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The Influence of Managerial Ownership, Total Asset Turnover, and Time Interest Earned on Market Capitalization with Economic Value Added as an Intervening Variable

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ABSTRACT

This research aims to analyze the influence of Managerial Ownership, Total Asset Turnover (TATO), and Time Interest Earned (TIE) on Market Capitalization, either directly or indirectly through Economic Value Added (EVA) as an intervening variable. The study focuses on coal distribution sub-industry companies listed on the Indonesia Stock Exchange during the 2018–2023 period. Using purposive sampling, 11 companies were selected, producing a total of 66 samples across six years. Data were analyzed using Structural Equation Modeling (SEM) with AMOS 26. The results showed that Managerial Ownership, TATO, and TIE have a significant negative influence on EVA. EVA also negatively and significantly affects Market Capitalization, indicating that higher EVA is not necessarily positively responded to by the market. Managerial Ownership has a direct significant positive effect on Market Capitalization, while TATO and TIE do not show significant direct effects. Indirectly, Managerial Ownership and TATO significantly influence Market Capitalization through EVA, whereas TIE does not. The coefficient of determination (R^2) indicates that Managerial Ownership, TATO, and TIE simultaneously explain 59.8% of the variance in EVA and 45.9% of the variance in Market Capitalization. These findings emphasize EVA's role as a mediator and reveal a potential gap between a company's fundamental value and market perception. The study suggests a balanced financial strategy that promotes long-term economic value creation rather than short-term efficiency. It also encourages investors to consider EVA as a performance indicator alongside traditional profitability metrics.

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Economic Value Added

1. Introduction

The coal distribution sector, in particular, makes a significant contribution to Indonesia's economy, as the country is one of the largest coal producers in the world. Therefore, companies in this sector must manage their performance efficiently to remain competitive and attract investors (Ravi & Raj, 2020). Market capitalization is a crucial indicator that reflects investors' overall valuation

of a company. It is not only a function of market perception but also closely tied to a company's internal financial performance. Therefore, identifying and understanding the internal factors that influence market capitalization is vital for both investors and company management.Managerial ownership is one such internal factor. According to agency theory, when managers hold shares in the company they manage, their interests align more closely with those of shareholders. This alignment reduces agency conflicts and motivates managers to act in the best interest of the company, potentially increasing firm value and market capitalization. However, if ownership becomes too concentrated in the hands of management, entrenchment effects may arise, weakening governance and adversely affecting firm value.Total Asset Turnover (TATO) is another performance indicator that reflects the efficiency with which a company utilizes its assets to generate sales. A higher TATO typically indicates better operational performance, which may enhance investor confidence and, in turn, market capitalization. However, the impact of TATO on market valuation may vary depending on how effectively operational improvements translate into value creation.

Time Interest Earned (TIE), also referred to as interest coverage ratio, measures a company's ability to meet its interest obligations. From the perspective of signaling theory, higher TIE indicates financial stability and a lower risk of default, which could positively influence market valuation.To bridge the gap between operational performance and market valuation, this study introduces Economic Value Added (EVA) as a mediating variable. EVA reflects a company's ability to generate true economic profit after accounting for the cost of capital. By incorporating EVA into the model, this study seeks to assess whether value creation acts as a channel through which managerial ownership, TATO, and TIE influence market capitalization.The objective of this study is to empirically analyze the direct and indirect relationships between managerial ownership, total asset turnover, and time interest earned (exogenous variables) on market capitalization (endogenous variable) with EVA as the intervening variable, using companies in the coal distribution sub-industry listed on the Indonesia Stock Exchange from 2018 to 2023 as the research sample.This introduction provides a clear theoretical and empirical rationale for testing the relationship between the independent variables and the dependent variable through a mediating variable. It also highlights the novelty of the research in the context of capital market valuation using EVA as a bridge between internal financial metrics and external market valuation.

2. Literature Review

Management

Management is a series of processes involved in directing the course of an organization, which includes a group of people working together to achieve a common goal. The management process consists of planning, organizing, actuating, and controlling. Management is the overall process of organizational activities, beginning with planning, organizing, directing, and controlling the use of resources to achieve goals.This study adopts Agency Theory as the grand theory. According to Jensen and Meckling (1976), agency conflicts arise due to the separation of ownership and control. Managerial ownership is a mechanism to align the interests of shareholders and managers. When managers own shares, they are incentivized to act in ways that increase company value and reduce agency costs (Fama & Jensen, 1983). However, excessive ownership may lead to entrenchment, weakening external monitoring.

