THE IMPACT OF OWNERSHIP STRUCTURE ON FIRM VALUE IN THE BANKING SECTOR COMPANIES

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A R T I C L E I N F O
Article history:
Received August 29, 2022
Revised December 14, 2022
Accepted January 5, 2023

Key words:
Firm Value; Managerial Ownership; Foreign Ownership; Family Ownership

DOI:
https://doi.org/10.33508/jako.v15i1.4033

A B S T R A C T
Research Purpose. *This research aims to determine the effect of managerial ownership, foreign ownership, and family ownership on firm value.*
Research Method. *This research uses quantitative methods. The population in this study is banking companies listed on the Indonesia Stock Exchange from 2016 to 2019. The sample was determined by purposive sampling technique and obtained 88 research samples based on specific criteria. The analytical method used is descriptive statistical analysis, panel data regression analysis, classical assumption test, and multiple linear regression analysis.*
Research Result and Findings. *The results showed that managerial ownership and foreign ownership had an insignificant negative effect on firm value and family ownership had a significantly positive effect on firm value.*

A B S T R A K
Tujuan Penelitian. *Penelitian ini bertujuan untuk mengetahui pengaruh kepemilikan manajerial, kepemilikan asing, dan kepemilikan keluarga terhadap nilai perusahaan.*
Metode Penelitian. *Penelitian ini menggunakan metode kuantitatif. Populasi dalam penelitian ini adalah perusahaan perbankan yang terdaftar di Bursa Efek Indonesia dari tahun 2016 sampai dengan tahun 2019. Sampel ditentukan dengan teknik purposive sampling dan diperoleh 88 sampel penelitian berdasarkan kriteria tertentu. Metode analisis yang digunakan adalah analisis statistik deskriptif, analisis regresi data panel, uji asumsi klasik, dan analisis regresi linier berganda.*
Hasil dan Temuan Penelitian. *Hasil penelitian menunjukkan bahwa kepemilikan manajerial dan kepemilikan asing berpengaruh negatif tidak signifikan terhadap nilai perusahaan dan kepemilikan keluarga berpengaruh positif signifikan terhadap nilai perusahaan.*

INTRODUCTION

Indonesia is a country with strong capabilities in national and international competition. The geographical location with natural energy and a growing population of young people has laid a solid foundation for Indonesia's macroeconomic development. In 2019, Indonesia experienced normal economic development of around 5%. The Central Statistics Agency has released information on Indonesia's economic development in 2020 with the result of 5.32% which was 0.3% higher than 5.02% in 2019. Indonesia's economic development is caused by several aspects that are in line with the country's development goals in the face of globalization. Various sectors support Indonesia's economic development, and each industry has its portion.

The firm value can be considered by funders related to their goal contribute to maximize the profit, prosper shareholders, or achieve long-term performance (Ardillah & Chandra, 2021; Sinaga, 2021). Usually, funders will trust the company if it has a high firm value (Savitri & Ramantha, 2019). The following is the average firm value data for all banking companies listed on the Indonesia Stock Exchange, as shown in Figure 1.

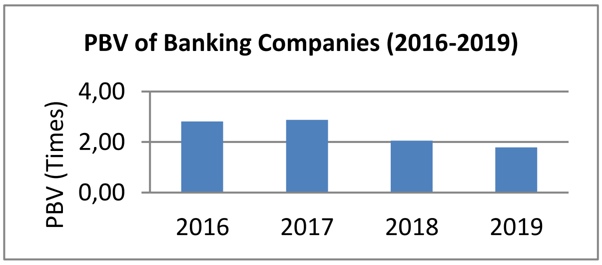

Figure 1. Firm Value of Banking Companies

Based on figure 1, shows that the Price to Book Value as a firm's value indicator in 2016 was 2.82, and in 2017 was 2.88. There was an increase of 0.06 times greater than the book value. From 2018 to 2019, there was a very significant decrease in firm value. The decline in the firm value of banking sector companies was triggered by various elements, one of which was the share price of the bank. An assessment of the strength of a bank can be a sign for financial statement users in making investment choices (Anggarsini & Suprasto, 2018). Good performance of a company can attract premiums and trust all parties to reach the normative goal to maximize the value of the company (Ardillah et al., 2022). Investors will react to the health of the top-notch bank by expanding the cost of shares which will affect the development of corporate rewards (Maheswari & Suryanawa, 2016).

