

The Influence of Managerial Ownership and Company Growth on Company Value through Institutional Ownership as a Moderation Variable

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Abstract

This study aims to find out how much the discussion of Company Value through Institutional Ownership as a moderation variable: Managerial Ownership and Company Growth (In Manufacturing Companies listed on the Indonesia Stock Exchange for the period 2016-2020). Data collection methods through ICMID and IDX sites and literature studies. The method of analysis used is regression analysis. The results of this study were obtained: (1) Managerial Ownership partially affects the Value of the Company (2) Company Growth partially has a significant effect on the Company Value (3) Managerial Ownership and Company Growth partially affects the Value of the Company (4) Managerial Ownership partially affects the Value of the Company with institutional ownership as a moderation variable (5) The Company's growth partially has no significant effect on the Value of the Company with institutional ownership as a moderation variable (6) Managerial Ownership and Company Growth partially affect the Value of the Company with institutional ownership as a moderation variable.

INTRODUCTION

The value of the company is the investor's perception of the success rate of the company in managing the company which aims to prosper its owner through the implementation of financial management functions carefully and appropriately, considering that every decision taken will affect other financial decisions that have an impact on the value of the company. The success of the

company can be seen from the stock price, the higher the stock price, the better the value of the company. Increased value of the company can also increase the interest of investors to invest in the company (Suastini et al., 2016). (Kelana & Amanah, 2020) Company value is a picture or consideration of public confidence in certain conditions that have been achieved by the company for its performance in financial functions. The value of the company can be used as an indicator for the market to assess the company as a whole and see the future prospects of a company. Maximizing the value of the company is very important because with the high value of the company it will increase the prosperity of shareholders.

(Padma Adriana Sari, 2021) The value of a company is an investor's perception of a company related to the stock price. A company is said to have good value if the company's performance is also good. The higher the stock price, the higher the value of the company. High company value is the desire of the owners of the company, because with a high value shows the prosperity of shareholders is also high. Investors also tend to be more interested in investing their shares in companies that perform well in increasing the value of the company. Factors that affect the value of the company, namely Managerial Ownership and Company Growth Investment decisions in this study are formulated with PER (*price earning ratio*), PER shows the comparison between *closing price* with earnings per share (*earning per share*).

Managerial ownership is a proportion of the shareholding owned by management, namely directors and commissioners..(Kristanto, Celine., Putri, Arie P., 2020) Management's shareholding is the proportion of common shares held by management. The existence of management ownership will cause a supervision of the policies that will be taken by the company's management. (Hardiansyah & Laily, 2020) With the ownership of shares by managerial, it is expected that the manager will act in accordance with the wishes of the managers *principal* because managers will be motivated to improve performance and later.

(Putra & Muliarta RM, 2019) *Growth* is a change (decrease or increase) in the total assets owned by the company. Asset organization is calculated as a percentage change in assets at any given moment against the previous year. Based on the above definition, growth can be explained is a change in total assets in the form of increases and decreases experienced by the company for one period (one year). The company's reef has a direct and positive influence on changes in the stock price, meaning that information about the company's growth is responded positively by investors, so it will increase the stock price. (Suryandani, 2019).

Institutional ownership is the ownership of company shares by institutions or institutions such as insurance companies, banks, investment companies and other institutions also explains that institutional ownership is a shareholding by the government, financial institutions, incorporated institutions, state institutions, trust funds and other institutions at the end of the year. (Wardhani et al., 2017). Institutions can control the majority of shares because they have greater resources compared to other shareholders. Institutional ownership is one of the factors that

can affect the company's performance, because it plays a role in monitoring managers who manage the company. Institutional ownership will encourage increased oversight of a manager's performance more optimally because shareholding represents a source of power that can be used to support or otherwise support the performance of managers. (Alda Nadya Mastuti & Prastiwi, 2021).

METHODS

Research Object

In this study, the author conducted research on companies listed on the Indonesia Stock Exchange, The Indonesia Stock Exchange is a market that deals with the purchase and sale of securities of companies that have been listed. Stock exchanges together with money markets are the main source of external capital for companies and governments. And what will be researched is about the Influence of Managerial Ownership, Company Growth on The Value of Companies with Institutional Ownership as a Moderation Variable in companies Sample in this study is Manufacturing Companies. The selection of this research sample is based on *purposive sampling* with the aim of obtaining a representative sample according to predetermined criteria.

The criteria for the sample to be used are as follows::

1. Manufacturing Companies listed on the Indonesia Stock Exchange during 2016-2020
2. Manufacturing Companies listed on the Indonesia Stock Exchange that have reported consecutive and complete financial statements in the 2016-2020 research period
3. Manufacturing companies that report financial statements with rupiah currency, because the value of foreign currencies changes tend to be volatile to the rupiah currency so that it does not reflect the company's financial condition for a year.
4. Manufacturing companies that have positive profits on financial statements during the research period.