Financial Management

Financial management is a process within a company's financial activities related to efforts to obtain corporate funding, minimize costs, and manage the finances of a business entity or

organization to achieve predetermined financial goals. Financial management is a combination of science and art that discusses, studies, and analyzes how a financial manager uses all of the company's resources to acquire, manage, and allocate funds with the aim of generating profits or prosperity for shareholders and ensuring the sustainability of the business (Horne & Wachowicz, 2022).

Financial Statements

Financial statements are information that describes the condition of a company, which subsequently becomes information reflecting the company's performance (Ernawati et al., 2021). In practice, financial statements are prepared and structured by companies in accordance with applicable rules and standards. This is necessary so that the financial statements are easy to read and understand, providing useful information to parties who require or are concerned with the financial statements.

Managerial Ownership

Managerial ownership reflects the proportion of shares owned by the management, making the management part of the company's shareholders (Faisal, 2022). Managerial ownership is a component of the company's ownership structure that indicates the percentage of shares owned by managers who are actively involved in managing the company (Sudana, 2011).

$$KM = \frac{Number\ of\ Managerial\ Ownership\ Shares}{Number\ of\ Shares\ Outstanding} x\ 100\%$$

TATO

TATO (Total Assets Turnover) is a ratio that indicates the efficiency of a company's use of its total assets in generating sales. This ratio shows how much sales are generated from each unit of assets. The higher the ratio, the more efficient the company's asset utilization is in supporting operational activities and generating revenue (Brigham & Houston, 2019).

$$\text{TATO} = \frac{Sale}{Total\ Assets} x\ 100\%$$

TIE

The Times Interest Earned (TIE) ratio is used to measure a company's ability to meet its interest obligations on debt using the operating income it generates. This ratio provides an indication of how much of the company's earnings can cover the interest expenses on its outstanding debt.

$$\text{TIE} = \frac{EBIT}{Interest\ Expense} x\ 100\%$$

EVA

Economic Value Added (EVA) is a financial performance measure that shows the difference between Net Operating Profit After Taxes (NOPAT) and total capital costs. EVA is used to determine whether a company creates value for its shareholders after accounting for all capital costs. This method is used to evaluate a company's performance by measuring the profit generated after covering the cost of capital, including both equity and debt. The formula for EVA according to Arthur et al. (2012) is as follows:

EVA = NOPAT - (WACC x *Invested Capital*)

Explanation :

NOPAT = Operating profit before tax x (1- Pajak)

WACC = (D x rD (1 - Tax) + (E x rE)

Research Hypotheses

According to Sugiyono (2023), a hypothesis is a temporary answer whose validity is tested through a series of statistical analyses. The hypotheses are as follows:

1. It is suspected that the variables of managerial ownership, total asset turnover, and interest expense ratio simultaneously and significantly affect market capitalization if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
2. It is suspected that the variables of managerial ownership, total asset turnover, and interest expense ratio do not simultaneously and significantly affect market capitalization if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
3. It is suspected that the variables of managerial ownership, total asset turnover, and interest expense ratio simultaneously and significantly affect Economic Value Added (EVA) if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
4. It is suspected that the variables of managerial ownership, total asset turnover, and interest expense ratio do not simultaneously and significantly affect Economic Value Added (EVA) if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
5. It is suspected that the managerial ownership variable significantly affects market capitalization if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
6. It is suspected that the managerial ownership variable does not significantly affect market capitalization if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
7. It is suspected that total asset turnover significantly affects market capitalization if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
8. It is suspected that the total asset turnover variable does not significantly affect market capitalization if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
9. It is suspected that the interest expense ratio significantly affects market capitalization if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
10. It is suspected that the interest expense ratio variable does not significantly affect market capitalization if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
11. It is suspected that managerial ownership significantly affects Economic Value Added (EVA) if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
12. It is suspected that the managerial ownership variable does not significantly affect Economic Value Added (EVA) if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
13. It is suspected that total asset turnover significantly affects Economic Value Added (EVA) if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
14. It is suspected that the total asset turnover variable does not significantly affect Economic Value Added (EVA) if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
15. It is suspected that the interest expense ratio significantly affects Economic Value Added (EVA) if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
16. It is suspected that the interest expense ratio variable does not significantly affect Economic Value Added (EVA) if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.
17. It is suspected that Economic Value Added (EVA) significantly affects market capitalization if the critical ratio (CR) ≥ 1.96 or the p-value ≤ 0.05.
18. It is suspected that the Economic Value Added (EVA) variable does not significantly affect market capitalization if the critical ratio (CR) ≤ 1.96 or the p-value ≥ 0.05.