The firm value by increasing company's share price can become an indication of the company's success rate in increasing investor investment confidence (Ardillah, 2018). Many indicators influence the increase in firm value, one of which is the company's ownership structure. The ownership structure is the various ownership levels held by internal and external investors (Widanastiti & Rahayu, 2020). The ownership structure is considered to influence organizational activities, which will thus affect the organization's presentation to maximize firm value. An improved ownership structure can make administrative capacity work better and make boards more cautious about obtaining and overseeing credit (liabilities) because an increased size of liabilities will lead to financial difficulties (Sudana, 2011).

The companies are trying their best to achieve their goals by providing opportunities for management to own shares by equalize the interests of managers and shareholders and the firm value (Susanti & Mildawati, 2018). Managers will be motivated to improve the company's performance which will also impact to increase the in stock prices (Hersugondo, 2018). Financial statement users can pressure managers and ask them to provide supervision. Foreign investors can provide new capital and recruit ready-to-work heads and help companies closest to them to register in the global market, thereby reducing the cost of raising capital (Soewarno & Ramadhan, 2020).

Most Indonesian companies are family-owned. As owners of the company, family members will try to maintain the company's viability so that it can be passed on to the next generation (Astuti & Muna, 2017). Family ownership causes unclear roles and responsibilities among family members, which can cause problems in the contractual relationship between the principal and the company agent (Arum & Darsono, 2020). Family ownership in a company can increase operations and reduces managerial takeovers, so it will increase the firm value.

The research results conducted by Hersugondo (2018) prove that managerial ownership has no significant effect on firm value. Meanwhile, Ballo (2020) stated that managerial ownership negatively influences the firm value. It is different from the results of the study by Dewayanto & Riduwan (2020), Soewarno & Ramadhan (2020), Mappadang (2021), and Bernardin & Karina (2021), which suggest that managerial ownership has a significant positive effect on firm value. Buttang (2020) stated that foreign ownership has a negative and significant effect on firm value. On the other hand, research conducted by Hersugondo (2018), Kao et al. (2018), Fitri et al. (2019), Polii & Herawaty (2020), Natali & Herawaty (2020), and Soewarno & Ramadhan (2020) suggests that foreign ownership has a significant positive effect on firm value. Arum & Darsono's research (2020) explains that family ownership does not affect firm value. In comparison, Astuti & Muna (2017), Kao et al. (2018), Malelak et al. (2020), and Najahiyah et al. (2022) stated that family ownership positively affects firm value.

The justification for choosing bank firms in this study is that the banking business sector is one of the industries that can be relied on to be developed in the future. The daily activities of the Indonesian people cannot grow if they are separated from banking services where banking companies make a significant contribution to state revenue by looking at the company's financial situation (Savitri & Ramantha, 2019). The conflicting consequences of previous studies make researchers need to rethink the result of the test hypothesis. This research was replicated by Buttang (2020) with additional independent variables to form ownership structures such as managerial ownership and family ownership. This research aims to prove the effect of managerial ownership, foreign ownership, and family ownership on the firm value of banking sector companies.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Literature Review

Agency Theory

The principals expect agents to act following the principal's interests. By hiring an agent, the principal versus the agent can maximize the value of utility wealth by developing high investment capital. In some cases, however, both the principal and the agent need to increase their respective utility so that it cannot be trusted that the agent will consistently act on a legitimate concern for the rules (Godfrey et al., 2010). The agency theory is related to selfishness above the interests of others. In this situation, the manager as an agent is more concerned with enrichment than realizing the principal's interests (Kurniansyah et al., 2018).

If identified with this research, agency theory can be used as a rationale to support ownership structure for strategic policies, so that company expansion is valuable and growing. Managerial ownership can be a way to minimize agency conflicts within the company by aligning the interests of management with the company's shareholders (Effendi, 2016). It is also more likely that corporations with foreign investors will adhere to good governance and corporate practices, have more diverse holdings, and have improved monitoring capacities to reduce the asymmetries through enhanced information levels (Jackson & Strange, 2008). The family control reduces agency problems between managers and shareholders but creates conflict between controlling families and minority shareholders if the protection of minority shares is weak in terms of family ownership, the majority shareholder can expropriate the company’s wealth from the minority shareholder (Richardson & Leung, 2011).