Variables and Variable Operations

Dependent Variables

Dependent variables in this study are variables whose values are affected or cause changes due to the presence of free variables. The dependent variable used in this study is Company Value (Y) With Formula:

$$PBV = \frac{\text{Market Price Per Share}}{\text{Book Value Per sheet Shares}}$$

Independent Variables

a) Managerial Ownership

Managerial ownership is the amount of share ownership by the management of all the company's share capital under management. Managerial ownership is

calculated using the percentage of shares owned by the company's management who actively participate in the company's decision-making (commissioners and directors).

$$MNJR = \frac{\text{Number of Shares}}{\text{number of Outstanding Shares}}$$

b) Company Growth

The company's growth is: "the company's ability to increase size, which can be projected by increasing assets, equity, profit, and sales". The growth of the company can be seen from the growth ratio (growth ratio).

$$\text{Profit Growth} = \frac{\text{Growth } t - \text{Growth } t - 1}{\text{Growth } t - 1}$$

c) Institutional Ownership

Institutional ownership is the proportion of shares held by the institution at the end of the year as measured in percentage terms. The institution referred to in the ownership can be owned by non-governmental organizations, banks, insurance companies, pension funds, investment companies, both from within the country and abroad. Institutional ownership is measured by using the ratio between the number of shares owned by the institution to the number of shares of the company outstanding as a whole. The indicator used is to use Institutional Ownership With the formula:

$$KPI = \frac{\text{Number of Institutional Shares}}{\text{Number of Shares Outstanding}}$$

Data Analysis Methods

Descriptive Analysis

Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. (Asem & Dkk, 2016). Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. In descriptive statistics, among others, are the presentation of data through tables, graphs, pie charts, pictograms, mode calculations, medians, mean (measurements of central tendency), decile calculations, percentiles, calculations of data spread through calculations of averages and standard deviations, calculations of percentages.

RESULTS AND DISCUSSION OF RESULTS

1. Descriptive Statistics

After all data and information is collected, the data processing stage can be implemented immediately. The data processing process is carried out with the help of the program *Eviews 9*. Based on the stages of data processing that has been carried out obtained a descriptive statistical summary of each of the research variables used such as table 1 as follows:

Table 1. Descriptive Statistics

Variabel	N	Min	Max	Median	Mean	Std. Deviasi
PBV (Y)	300	0.100251	3.300493	1.879732	1.753687	0.704097
KPM	300	0.006179	4.053946	3.385227	3.004417	1.145168
GROWTH	300	0.160595	3.532407	1.679588	1.712293	0.626514
KPI	300	0.078728	2.004903	2.004903	1.004600	0.424136

Source: Processed Data Results EViews 9

Based on the results of descriptive statistical calculations of the research data from table 1 above, it can be known that the amount of data on each variable is 195 observations derived from 60 samples at manufacturing companies listed on the Indonesia Stock Exchange for the period 2016 to 2020 Each variable will be described according to the data in table 1:

1. Company Value

The results of descriptive statistical analysis in table 1 showed that out of 300 observations, the company value data ranged from 0.100 to 3,300 with a middle value (median) of 1.75 and an average (mean) of 1.87 with a standard deviation of 0.0.704.

2. Manageral Ownership

The results of descriptive statistical analysis in table 1 showed that out of 300 observations, managerial ownership data ranged from 0.06 to 4.05 with a middle value (median) of 3.38 and an average (mean) of 3.00 with a standard deviation of 1.14.

3. Company Growth

The results of descriptive statistical analysis in table 1 showed that out of 300 observations, the Company's Growth data ranged from 0.160 to 3.53 with a middle value (median) of 1.67 and an average (mean) of 1.71 with a standard deviation of 0.62.

4. Institutional Ownership

The results of descriptive statistical analysis in table 1 showed that out of 300 observations, institutional ownership data ranged from 0.078 to 2.00 with a middle value (median) of 0.97 and an average (mean) of 1.00 with a standard deviation of 0.42.