3. Method, Data, and Analysis

This study employs a quantitative approach using secondary data obtained from the annual financial statements of coal distribution sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 to 2023. The sample was selected using purposive sampling with specific criteria: the company must be classified under the coal distribution sub-sector, must consistently publish financial statements during the observation period, and must report in Indonesian Rupiah. Based on these criteria, 11 companies were selected, resulting in a total of 66 observation units.The data were analyzed using Structural Equation Modeling (SEM) with the assistance of AMOS software version 26 . SEM was chosen for its ability to simultaneously test the structural relationships between exogenous, mediating, and endogenous variables. The exogenous variables in this study are Managerial Ownership (X1), Total Asset Turnover or TATO (X2), and Time Interest Earned or TIE (X3). The mediating variable is Economic Value Added (EVA) (Z), and the endogenous variable is Market Capitalization (Y).

The analysis includes processing of secondary data, modeling the structural paths among variables, and hypothesis testing to evaluate both direct and indirect effects. The SEM estimation results are then interpreted to assess the extent to which EVA mediates the influence of internal financial indicators on market value.

4. Result and Discussion

Result

Table 1. Normalitas

Variable	Min	max	Skew	c.r.	Kurtosis	c.r.
Managerial Ownership	0	9,73	0,698	2,316	-1,154	-1,913
Total Asset Turnover	0,019	2,249	1,377	4,568	0,841	1,395
Interest Expense Ratio	-7,546	12,882	0,411	1,364	2,983	4,947
Market Capitalization	-0,858	7,058	1,047	3,473	0,399	0,662
Nilai Tambah Ekonomi	158,406	468,529	-0,607	-2,014	-0,438	-0,726
Multivariate					0,171	0,083

Source: Processed data using AMOS 26, 2025

Based on Table 1, the analysis results show that the multivariate normality test produced a Critical Ratio (CR) value of 0.083. According to the criteria stated by Haryono and Wardoyo (2012), data are considered to follow a multivariate normal distribution if the CR value of multivariate kurtosis falls within the range of ±2.58 or is less than 2.58. Since the CR value of 0.083 is well below that threshold, it can be concluded that the data in this study meet the assumption of multivariate normality.

Table 2. *Goodnes Of Fit*

Indicator	Requirement	Value	Description
Chi-square	p > 0,05	5,432	Good Fit
CMIN/df	< 2,00	1,811	Good Fit
GFI	> 0,90	0,960	Good Fit
CFI	> 0,90	0,981	Good Fit
TLI	> 0,90	0,938	Marginal Fit
RMSEA	< 0,08	0,095	Marginal Fit

Source: Processed data using AMOS 26, 2025

Based on the results of the test in Table 2, most of the indicators show that the model has a good fit. The Chi-square value obtained from the goodness-of-fit test is 5.432 with degrees of freedom (df) = 3. This value is used to assess the extent to which the theoretical model is able to represent the empirical data.

Table 3. Regression Weights

					Estimate	S.E.	C.R.	P	Label
K.Pasar	<---	Kep.Manajerial			0,213	0,066	3,223	0,001	par_1
K.Pasar	<---	TATO			0,616	0,360	1,712	0,087	par_2
K.Pasar	<---	TIE			-0,105	0,073	-1,452	0,147	par_3
EVA	<---	Kep.Manajerial			-3,336	0,852	-3,915	0,000	par_4
EVA	<---	TATO			-37,411	4,402	-8,498	0,000	par_5
EVA	<---	TIE			-3,526	0,882	-3,998	0,000	par_6
K.Pasar	<---	EVA			-36,503	1,483	-24,607	0,000	par_7
K.Pasar	<---	EVA	<---	Kep.Manajerial	-7,775	2,430	-3,199	0,003	par_8
K.Pasar	<---	EVA	<---	TATO	-22,486	13,173	-1,829	0,044	par_9
K.Pasar	<---	EVA	<---	TIE	3,833	2,669	1,436	0,914	par_10

Source: Processed data using AMOS 26, 2025

Based on the analysis results above, the following conclusions can be drawn:

