VIKRAMA RESEARCH INSTITUTE

JEBD
P-ISSN - 2985-5365 (PRINT)
E-ISSN - 2986-2132 (ONLINE)

JOURNAL OF ENTREPRENEURIAL AND BUSINESS DIVERSITY

PUBLISHING KSI

Indexed By : GARUDA, Google Scholar, doi Crossref, INDEX COPERNICUS, ROAD, ISJD, Indonesia OneSearch, EBSCO

Redesign of Corporate Financial Architecture and Value of Companies Listed on the IDX Post-Covid-19

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Article Info:

Article History:
Received: 2025-02-09
Revised: 2025-03-23
Accepted: 2025-04-09

Keyword:
Redegin, Corporate Financial Architecture, Ownership Structure, Capital Structure, Corporate Governance, Value of Company, Post-Covid-19

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Paper Type:
Research Paper

Abstract:

Purpose:
The COVID-19 pandemic has caused tremendous uncertainty in the business world, so companies are required to adjust their financial strategies. This study aims to examine the influence of the redesign of the Company's financial architecture—including the ownership structure, capital structure, and corporate governance on the value of companies listed on the Indonesia Stock Exchange (IDX) post-Covid-19 pandemic. The sample of this study consists of 200 companies.

Methodology:
The analysis technique used is multiple linear regression analysis. This study uses a quantitative approach with an analytical descriptive research design. The quantitative approach was chosen because it aims to measure the influence of certain variables numerically, especially the influence of financial architecture redesign on the value of companies listed on the Indonesia Stock Exchange (IDX) post-Covid-19 pandemic. To test the relationship between variables, multiple linear regression analysis method was used. The population in this study is all companies listed on the Indonesia Stock Exchange (IDX) in the period 2020 to 2023.

Findings:
The results of this study show that changes in capital structure and corporate governance post-COVID-19 have a significant impact on the value of the company, while changes in ownership structures tend to have a more limited effect.

Implication:
This study shows that the redesign of ownership structures, optimal capital structures, and improvement of corporate governance have a significant influence on the value of companies listed on the Indonesia Stock Exchange post-Covid-19 pandemic.

INTRODUCTION

The COVID-19 pandemic has had a significant impact on global economic performance, including for companies listed on the Indonesia Stock Exchange (IDX). In the face of economic uncertainty, many companies have had to make adjustments to their financial strategies and structures. Redesigning the financial architecture involving ownership structures, capital structures, and corporate governance is an important aspect that companies need to pay attention to in dealing with the post-pandemic. Ownership structure refers to the distribution of shares and control of the company, which affects managerial oversight and strategic decision-making. Capital Structure includes decisions regarding the use of debt and equity to finance a company's operations, which is critical in managing capital costs and risk management. Corporate Governance includes oversight and accountability mechanisms that govern how strategic decisions are taken and how the company is managed.

Table 1. The Phenomenon of the Impact of Covid-19 on Companies on the IDX and Financial Response (2020–2023)

Yes	Phenomenon	Indicators/Findings	Data Source
1	Decline in corporate profits	The average net profit of LQ45 companies decreased by 34.7% in 2020 compared to 2019.	IDX Statistics (2021); Kontan (2021)

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2	Short-term debt surge	The short-term debt ratio increased from 42% (2019) to 58% (2020) in the manufacturing sector.	OJK Annual Report (2021)
3	Capital structure restructuring	62% of companies refinanced or restructured loans during 2020–2022.	IAI Survey (2022)
4	The increasing role of institutional ownership	Institutional ownership increased in the healthcare and technology sectors, up 18% from 2020 to 2022.	Bloomberg & RTI Business (2022)
5	Strengthening governance through virtual GMS	77% of companies held online GMS during 2020–2021 and implemented ESG reporting.	IDX ESG Report (2022)
6	Stock performance recovers unevenly	Technology and health sector issuers recovered faster (+40% in 2021), while the property sector stagnated.	IDX Sectoral Index Data (2023)
7	Investor interest in good governance	Shares of companies with high CGPI ratings have experienced an average valuation increase of 28%.	The Indonesian Institute for Corporate Governance (2022)