Firm Value

The firm value is beneficial because the higher the company's value, the higher the value of investors. The firm value can be measured by the stock price, where its development can be seen from the stock price on the stock exchange (Indrarini, 2019). If the stock price increases, the firm value will also increase (Buttang, 2020). Based on the definition presented, the researcher assumes that the company's value is the selling value. If the company is to be sold, it will be reflected in the price of the company's outstanding shares.

Ownership Structure

The ownership structure is defined as various forms of ownership or the proportion of equity held by internal and external shareholders. The mechanism of ownership structure is to reduce conflict between management and shareholders (Natali & Herawaty, 2020). The ownership structure has a qualitative effect that refers to the nature of ownership (Ardillah, 2021). The ownership structure of the company is represented by directors (agents) appointed by shareholders (principals) in carrying out its activities. The ownership structure is considered to have the ability to influence the company's operations to maximize the company’s value. The ownership structure is one step to reducing agency costs because shareholders and management both have their proportions in the company and will minimize agency conflicts due to a clear division (Arwani et al., 2020)

Managerial Ownership

Managerial ownership is an ownership structure estimated based on the level of the value claimed by the commissioners, directors, and management (Adi et al., 2015). Managerial ownership is administrative investors (directors and commissioners) who function in organizational dynamics. Managerial ownership consists of company shares claimed by an internal meeting or board (Pramesti & Budiasih, 2017).

Foreign Ownership

Based on article 1, paragraph 3 of Law Number 25 of 2007 a speculation exercise of foreign ownership has been concerning as efforts to maintain the business in the Republic of Indonesia. Foreign investors use sole proprietorship or joint activities with domestic investments. Foreign share ownership is the number of company shares claimed by outsiders (Hermiyetti & Erlinda, 2016). Most shared ownership is foreign ownership because investors do not have the motivational power and capacity to manage management, so implementing investor supervision over control is weak.

Family Ownership

Family ownership is a company where most of the common shares are owned by actively participating family members. The owners of the family business are the major shareholders, and their interests will take precedence over the interests of the minor shareholders (Yustisi & Putri, 2020). The largest controlling shareholder of the company is an individual with certain controlling rights. In that case, the listed company is classified as a family-controlled company establishing family-based ownership with the surname and whether there is a marital relationship.

To facilitate understanding of this research, the author provides a research framework presented in Figure 2 to prove the effect of ownership structure based on managerial ownership, foreign ownership, and family ownership on firm value.

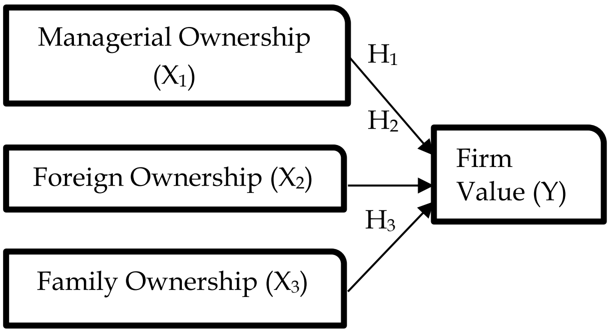

Figure 2. Research Conceptual Model

<u>Hypothesis Development</u>

Relationship Between Managerial Ownership and Firm Value

The existence of managerial interests will lead someone to conclude that the firm value is increasing due to an increase in managerial ownership. Many managers' holdings will allow managers to monitor company activities effectively (Suryaningsih et al., 2018). In the company, the greater the level of managerial ownership, the more management will maximize its performance for the benefit of investors and themselves. This managerial ownership helps unite interests so that both can benefit directly from the decision and share some of the consequences (Susanti & Mildawati, 2018). Bernardin & Karina (2021), Dewayanto & Riduwan (2020), Mappadang (2021), and Soewarno & Ramadhan (2020) suggest that managerial ownership has a significant positive effect on firm value.

Ha_1: Managerial ownership has a positive effect on firm value.