1. **Managerial Ownership (X1)** has a **positive and significant effect** on **Market Capitalization (Z)**, with an Estimate of 0.213, C.R. = 3.223, and a p-value = 0.001. This meets the significance criteria; therefore, **H_o is rejected and H_a is accepted**.
2. **Total Asset Turnover (TATO) (X2)** has **no significant effect** on **Market Capitalization (Z)**, with an Estimate of 0.616, C.R. = 1.712, and p-value = 0.087. Since this does not meet the significance criteria, **H_o is accepted and H_a is rejected**.
3. **Interest Expense Ratio (TIE) (X3)** has **no significant effect** on **Market Capitalization (Z)**, with an Estimate of -0.105, C.R. = -1.452, and p-value = 0.147. Thus, **H_o is accepted and H_a is rejected**.

4. **Managerial Ownership (X1)** has a **negative and significant effect** on **Economic Value Added (EVA) (Y)**, with an Estimate of -3.336, C.R. = -3.915, and p-value = 0.000. This fulfills the significance requirement; hence, **H_o is rejected and H_a is accepted**.
5. **Total Asset Turnover (TATO) (X2)** has a **negative and significant effect** on **EVA (Y)**, with an Estimate of -37.411, C.R. = -8.498, and p-value = 0.000. Therefore, **H_o is rejected and H_a is accepted**.
6. **Interest Expense Ratio (TIE) (X3)** has a **negative and significant effect** on **EVA (Y)**, with an Estimate of -3.526, C.R. = -3.998, and p-value = 0.000. Thus, **H_o is rejected and H_a is accepted**.
7. **EVA (Y)** has a **negative and significant effect** on **Market Capitalization (Z)**, with an Estimate of -36.503, C.R. = -24.607, and p-value = 0.000. This indicates that EVA (Y) plays an important role as a mediating variable influencing market value, supporting its position as an **intervening variable** in the model.
8. **Managerial Ownership (X1)** has a **significant indirect effect** on **Market Capitalization (Z)** through **EVA (Y)**, with an Estimate of -7.775, C.R. = -3.199, and p-value = 0.003. Therefore, **H_o is rejected and H_a is accepted**.
9. **Total Asset Turnover (X2)** also has a **significant indirect effect** on **Market Capitalization (Z)** through **EVA (Y)**, although weaker, with an Estimate of -22.486, C.R. = -1.829, and p-value = 0.044. Thus, **H_o is rejected and H_a is accepted**.
10. **Interest Expense Ratio (TIE) (X3)** has **no significant indirect effect** on **Market Capitalization (Z)** through **EVA (Y)**, with an Estimate of 3.833, C.R. = 1.436, and p-value = 0.914. Therefore, **H_o is accepted and H_a is rejected**.

Tabel 4. Standardized Regression Weights

			Estimate
K.Pasar	<---	Kep.Manajerial	,610
K.Pasar	<---	TATO	,180
K.Pasar	<---	TIE	,075
K.Pasar	<---	EVA	-,650
EVA	<---	Kep.Manajerial	,350
EVA	<---	TATO	,590
EVA	<---	TIE	,420

Source: Processed data using AMOS 26, 2025

Based on Table 4, the results of the standardized regression weights generated through AMOS show that each variable has a different level of influence on the dependent variables in the model. The interpretation is carried out by considering the coefficients that have been normalized into standard deviation units, allowing for a comparison of the strength of influence among variables without being affected by differences in measurement units (Haryono and Wardoyo, 2012).

Should you wish to proceed with the results section or require assistance in writing the discussion chapter, please feel free to let me know.

Table 5. Squared Multiple Correlations

	Estimate
EVA	,598
K.Pasar	,459

Source: Processed data using AMOS 26, 2025

Based on the test results presented in Table 5, the Squared Multiple Correlations (R^2) values were obtained for the two endogenous variables in the model, namely Economic Value Added (EVA) and Market Capitalization. These R^2 values indicate the proportion of variance in each endogenous variable that can be explained by the exogenous variables in the model.

Table 6. Standardized Indirect Effects

	X3	X2	X1
Y	,000	,000	,000
Z	-,007	-,021	-,083

Source: Processed data using AMOS 26, 2025

Based on Table 6, the indirect effects of the exogenous variables—Managerial Ownership (X1), Total Asset Turnover (TATO) (X2), and Times Interest Earned (TIE) (X3)—on Market Capitalization (Z) through the intervening variable Economic Value Added (EVA) (Y) were obtained. These results indicate that each variable has a varying indirect effect on the company's market value.