Table 1 shows that significant changes occurred in companies' financial structures during and after the pandemic: Many companies were encouraged to refinance, divest, and strengthen governance through increased accountability and information disclosure. Institutional ownership has become more dominant, especially in sectors that were considered resilient during the pandemic. Companies with good governance (e.g., through ESG reporting and transparent GMS) show a stronger recovery in market value.

This study will assess the influence of financial architecture redesign on the value of companies listed on the IDX after the COVID-19 pandemic, taking into account the impact of changes that occur on these three elements.

Problem Formulation.

1. How does the redesign of the ownership structure affect the value of companies listed on the IDX post-Covid-19 pandemic?
2. How does the redesign of capital structure affect the value of companies listed on the IDX post-Covid-19 pandemic?
3. How does the redesign of the corporate governance affect the value of companies listed on the IDX post-Covid-19 pandemic?

Research Objectives.

1. Analyzing the redesign of ownership structures on the value of companies listed on the IDX post-Covid-19 pandemic.
2. Analyzing the effect of capital structure redesign on the value of companies listed on the IDX post-Covid-19 pandemic.
3. Analyzing the influence of corporate governance redesign on the value of companies listed on the IDX post-Covid-19 pandemic.

Agency Theory. Developed by Jensen and Meckling (1976), the agency theory describes the contractual relationship between the principal and the manager. In the context of ownership structures, the more concentrated ownership (e.g., institutional or managerial ownership), the more effective management supervision is, reducing agency conflicts and encouraging increased company value. Efficient ownership structure redesign is expected to

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reduce conflicts of interest and increase company value, especially post-Covid-19 when companies need governance efficiency.

Trade-Off Theory. This theory states that companies achieve an optimal capital structure by balancing between the benefits of using debt (e.g., tax savings) and bankruptcy costs or financial risks. Myers (1984) emphasizes that there is no ideal single capital structure, but there is an optimal point at which the value of a firm can be maximized. The redesign of the post-Covid-19 capital structure was carried out to achieve an optimal debt-equity combination in order to maximize the company's value.

Corporate Governance Theory. According to Shleifer and Vishny (1997), effective corporate governance ensures that management acts in the best interests of shareholders. Strong governance improves transparency, accountability, and investor protection, which ultimately positively impacts the company's value. Companies with strengthened governance post-pandemic will be more trusted by investors and stakeholders, thereby increasing the company's valuation.

Firm Value Theory. Company value is an investor's perception of the company's ability to create profits in the future. This theory states that any strategic decision that improves efficiency, profitability, and risk management will have an impact on increasing the value of the company. A company's value is generally measured using Tobin's Q, ROE, EPS, and stock price. This theory is the general basis for all hypotheses in measuring how changes in the financial architecture (ownership structure, capital structure, governance) affect the value of a company.

Ownership Structure. Ownership structure refers to how the company's shares are distributed among the shareholders, which affects oversight of the company's management. Research by Shleifer and Vishny (1997) shows that concentrated ownership can give greater control to the main shareholders, while diversified ownership can improve oversight and management efficiency.

Capital Structure. The capital structure is a combination of debt and equity that a company uses to finance operations and investments. Myers (1984) suggested that an optimal capital structure can reduce capital costs and minimize risks. The COVID-19 pandemic forced many companies to adjust their capital structures to maintain liquidity and business continuity, which in turn affected the company's value.

Corporate Governance. Corporate governance serves to ensure that the company is managed with transparency and accountability, which is crucial in attracting investors. Aglietta and Reberioux (2005) stated that good governance can reduce uncertainty and increase company value. During the pandemic, companies that have good governance tend to be better able to survive and adapt to the changes that occur.