Relationship Between Foreign Ownership and Firm Value

Foreign ownership refers to the proportion of the company's common stock claimed by outsiders such as the law, the government, and some companies or non-foreign persons such as legal entities and the government (Buttang, 2020). Foreign ownership would positively affect the company's value because the higher the share of foreign ownership in foreign meetings, the greater the possibility of an increase in the firm value (Soewarno & Ramadhan, 2020). If this happens, it can form a better administrative component, affect the lack of interest, and empathically influence the company's operations to increase its bidding costs or increase its price overall. Hersugondo (2018), Kao et al. (2018), Fitri et al. (2019), Polii & Herawaty (2020), Natali & Herawaty (2020), and Soewarno & Ramadhan (2020) suggest that foreign ownership has a significant positive effect on firm value.

Ha_2: Foreign ownership has a positive effect on firm value.

Relationship Between Family Ownership and Firm Value

Family firms were derived from companies has significant ownership with family members (Astuti & Muna, 2017). Family ownership will increase firm value because with the family member governing the company's ownership can further develop the supervision of the executives and make the right choices for the resilience of the company. It is also because it has more critical inspiration related to the firm value associated with family abundance. The family ownership structure may place family members in top management positions in the company and other strategic parts (Natali & Herawaty, 2020). Astuti & Muna (2017), Kao et al. (2018), Malelak et al. (2020), and Najahiyah et al. (2022) stated that family ownership positively affects firm value.

Ha_3: Family ownership has a positive effect on firm value.

RESEARCH METHODS

<u>Population and Sample</u>

The population in this study is public banking companies listed on the Indonesia Stock Exchange (IDX). The following are the considerations used in determining the exploratory test to determine the number of research samples, including (1) listed banking companies in the Indonesia Stock Exchange for the 2016-2019 period, (2) banking companies that had managerial shares ownership during the research period, (3) banking companies that had foreign shares ownership during research period (4) banking companies that had complete data needed in research during the research period. Each of the above criteria or considerations is based on a reason related to the research topic.

Table 1. Results of Sample Selection

Number	Criteria Description	Amount
1.	Banking companies listed on the Indonesia Stock Exchange in the 2016-2019 period	44
2.	Banking companies that don't have managerial shares ownership during the research period	(15)
3.	Banking companies that don't have foreign shares ownership during the research period	(3)
4.	Banking companies that do not have complete data needed for research	(4)
Number of Research Samples		22
Total Research Data (22 x 4 periods)		88

Operational Definition and Variables Measurement

Firm value is a value that refers to the market value of a company that is sold in a state of operation (Rahmatia, 2015). This study measured the firm value using Price to Book Value. This measurement refers to research conducted by Hersugondo (2018) and Soewarno & Ramadhan (2020), which uses it to measure value. The higher the Price to Book Value, the higher the company's stock price conversely (Brigham et al., 2010). Price to Book Value can be formulated as follows.

$$\text{Price to Book Value} = \frac{\text{Price Per Share}}{\text{Book Value Per Share}} \text{ ……….(1)}$$

Managerial ownership is the ratio of shares owned by company management (directors, commissioners, and managers) to shares held by outside parties (public, government, or other companies) (Hermawan, 2018). In this study, managerial ownership is measured using a ratio scale. This measurement refers to research conducted by Bernardin & Karina (2021), Dewayanto & Riduwan (2020), and Putra & Putra (2021). Managerial ownership can be systematically formulated as follows (Hermawan, 2018).

$$\text{Managerial Ownership} = \frac{\text{Managerial Share Ownership}}{\text{Number of Shares Outstanding}} x\ 100\% \text{ ..(2)}$$

Foreign ownership is part of the outstanding shares of foreign investors in companies owned by individuals, legal entities, and governments. Their role is identified as foreign (Buttang, 2020). In this study, the independent variable of foreign ownership was measured using a ratio scale. This measurement refers to research conducted by Polii & Herawaty (2020), Natali & Herawaty (2020), and Budiman et al. (2021). Foreign ownership can be formulated systematically as follows (Farooque et al., 2007 in Buttang, 2020).

$$\text{Foreign Ownership} = \frac{\text{Foreign Share Ownership}}{\text{Number of Outstanding Shares}} x\ 100\% \text{ …..(3)}$$

Family ownership is all individuals or companies with family shareholders. The researcher calculated family ownership using dummy variables with a score of 0 if the company didn't have family shares ownership and a score of 1 if the company had family shares ownership. This study measured the independent variable of family ownership using the nominal scale (Arum & Darsono, 2020). This measurement refers to research conducted by Astuti & Muna (2017).