Table 7. Indirect Variabel Eksogen

					Indirect Effect
EVA	<---	TIE	<---	Kep.Mnj	-0,402
EVA	<---	TIE	<---	TATO	2,361
EVA	<---	TATO	<---	Kep.Mnj	-4,787
K.Pasar	<---	TIE	<---	Kep.Mnj	-13,516
K.Pasar	<---	TIE	<---	TATO	79,363

Source: Processed data using AMOS 26, 2025

Based on the results in Table 7, the indirect effects of the exogenous variables on Market Capitalization (Z) and Economic Value Added (EVA) (Y) were obtained. These results show that each variable has a varying indirect effect.

Table 8. Variances

	Estimate	S.E.	C.R.	P	Label
Kep.Manajerial	4,275	,399	10,724	0.00	par_11
TATO	7,128	,665	10,724	0.00	par_12
TIE	3,867	,361	10,724	0.00	par_13
ε1	399,768	37,279	10,724	0.00	par_14
ε2	,026	,002	10,724	0.00	par_15

Source: Processed data using AMOS 26, 2025

Based on the results in Table 8, all variables (X1, X2, X3), including the residual variables (e1 and e2), show a p-value of 0.000, indicating that all variances are statistically significant (p < 0.05).

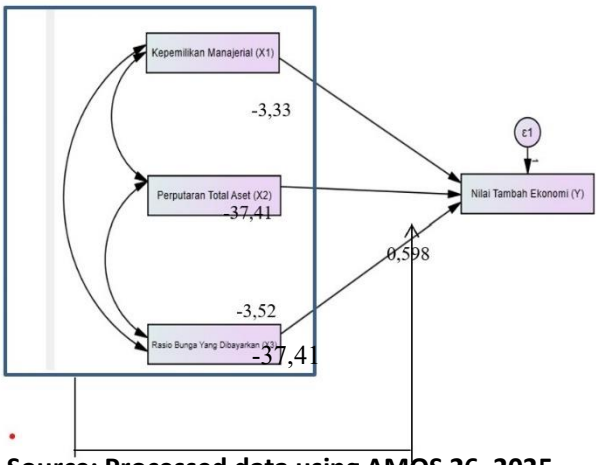
Table 9. Correlations

Variabel 1	Variabel 2	Correlations (r)
Kep.Manajerial	TATO	0,42
Kep.Manajerial	TIE	0,35
TATO	TIE	0,29

Source: Processed data using AMOS 26, 2025

Based on the correlation results in Table 9, there is a positive relationship among the exogenous variables in the model, namely between Managerial Ownership (X1) and Total Asset Turnover (TATO) (X2) (r = 0.42), Managerial Ownership (X1) and Times Interest Earned (TIE) (X3) (r = 0.35), as well as between Total Asset Turnover (TATO) (X2) and Times Interest Earned (TIE) (X3) (r = 0.29). The correlation results among the exogenous variables show that the highest correlation value is 0.42 between Managerial Ownership (X1) and Total Asset Turnover (TATO) (X2), while the lowest is 0.29 between Total Asset Turnover (TATO) (X2) and Times Interest Earned (TIE) (X3). Since all correlation values are below 0.85, there is no multicollinearity among the independent variables in the model.