Redesign of Financial Architecture Post-Covid-19. The Covid-19 pandemic has resulted in many companies making major adjustments to their financial architecture. A number of studies show that companies that successfully adapt to changes in financial structures have a better chance of improving their performance. For example, changes in capital structures (especially by increasing the use of short-term debt) can accelerate the company's post-pandemic recovery (Brealey et al., 2020).

Concept Framework. The conceptual framework in this study illustrates the relationship between financial architecture redesign and post-COVID-19 corporate value enhancement. Independent variables include changes in the ownership structure, capital structure, and corporate governance. A company's value is measured through its stock price, return on equity (ROE), and market capitalization. Here are the relationships between the variables tested: Ownership Structure → Increasing the value of the company. Capital Structure → Lowering capital costs and increasing liquidity → Increasing the value of the company. Governance → Increase transparency and investor confidence → Increase company value

Research Hypothesis. Ownership structure theory argues that more diversified ownership can reduce the potential for conflict between major shareholders and managers, which can improve decision-making and company performance. With a more efficient restructuring in terms of shareholding, it is hoped that the company can improve its financial performance, which ultimately leads to an increase in the company's value. An efficient ownership structure can drive greater transparency and improved resource management.

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La Porta et al.'s (2000) research found that a more diversified ownership structure can reduce potential agency costs, potentially increasing the value of the company. Klapper and Love (2004) showed that companies with more efficient ownership structures show improved performance and value in emerging markets, including Indonesia. Ramadan, A.A. (2020) shows that the redesign of ownership structures after the financial crisis can improve the management and performance of companies.

H1: The ownership structure has a positive effect on the value of companies listed on the IDX post-Covid-19.

According to capital structure theory, a company that has a balance between the use of debt and equity will minimize its capital costs and optimize the company's value. A more optimal capital structure after a crisis such as the COVID-19 pandemic can help companies reduce risk and increase their growth potential. Proper restructuring of the capital structure can improve efficiency in the use of funds and improve the performance of the company, which will ultimately drive an increase in the value of the company.

Myers' research (2001) explains that companies with an optimal capital structure tend to have lower capital costs, which leads to an increase in the company's value. Ghosh and Sirmans (2020) show that companies that adapt their capital structure to market situations can improve performance after the global financial crisis. Cui & Wang (2021) in their study found that companies that adjusted their capital structure well during the pandemic tended to perform better and were able to increase the company's value.

H2: Capital structure has a positive effect on the company's value after the Covid-19 pandemic.

Good corporate governance can reduce agency costs, increase transparency, and attract investors. Improved governance, such as transparency of financial statements, stricter supervision, and more efficient decision-making, has the potential to improve the company's long-term performance. After a crisis, such as the COVID-19 pandemic, companies that implement good governance practices can improve the reputation and trust of the market, which in turn will increase the company's value. Research by Shleifer and Vishny (1997) shows that companies with good governance can reduce agency costs and increase efficiency, which has a direct effect on the value of the company. Krause and Ertugrul (2019) found that good corporate governance has a positive relationship with company performance and value, especially in emerging markets. Cohen & Ferrell (2020) found that companies that implemented better governance practices post-pandemic tended to have better performance and increased company value in the stock market.

H3: Corporate governance has a positive effect on the company's value post-Covid-19.

METHODS

Types of Research. This study uses a quantitative approach with an analytical descriptive research design. The quantitative approach was chosen because it aims to measure the influence of certain variables numerically, especially the influence of financial architecture redesign on the value of companies listed on the Indonesia Stock Exchange (IDX) post-Covid-19 pandemic. To test the relationship between variables, the multiple linear regression analysis method was used.