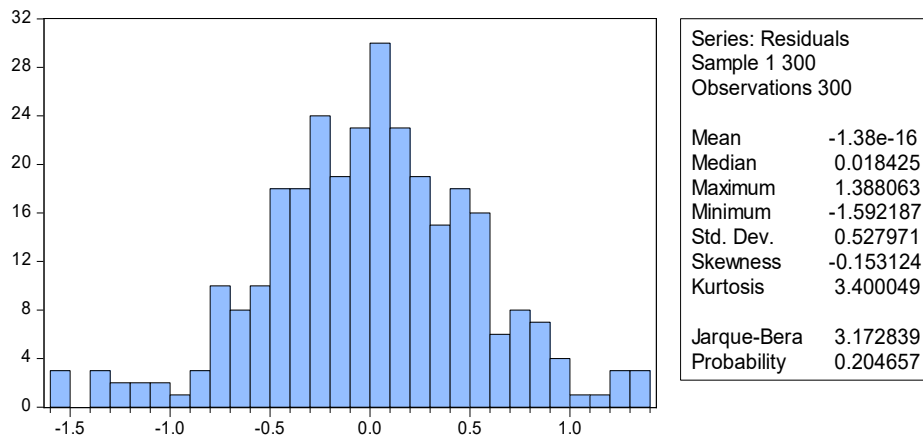
5. Company Size

The results of descriptive statistical analysis in table 1 showed that from 195

observations, the Company Size data ranged from 1.21 to 1.46 with a middle value (median) of 1.36 and an average (mean) of 1.37 with a standard deviation of 0.03.

Normality Test

The normality test aims to find out whether in the residual model it is normal or not. In this study, the normality test was carried out with a jarque-bera test. Residual is said to be of normal distribution if it has a value above or equal to 0.05. The results of the normality test can be seen from figure 1 below:



Source: Processed Data Results EViews 9

Figure 1. Normality Test Histogram Results

Based on the histogram on the normality test, the residual research shows that the residual research has a height between the system that is not too far from each other, and the residual distribution pattern is said to be also not too tight and there is a gap. The residual distribution of the study can be seen in the test results *Jarque- Bera* In the image above it is known that the value *Jarque-Bera* by 4.40 with a probability of 3.17 because the probability value of 0.20 > of 0.05, it can be said that the residual in this research model has been normal.

Determination Coefficient Test Results (R²)

The coefficient of determination (R²) indicates the proportion described by independent variables in the model to dependent variables, the rest is explained by other variables not included in the model, erroneous model formulations and experimental errors. The results of the determination coefficient test can be seen in the table as follows:

Table 2. Results of the Coefficient of Determination Test (R²) without Moderation Variables

R-squared	0.410052
Adjusted R-squared	0.397971

Source: Processed Data Results EViews 9

Based on table 2 shows that the coefficient of determination resulting in the R-squared test is worth 0.39. The results obtained showed that independent

variables were able to contribute to influencing dependent variables by 39% while the remaining 61% were influenced by other variables that were not included in the research model.

Table 3. Results of Determination Coefficient Test (R2) With Moderation Variables

R-squared	0.462744
Adjusted R-squared	0.447974

Source: Processed Data Results EViews 9

Based on table 3 shows that the value of the coefficient of determination generated in the R-squared test is worth 0.44. The results obtained showed that independent variables were able to contribute to influencing dependent variables by 44% while the remaining 56% were influenced by other variables that were not included in the research model.

1. Moderation of Institutional Ownership with Managerial Ownership

The results of the interaction test showed that Institutional Ownership entered as a moderation variable showed that the result of the interaction of the Managerial Ownership variable against the Company Value Variable with a significant result of $0.00 < 0.05$. This shows that Institutional Ownership is able to moderate the positive and significant influence of Managerial Ownership on the Value of the Company.

2. Moderation of Institutional Membership with Company Growth

The results of the interaction test showed that Institutional Ownership entered as a moderation variable showed that the result of the company's growth variable interaction was against the Company Value Variable with a significant result of $0.00 < 0.05$. This shows that Institutional Ownership is able to moderate the positive and significant influence of Company Growth on company value.

CONCLUSIONS

Conclusion

Based on the analysis and discussion of Knowing the Value of the Company through Institutional Ownership as a moderation variable: Managerial Ownership and Company Growth (In Manufacturing Companies listed on the Indonesia Stock Exchange for the period 2016-2020) then the following conclusions: The results of this study were obtained (1) Managerial Ownership partially affects the Value of the Company (2) Company Growth partially has a significant effect on the Company Value (3) Managerial Ownership and Company Growth partially affects the Value of the Company (4) Managerial Ownership partially affects the Value of the Company with institutional ownership as a moderation variable (5) The Company's growth partially has no significant effect on the Value of the Company with institutional ownership as a moderation variable (6) Managerial Ownership and Company Growth partially affect the Value of the Company with institutional ownership as a moderation variable.

Suggestion

For Company 1) The need for the company's management to pay special attention to the decline in the Company's Value, 2) Can maximize each existing management division so that the company's performance becomes better and is looked at by investors and potential investors, 3) The company must remain consistent to always increase profits, so that profits continue to increase and can provide added value for the company.

For The Next Researcher 1) It is better to add other variables that were not used in this study. 2) It is better to extend the year or period of research so that the results obtained are better than this study, 3) you should use other proxies to calculate the Company Value in order to get wider results from the results of this study.

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