Figure 1. Structure 1 Path Analysis

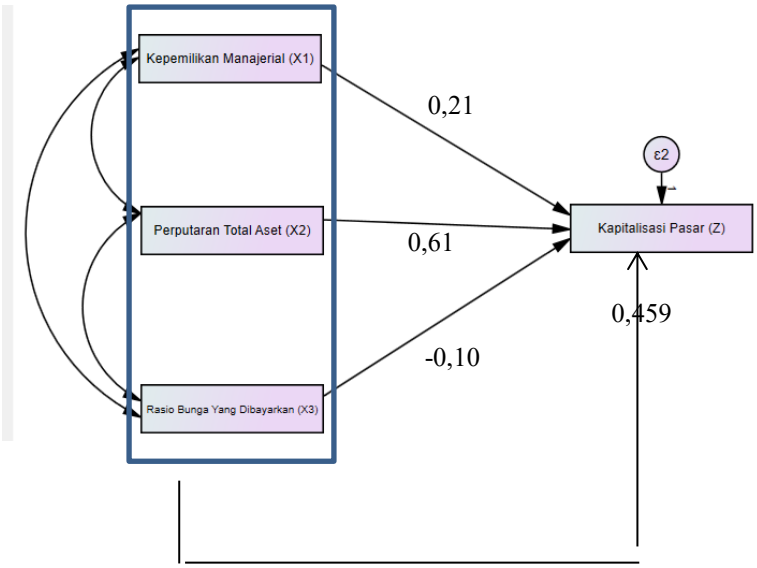


Source: Processed data using AMOS 26, 2025

Based on the paths indicated in the diagram and the corresponding values, all exogenous variables have a direct negative effect on EVA, which can be explained as follows:

1. Managerial Ownership (X1) on EVA (Y)
   It has a coefficient of –3.33, meaning that for every 1-unit increase in Managerial Ownership, EVA decreases by 3.33 units, assuming other variables remain constant.
2. Total Asset Turnover (TATO) (X2) on EVA (Y)
   It has a coefficient of –37.41, which is the strongest negative effect. This suggests that an increase in asset utilization efficiency is actually associated with a decrease in EVA by 37.41 units. This may be due to high efficiency not being accompanied by corresponding profitability.
3. Times Interest Earned (TIE) (X3) on EVA (Y)
   It has a coefficient of –3.52, indicating that as the company's ability to cover interest expenses increases, EVA decreases. This could be due to lower leverage leading to a higher cost of capital, thereby reducing economic value added.
4. The R^2 value of 0.598 indicates that, collectively, the three variables (X1, X2, X3) explain 59.8% of the variation in Economic Value Added (EVA).

Figure 2. Structure 2 Path Analysis



Source: Processed data using AMOS 26, 2025

Based on the paths indicated in the diagram and the corresponding values, all exogenous variables have a direct effect on Market Capitalization, which can be explained as follows:

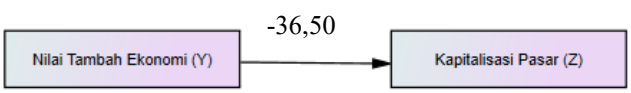
1 Managerial Ownership (X1) on Market Capitalization (Z)
It has a coefficient of 0.21, meaning that a 1-unit increase in Managerial Ownership leads to an increase of 0.21 units in Market Capitalization, assuming other variables remain constant.

2 Total Asset Turnover (TATO) (X2) on Market Capitalization (Z)
It has a coefficient of 0.61, representing the strongest positive effect. This indicates that higher efficiency in asset utilization leads to a greater increase in the company's market value.

3 Times Interest Earned (TIE) (X3) on Market Capitalization (Z)
It has a coefficient of –0.10, showing that a higher ability to cover interest expenses (TIE) tends to directly reduce the company's market value. This may reflect a situation where firms that are overly conservative in using debt are perceived as less aggressive in pursuing market growth.

4 The R^2 value 0.459 indicates that, collectively, the three variables (X1, X2, X3) explain 45.9% of the variation in Market Capitalization.

