperan-strategis-bagi-perekonomian>
- Andriani, C., Pratiwi, D., Olivia, T., & Sebastian, A. (n.d.). *Audit committee, independent commissioners, firm size, and intellectual capital on the financial performance of state-owned enterprises*. <https://doi.org/10.38035/dijefa.v5i3>
- Ashari, S., & Krismiaji, K. (2020). Audit committee characteristics and financial performance: Indonesian evidence. *Equity*, 22(2), 139–152. <https://doi.org/10.34209/equ.v22i2.1326>
- Creswell, J. W., & Creswell, J. D. (2023). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE Publications.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- Manaf, S. (2023). Pengaruh kinerja keuangan dan good corporate governance terhadap nilai perusahaan properti dan real estate di Bursa Efek Indonesia. *Jurnal Manajemen dan Organisasi Review (MANOR)*, 5(2). <https://doi.org/10.47354/mjov5i1>
- Nency Lisbeth, & Edastami, M. S. (2024). Effect of audit committee characteristics on company financial performance: The role of company size as a moderator. *Journal of Innovation in Business and Economics*, 8(2). <https://doi.org/10.22219/jibe.v8i02.29306>

- Nicholaus Bayu Eka Pratama, & Andini, P. (2025). Pengaruh kepemilikan institusional, likuiditas, pertumbuhan penjualan, dan ukuran perusahaan terhadap kinerja keuangan. *Jurnal Penelitian Ekonomi Manajemen dan Bisnis*, 4(3), 66–87. <https://doi.org/10.55606/jekombis.v4i3.5464>
- Nurmala Sari, R., Ahmad, G. N., & Kurnianti, D. (2023). Pengaruh karakteristik CEO dan good corporate governance terhadap kinerja perusahaan pada perusahaan manufaktur di BEI. *Jurnal Ekonomi dan Bisnis*, 4(1).
- OECD. (2025, June 30). *Understanding the weakness in business investment*. OECD. https://www.oecd.org/en/publications/understanding-the-weakness-in-business-investment_89bd437d-en.html
- Rahaman, M. A., Khan, M. M., Chowdhury, K., & Masum, M. H. (2025). Ownership structure and financial performance: Evidence from emerging companies. *Research in Management and Accounting*, 8(1), 39–54. <https://doi.org/10.33508/rima.v8i1.5905>
- Septiana, N., & Aris, M. A. (2023). Analisis proposi dewan komisaris independen, ukuran dewan direksi, komite audit, blockholder ownership terhadap kinerja keuangan. *Jurnal Akuntansi, Keuangan, dan Manajemen*, 4(2), 101–114. <https://doi.org/10.35912/jakman.v4i2.1051>
- Suhartono, S., Napitupulu, R. H. M., & Sardjito, R. M. D. H. (2023). Pengukuran kinerja keuangan return on assets (ROA) dan return on equity (ROE) berdasarkan perubahan laba komprehensif pada perusahaan reasuransi di Indonesia. *Jurnal Lentera Bisnis*, 12(3), 910–922. <https://doi.org/10.34127/jrlab.v12i3.982>
- Takain, Y. A., & Hidayah, N. (2022). *The effect of good corporate governance and liquidity mechanisms on financial performance (Empirical study on property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2019–2022 period)*.
- World Bank. (2023, June 26). *Indonesia growth seen moderating in 2023 as pandemic rebound fades*. World Bank Group. <https://www.worldbank.org/in/news/press-release/2023/06/26/indonesia-growth-seen-moderating-in-2023-as-pandemic-rebound-fades>