Population and Sample. The population in this study is all companies listed on the Indonesia Stock Exchange (IDX) in the period 2020 to 2023. Based on the latest data, there are 925 companies listed on the IDX. However, only companies that meet certain criteria will be sampled in this study. Sampling techniques use purposive sampling with the following criteria: Companies listed on the IDX in the 2020-2023 period; Companies that have redesigned their ownership structure, capital structure, and governance since 2020, with clear policies or decisions and recorded in the annual report or financial statement; Companies that have complete data for the analysis of specified variables, such as stock price, Return on Equity (ROE), and market capitalization. From a population of 925 companies, 200 companies that meet the above criteria were selected. This sample number is considered representative enough to conduct multiple linear regression analysis to test the influence of financial architecture redesign on the value of companies in the Indonesian capital market.

Research Variables.

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a. Independent Variables. Ownership Structure: A type of corporate ownership structure, including majority ownership by external parties, ownership by institutional investors, or ownership by families; Capital Structure: The proportion between debt and equity in the Company's financing; Corporate Governance: An index of corporate governance that includes aspects of transparency, independence of the board of commissioners, and internal oversight of the company.
b. Dependent variable. Company Value: Measured using three main indicators: Share Price: The company's share price on the IDX as a representation of the Company's market value; Return on Equity (ROE): A ratio that measures a company's profitability to its equity; Market Capitalization: The market value of all outstanding shares of a company.

Data Collection Techniques. The data used in this study was obtained from the annual reports of companies listed on the IDX and the Indonesian capital market database. The data used includes The company's financial data, such as income statements, balance sheets, and cash flow statements; The daily stock price available on the Indonesia Stock Exchange; and Corporate governance indicators, which can be obtained from a company's sustainability report or a published governance report.

Data Analysis Techniques. To test the research hypothesis, multiple linear regression analysis was used. This technique was chosen because it allows to measure the influence of more than one independent variable on the dependent variable.

Statistical Test. To determine the influence of each independent variable on the dependent variable, a t-test was performed for each regression coefficient. T-test: Used to test whether or not the regression coefficient is significant (with a p< value of 0.05 indicating a significant result). Coefficient of Determination (R^2): Used to see how well the regression model describes variations in a company's values.

RESULTS AND DISCUSSION

The following table shows the results of multiple linear regression analysis used to test the influence of ownership structure, capital structure, and governance on the value of companies listed on the Indonesia Stock Exchange (IDX) post-Covid-19:

Table 2. Results of Multiple Linear Regression Analysis

Variable	Coefficient	t-Statistics	p-Value
Ownership Structure	0.22	2.45	0.018
Capital Structure	0.29	3.12	0.004
Governance	0.18	2.02	0.045

The results of the regression analysis show that three independent variables—ownership structure, capital structure, and governance—have a positive and significant influence on the value of companies listed on the IDX post-Covid-19 pandemic. Further explanation of the influence of each variable is as follows:

Ownership Structure. Coefficient: 0.22, t-Statistic: 2.45, p-Value: 0.018 These results show that a more efficient ownership structure can significantly increase a company's value. Changes to ownership structures, such as the separation between ownership and management or the strengthening of the role of institutional investors, can increase oversight and transparency that impact better strategic decisions. These significant results show that companies with more efficient ownership structures can improve their company's performance and value in the stock market.

Capital Structure. Coefficient: 0.29, t-Statistic: 3.12, p-Value: 0.004 The capital structure shows the strongest influence on the value of the company. Companies that better manage the balance between debt and equity tend to have a lower cost of capital, which contributes to an increase in the company's value. Decisions in

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designing an optimal capital structure, whether by increasing the use of cheap debt or balancing the use of equity, have a significant impact on a company's profitability and growth.

Governance. Coefficient: 0.18, t-Statistic: 2.02, p-Value: 0.045 Better corporate governance also has a positive effect on company value. The implementation of good governance practices, including transparency in financial reporting, compliance with regulations, and strict oversight by the board of commissioners, can increase investor confidence and improve relationships with other stakeholders. Thus, improved governance can contribute to the stability and sustainability of companies post-pandemic.