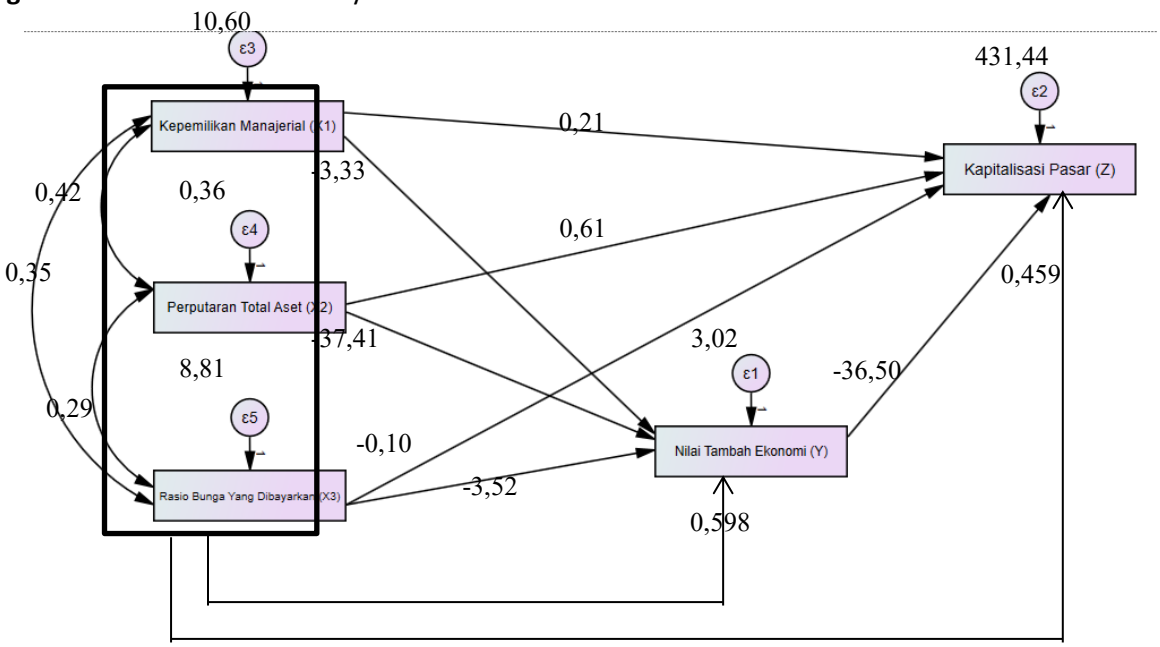
Figure 3. Structure 3 Path Analysis



Source: Processed data using AMOS 26, 2025

Based on Structure 3, Economic Value Added (EVA) (Y) has a direct negative effect on Market Capitalization (Z), with a coefficient of –36.50. This indicates that an increase in EVA tends to be followed by a decrease in market capitalization. This finding suggests a misalignment between value-based financial performance and the market's perception of the company.

Figure 4. Structure 4 Path Analysis



Source: Processed data using AMOS 26, 2025

This figure presents the final results of the path analysis model developed using the Structural Equation Modeling (SEM) approach based on AMOS. The model simultaneously examines the influence of three independent variables—Managerial Ownership (X1), Total Asset Turnover (TATO) (X2), and Times Interest Earned (TIE) (X3)—on Market Capitalization (Z), both directly and indirectly through the mediating variable EVA (Y). The directional arrows indicate the relationships between variables, with the numbers above them representing the standardized regression coefficients (standardized estimates) obtained from the analysis.

From the model, it is evident that the direct effect of Managerial Ownership (X1) on Market Capitalization (Y) is strong and statistically significant, whereas the direct effects of Total Asset Turnover (X2) and Time Interest Earned (TIE) (X3) on Y are relatively weak and not significant. However, when mediated by Economic Value Added (EVA), the indirect effects of X2 and X3 on Y become more dominant. Therefore, it can be concluded that EVA serves as an important mechanism in transmitting the impact of operational efficiency and financial structure on market value. This is also supported by the squared multiple correlation (R^2) value for Y, which is 0.459, indicating that 45.9% of the variation in market capitalization is explained by the constructed model.

Tabel 10. Path Coefficient

					Estimate (*Unstandardized*)	S.E.	C.R.	P	Label
K.Pasar	<---	Kep.Manajerial			0,213	0,066	3,223	0,001	par_1
K.Pasar	<---	TATO			0,616	0,360	1,712	0,087	par_2
K.Pasar	<---	TIE			-0,105	0,073	-1,452	0,147	par_3
EVA	<---	Kep.Manajerial			-3,336	0,852	-3,915	0,000	par_4
EVA	<---	TATO			-37,411	4,402	-8,498	0,000	par_5
EVA	<---	TIE			-3,526	0,882	-3,998	0,000	par_6
K.Pasar	<---	EVA			-36,503	1,483	-24,607	0,000	par_7
K.Pasar	<---	EVA	<---	Kep.Manajerial	-7,775	2,430	-3,199	0,003	par_8
K.Pasar	<---	EVA	<---	TATO	-22,486	13,173	-1,829	0,044	par_9
K.Pasar	<---	EVA	<---	TIE	3,833	2,669	1,436	0,914	par_10

Source: Processed data using AMOS 26, 2025

Hypothesis 1

Ha_1: There is a significant effect of Managerial Ownership on Market Capitalization.

H_{o1}: There is no significant effect of Managerial Ownership on Market Capitalization.

Hypothesis 2

Ha_2: There is a significant effect of Total Asset Turnover (TATO) on Market Capitalization.

H_{o2}: There is no significant effect of Total Asset Turnover (TATO) on Market Capitalization.

Hypothesis 3

Ha_3: There is a significant effect of Times Interest Earned (TIE) on Market Capitalization.