Data Analysis Method

The analytical method used in this research is descriptive statistical analysis, panel data regression analysis, estimation model selection, data quality test, and hypothesis testing. The descriptive statistical analysis explains various characteristics of the data in one sample. The data quality test in this study uses the classical assumption test, which includes the normality test, multicollinearity test, and autocorrelation test. Panel data regression and estimation model selection had to be analyzed in this study to reform panel data linear regression analysis including correlation coefficient, coefficient of determination tests, and partial tests. The panel data regression equation can be formulated as follows.

$PBV = a + b1\ MANON + b2FORON + b3FAMON$ ……..(4)

RESULTS AND DISCUSSION

Results

Descriptive Statistical Analysis

Table 2 shows the descriptive statistics result of the 88 research samples for each variable.

Table 2. Descriptive Statistical Analysis Results

	FV	MO	Foreign	Family
Mean	4.598	0.008	0.227	0.031
Max.	39.487	0.126	0.982	0.672
Min.	1.107	0.000	0.000	0.000
Std.Dev.	6.185	0.026	0.275	0.110

The firm value has an average value of 4.598, meaning the Price to Book Value is very averagely high for the banking industry sector. The firm value has a maximum value of 39.487 from Bank Syariah Indonesia Tbk in 2016. The firm value has a minimum value of 1.107 from Bank Maybank Indonesia Tbk in 2019. The standard deviation of firm value is 6.185 which is higher than the average value of 4.598, which means the range of variation in firm value data is high.

Managerial Ownership (MO) is measured using the managerial ownership ratio. The managerial ownership has a minimum value of 0.000, which describes no share ownership by management in a company. The managerial ownership has a maximum value of 0.126 from Bank Capital Indonesia Tbk in the research period. The average value (mean) for managerial ownership is 0.008, meaning that share ownership of the company by the management is only about 0.8 % of the total share ownership of the company. It means that the level of managerial share ownership is still low. The standard deviation value of managerial ownership is 0.026 which is higher than the average value of 0.008, which means the range of variation in managerial ownership data is high.

Foreign Ownership (FOREIGN) is measured using the foreign ownership ratio. Foreign ownership has a minimum value of 0.000, which describes no foreign ownership in a company, while the maximum value of 0.982 (98.2 %) was owned by Bank Mandiri (Persero) Tbk in the 2017 period. The average value (mean) for foreign ownership is 0.227, meaning that foreign ownership of the company's shares is only around 22.7 percent of the company's total shares. It means that the level of foreign share ownership is still high. The standard deviation value for foreign ownership is 0.275 which is higher than the average value of 0.227, which means the range of variation in foreign ownership data is high.

Family ownership (FAMILY) is the third independent variable measured using the family ownership ratio. Family ownership has a minimum value of 0.000, which describes no family ownership in a company, while the Bank Oke Indonesia Tbk owns a maximum value of 0.672 in the 2016 and 2017 periods. The average value (mean) for family ownership is 0.031, indicating ownership of the company's shares by the family is only about 3.1% of the company's total shareholding. It means that the level of family share ownership is still low. The standard deviation value for family ownership is 0.110 which is higher than the average value of 0.031, which means the range of variation in family ownership data is high.

Classic Assumption Test

The probability value in the normality test is 0.295933, where the probability value is greater than 0.05, so 0.295933 > 0.05, then the data is normally distributed. The correlation value of managerial ownership, foreign ownership, and family ownership is less than 0.80. Thus, the data in this study can be identified that there is no multicollinearity problem between the correlation between managerial ownership, foreign ownership, and family ownership. The DW value of the formed regression equation is 1.826150. In contrast, the Durbin-Watson table value with n=88 and k=3, then the values of dL=1.5836 and dU=1.7243, so the value of 4-dU = 4 –1.7243 = 2.2757, which lies between 1.7243 (dU) < 1.826150 (DW) <2.2757 (4-dU) then it is concluded that the DW value of the regression model that is formed has no autocorrelation.

Estimation Model Selection

Chow Test

The following are the test results based on the Chow test shown in table 3.