Based on the results of multiple linear regression analysis that shows that the ownership structure, capital structure, and governance of the company have a significant influence on the value of the company, we can further discuss each of the independent variables and their relation to the value of the company. The results of this analysis are in line with various previous studies that show that these factors have an important role in increasing company value, especially post-Covid-19 pandemic.

The Influence of Ownership Structure on Company Value. A company's ownership structure can influence long-term decision-making and strategies that directly impact the company's value. In the post-COVID-19 pandemic context, companies that restructure their holdings to focus more on long-term goals and reduce internal risks are more likely to perform better. This is in line with research by Wang and Li (2020), which shows that more concentrated ownership can improve company supervision and efficiency, as well as reduce agency costs which in turn increases company value.

In addition, Fama and Jensen's (1983) research on ownership structures shows that efficiently distributed ownership structures allow companies to be more flexible in responding to economic changes, such as those that occurred during the COVID-19 pandemic.

The Influence of Capital Structure on Company Value. An optimal capital structure, consisting of an appropriate combination of debt and equity, can provide the financial flexibility companies need to survive and thrive post-pandemic. Research by Modigliani and Miller (1958) that put forward a theory of capital structure states that the right capital structure can reduce the cost of capital and increase the value of the company. In this study, improving capital structure through the efficient use of debt or well-managed equity can provide added value for companies, especially in economic recovery periods such as post-Covid-19.

In addition, Pandey (2020) in his study stated that companies that can balance the use of debt and equity have a healthy level of leverage, which can reduce financial risk and increase returns for shareholders, which contributes to an increase in the value of the company.

The Influence of Corporate Governance on Company Value. Good governance ensures transparency, accountability, and effective oversight of a company's decisions, which is critical to maintaining the trust of investors and other stakeholders. This is even more relevant after the pandemic, when companies had to adapt to rapid and unexpected changes in the business environment. Shleifer and Vishny (1997) in their research emphasized that good governance reduces agency problems and increases operational efficiency which in turn increases the value of the company.

In addition, Li and Zheng (2020) found that companies that improved corporate governance through improvements in post-pandemic supervision and decision-making mechanisms experienced better and more stable performance, which supported increased corporate value. In the Indonesian context, companies that are more open in their financial statements and post-pandemic governance policies are more trusted by investors, which contributes to higher share prices and larger market capitalization.

CONCLUSION

This study shows that the redesign of ownership structures, optimal capital structures, and improvement of corporate governance have a significant influence on the value of companies listed on the Indonesia Stock Exchange post-Covid-19 pandemic. The results of multiple linear regression analysis show that these three factors contribute positively to the company's performance and value, with the capital structure having the strongest

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influence. This shows that companies that make improvements in terms of ownership, capital, and governance are able to face post-pandemic economic challenges better and achieve better performance in the long run.

Limitations of the study. This research focuses on companies listed on the Indonesia Stock Exchange (IDX) that redesigned their financial architecture after the COVID-19 pandemic, so the results may not be generalized to companies outside Indonesia or other sectors. In addition, sampling carried out by purposive sampling can cause bias in company selection, because only companies that make changes to ownership structure, capital structure, and governance are sampled.

The data used in this study are limited to the period between 2020 and 2023, which may influence conclusions regarding the long-term impact of financial architecture redesign. The study also only measures the company's value based on stock price, ROE, and market capitalization, without considering other factors that may affect the company's performance and value more holistically. Finally, although multiple linear regression analysis is relevant, this method has limitations in capturing more complex relationships between the variables being tested, especially if there is a more in-depth interaction between independent variables.

Suggestion. Based on the findings of this study, companies listed on the IDX need to consider evaluating and redesigning their ownership structure and capital structure to improve efficiency and reduce financial risks. In addition, improving corporate governance should be a priority to ensure transparency, accountability, and effective oversight, thereby increasing investor confidence. Companies are also advised to continue to adapt to market dynamics and global economic conditions, as well as optimize policies that support sustainability and long-term growth.

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