H_{o3}: There is no significant effect of Times Interest Earned (TIE) on Market Capitalization.

Hypothesis 4

Ha_4: There is a significant effect of Managerial Ownership on Economic Value Added (EVA).

H_{o4}: There is no significant effect of Managerial Ownership on Economic Value Added (EVA).

Hypothesis 5

Ha_5: There is a significant effect of Total Asset Turnover (TATO) on Economic Value Added (EVA).

H_{o5}: There is no significant effect of Total Asset Turnover (TATO) on Economic Value Added (EVA).

Hypothesis 6

Ha_6: There is a significant effect of Times Interest Earned (TIE) on Economic Value Added (EVA).

H_{o6}: There is no significant effect of Times Interest Earned (TIE) on Economic Value Added (EVA).

Hypothesis 7

Ha_7: There is a significant effect of Economic Value Added (EVA) on Market Capitalization.

H_{o7}: There is no significant effect of Economic Value Added (EVA) on Market Capitalization.

Hypothesis 8

Ha_8: There is a significant indirect effect of Managerial Ownership on Market Capitalization through Economic Value Added (EVA).

H_{o8}: There is no significant indirect effect of Managerial Ownership on Market Capitalization through Economic Value Added (EVA).

Hypothesis 9

Ha_9: There is a significant indirect effect of Total Asset Turnover (TATO) on Market Capitalization through Economic Value Added (EVA)

H_{o9}: There is no significant indirect effect of Total Asset Turnover (TATO) on Market Capitalization through Economic Value Added (EVA).

Hypothesis 10

Ha_{10}: There is a significant indirect effect of Times Interest Earned (TIE) on Market Capitalization through Economic Value Added (EVA).

H_{o10}: There is no significant indirect effect of Times Interest Earned (TIE) on Market Capitalization through Economic Value Added (EVA).

5. Conclusion and Suggestion

This study aims to examine the influence of Managerial Ownership (X1), Total Asset Turnover (TATO) (X2), and Times Interest Earned (TIE) (X3) on Market Capitalization (Z), both directly and indirectly through the intervening variable Economic Value Added (EVA) (Y), in coal distribution sub-industry companies listed on the Indonesia Stock Exchange (IDX) during the period 2018–2023. Based on data analysis using the Structural Equation Modeling (SEM) method with IBM SPSS AMOS version 26, the following conclusions were drawn:

a. Managerial Ownership has a negative and significant effect on EVA.
b. TATO has a negative and significant effect on EVA.
c. TIE has a negative and significant effect on EVA.
d. Managerial Ownership has a positive and significant effect on Market Capitalization.
e. TATO has no significant effect on Market Capitalization.
f. Managerial Ownership has a significant indirect effect on Market Capitalization through EVA.
g. TATO has a significant indirect effect on Market Capitalization through EVA.
h. TIE has no significant indirect effect on Market Capitalization through EVA.

6. Acknowledgement

Based on the conclusions, several recommendations can be made in academic, practical, and future research contexts as follows:

1. For Future Researchers
   It is recommended to include additional variables such as capital structure, dividend payout ratio, firm size, or environmental performance, which may also influence EVA and Market Capitalization. Future research may also employ a multigroup or longitudinal approach to capture more comprehensive dynamics.
2. For Investors and Market Analysts
   It is advisable not to rely solely on conventional profit indicators (such as EPS or ROE) in evaluating firm value, but to also consider EVA as an indicator of real value creation. However, it should be noted that a high EVA is not always positively perceived by the market. Therefore, investment decisions should also take into account market sentiment, industry outlook, and long-term expectations.
3. For Company Management
   A balance between operational efficiency and strategic investment is necessary. Excessively high TATO and TIE values may reflect overly conservative behavior and hinder the growth of firm value. Hence, financial structure policies should focus not only on short-term efficiency but also on the creation of sustainable economic value.
4. For Regulator and the Government
   The findings of this study can serve as a reference to encourage transparency and the disclosure of EVA in corporate annual reports. This will help investors gain more comprehensive information about company performance, beyond accounting-based profits, by also considering actual economic value added.
5. For the Academic Community
   This study opens the door for further exploration of the gap between fundamental value (such as EVA) and market value (capitalization). It is recommended to develop research models that integrate both quantitative and qualitative aspects, such as the influence of corporate governance (GCG), leadership, and innovation on value creation.

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