Table 3. Chow Test Results

Effects Test	Statistic	Prob.
Cross-section F	0.555554	0.9326
Cross-section Chi-quare	14.951084	0.8254

The chi-square probability value is 0.9326 > 0.05, so H_0 is accepted because the results of the Prob Cross-section F> from alpha. It means the model used in this study is the Common Effect Model.

Hausman Test

The following are the test results based on the Hausman test shown in table 4.

Table 4. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Prob.
Cross-section random	4.059737	0.2551

The random cross-section probability value is 0.2551 > 0.05, so H_0 is accepted. It means that the Hausman Test shows that the Random Effect Model (REM) was selected.

Lagrange Multiplier Test

The following are the test results based on the Lagrange multiplier test shown in table 5.

Table 5. Lagrange Multiplier Test Results

	Cross-section	Test Hypothes is Time	Both
Breusch-Pagan	2.8724 (0.0901)	2.6951 (0.1007)	5.5676 (0.0183)

The Breusch-Pagan probability value is 0.0901 > 0.05, so it can be concluded that H_0 is accepted. It shows the Common Effect Model (CEM) chosen from the Lagrange Multiplier (LM) test.

Model Conclusion

Based on the result of panel data regression testing from the three-panel data models, it is recommended to use the Common Effect Model (CEM).

Multiple Correlation Coefficient Test

The following are the results of hypothesis testing using panel data regression analysis using the common effects model in table 6.

Table 6. Test Results of Multiple Correlation Coefficient & Coefficient of Determination

R-squared	0.270606
Adjusted R-squared	0.244556

The R-square value is 0.270606 = 0.520198, indicating that managerial ownership, foreign ownership, and family ownership on firm value have a moderate relationship. The value of the coefficient of determination test based on R-squared is 0.270606, meaning that managerial ownership, foreign ownership, and family ownership contribute 27.06% to firm value.

Partial Significance Test

The following are the results of partial hypothesis testing using panel data regression analysis using the common effects model in table 7.

Table 7. Partial Test (Hypothesis Test) Results

Variables	Coefficient	Prob.
C	0.015813	0.4750
MO	-0.005996	0.8024
FOREIGN	0.003857	0.2990
FAMILY	0.631542	0.0000

The panel data regression equation can be formulated as follows.

$$PBV = 0{,}015 - 0{,}005MANON + 0{,}003FORON + 0{,}631FAMON \quad \ldots\ldots\ldots\ldots\ldots\ldots \text{(5)}$$

With a degree of freedom of 0.05, a probability value of 0.8024 is obtained. Compared with 0.8024 > 0.05, the probability is greater than the significance level. Ha_1 is rejected, meaning that managerial Ownership (X_1) partially does not affect firm value (Y). Foreign Ownership (X_2) has a significant level of 0.2990. Compared with 0.2990 > 0.05, the probability value is greater than the absolute level. It means that Ha_2 is rejected, meaning that foreign Ownership (X2) does not partially affect the firm value (Y). Family ownership (X_3) has a significant level of 0.0000. Compared with 0.0000 < 0.05, the probability value is smaller than the absolute level. It means that Ha_3 is accepted, meaning that family ownership (X_3) partially affects firm value (Y).

Discussion

The Effect of Managerial Ownership on Firm Value

Based on the probability results, it can be obtained that the probability of managerial ownership (X1) 0.8024 is greater than the significance level of 0.05, so Ha_3 is rejected. That means managerial Ownership (X_1) partially does not affect firm value (Y). The study results have no effect due to the low proportion of managerial ownership. The results of this study support the result of research from Ballo (2020) and Azizah et al. (2021). The managerial ownership did not affect firm value because few management parties owned company shares. The low number of managerial ownership causes the management to be more concerned with their interests than the company's interests according to agency theory. The amount of share ownership that has not been significant causes managers to be more concerned with their goals as a manager than as a shareholder (Ballo, 2020; Azizah et al., 2021). This study is not in line with the research conducted by Dewayanto & Riduwan (2020), Soewarno & Ramadhan (2020), Mappadang (2021), and Bernardin & Karina (2021).

The results of this study confirm that the proportion of managerial ownership didn't make the management to give the effort to maximize its performance for the benefit of shareholders to increase firm value. These results cannot prove that giving the company's shares to management will be able to increase the management's effort to maximize the firm value. The ownership structure is believed to influence the company's running, which affects the company's performance in achieving company goals. It is due to the control they have. With this motivation, managers will try to maximize the firm value. The possibility of this happening is because when managerial ownership is too low can't cause the management to be able to manage the company optimally. Because the company does not have a significant enough role in deciding on the company, it does not affect the level of firm value. The management, which directly impacts every decision they take because they are the company's owners, cannot show the similarity of interests between management and shareholders.

The Effect of Foreign Ownership on Firm Value

Based on the probability results, it can be obtained that the probability of foreign ownership (X_2) 0.2990 is greater than the significance level of 0.05, so Ha_2 is rejected. That means foreign Ownership (X_2) partially does not affect the firm value (Y). The results of this study do not support the result of Buttang's (2020) and Soewarno & Ramadhan (2020) research. This result is inconsistent with the theory from Soewarno & Ramadhan (2020) which suggested that the more significant the portion of foreign ownership in foreign parties, the greater the possibility of an increase in firm value because foreign ownership can form a monitoring mechanism, which has an impact on reducing conflicts of interest and has a positive impact on firm performance so that it can increase the company's stock price. On the other hand, the results of this study are in line with research conducted by Hersugondo (2018), Kao et al. (2018), Fitri et al. (2019), Polii & Herawaty (2020), Natali & Herawaty (2020), and Soewarno & Ramadhan (2020).

According to agency theory, the more significant the portion of foreign ownership, the more it is necessary to establish a better supervisory mechanism that impacts reducing conflicts of interest. The company can make a positive impact on company performance by increasing the company's share price directly. The weakness of partners from local investors makes foreign investors strong. It tends to encourage changes in the direction of share prices following foreign share ownership, resulting in a decrease in the firm value. When the company's stock price is high, foreign investors will tend to invest in companies with high stock prices, and the company's high value makes foreign investors confident about the company's future. The greater the foreign ownership, the more shareholders, cannot freely manage the company. It may result in a conflict of interest between the foreign shareholder and the controlling or majority shareholder. The management control attention of foreign investors will be relatively low. Foreign investors are not too exposed to the risks that will be accepted later. The percentage of company shares they own is small enough to affect management decision-making. So, indirectly, foreign shareholders do not monitor the company's performance and share price, which will reflect the company's value.

The Effect of Family Ownership on Company Value

Based on the probability results, it can be obtained that the probability of family ownership (X_3) 0.0000 is less than the significance level of 0.05, so Ha_3 is accepted. Based on the positive coefficient result, it can be concluded that family ownership (X_3) affect positively firm value (Y). The results of this study support the research of Astuti & Muna (2017), Kao et al. (2018), Malelak et al. (2020), and Najahiyah et al. (2022). The results of this study are not in line with research conducted by Arum & Darsono (2020) and in line with agency theory, which indicates that the higher the share ownership by the family in a company, the higher the company contributes to its firm value. These results indicate that family ownership will increase the firm value because a family that dominates the company's ownership will increase supervision over management and make the right decisions for the company's survival (Natali & Herawaty, 2020). The families that had greater motivation to make decisions about the value of companies were affiliated with the wealth of families. Thus, when the shares owned by the family increase, it will increase the firm value. Companies with family-owned shares that participate in controlling the company tend to act in the interest of increasing the value of the company. Because the wealth owned by the family is in the company, the dominant ownership held by the family can exercise control and have a great influence on company decisions (Astuti & Muna, 2017).

CONCLUSION

The researchers got the following conclusions. Managerial Ownership does not affect firm value. It indicates that when the shares owned by the company's management decrease, the firm value will also decrease. The results of this study are in line with research from Ballo (2020), which shows that a decline in managerial ownership has a negative effect on firm value. Foreign ownership does not affect firm value. It indicates that when the shares owned by foreigners, both individuals and entities, decrease, the company's value will also decrease. Family ownership has a positive effect on firm value. It indicates that when the shares owned by the family increase, it will increase the firm value.

These independent variables as ownership structures indicators used in this research only use three variables such as managerial ownership, family ownership, and foreign ownership. This research only used 88 research samples from four years period from 2016-2019. Future researchers should conduct similar research by including additional independent variables to indicate ownership structures such as ownership concentration and public ownership. Future researchers can conduct a larger number of samples by extending the duration of the sample research to five years period to strengthen the results of previous studies.

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