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ARTÍCULO ORIGINAL

The effect of ownership structure on company value in non-financial issuers, 2016-2020

El efecto de la estructura de propiedad sobre el valor de la empresa en emisores no financieros, 2016-2020

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ABSTRACT

This study aims to determine the effect of institutional, foreign, and individual ownership and corporate value on non-financial issuers in 2016-2020. The method used was quantitative research using the correlation method. The data analysis technique employed was multiple regression analysis and testing of classical assumptions and hypotheses. The result showed that there was a significant influence between ownership structure and firm value. Based on the results of previous calculations, it can be seen that the value of the F-statistic was 35.186 with the probability value of the F-statistic being 0.000. Since the prob value of the F-statistic was 0.000<0.05 then H_0 was rejected, meaning that together the ownership structure has a significant effect on firm value. The study concluded that Institutional Ownership, Foreign Ownership and Individual Ownership have a significant effect on Firm Value. An increase in institutional ownership will reduce the value of the company and vice versa. Foreign ownership has a positive effect on firm value on the IDX which has been proven empirically and supports the statements of previous researchers. Individual ownership has a negative effect on company value on the IDX, as has been shown in previous studies, where the higher the individual ownership, the lower the company value.

Keywords: Ownership structure, firm value, non-financial issuers, individual ownership, foreign ownership.

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ABSTRACT

Este estudio tiene como objetivo determinar el efecto de la propiedad institucional, extranjera e individual y el valor corporativo sobre los emisores no financieros en 2016-2020. El método utilizado fue de una investigación cuantitativa, usando el método de correlación. La técnica de análisis de datos utilizada fue el análisis de regresión múltiple y la prueba de suposiciones e hipótesis clásicas. El resultado mostró que había una influencia significativa entre la estructura de propiedad y el valor de la empresa. Según los resultados de los cálculos anteriores, se puede ver que el valor de la estadística F fue 35.186 con el valor de probabilidad de la estadística F siendo 0.000. Dado que el valor probatorio del estadístico F era 0,000<0,05, se rechazó H_0, lo que significa que, en conjunto, la estructura de propiedad tiene un efecto significativo en el valor de la empresa. El estudio concluyó que la propiedad institucional, la propiedad extranjera y la propiedad individual tienen un efecto significativo en el valor de la empresa. Un aumento en la propiedad institucional reducirá el valor de la empresa y viceversa. La propiedad extranjera tiene un efecto positivo en el valor de la empresa en el IDX, lo que se ha demostrado empíricamente y respalda las declaraciones de investigadores anteriores. La propiedad individual tiene un efecto negativo sobre el valor de la empresa en el IDX, como se ha demostrado en estudios anteriores donde cuanto mayor es la propiedad individual, menor es el valor de la empresa.

Palabras clave: Estructura de propiedad, valor de la empresa, emisores no financieros, propiedad individual, propiedad extranjera.

INTRODUCTION

Ownership structure is one of the corporate governance mechanisms that can affect the company's agency costs. In addition, it can affect the company performance and maximization of company value (Jensen & Meckling, 1976). This is due to the control that is owned by the shareholders. Previous research on ownership structure and its effect on performance and firm value is interesting to study. Shareholders have an impact on firm value by looking at agency problems between stakeholders. Empirical studies regarding the ownership structure and company value in Indonesia (Dewata & Isnurhadi, 2012; Joanne & Haryanto, 2019; Rasyid, 2015; Sulistyo et al., 2017; Susilawati & Rakhman, 2018) showed different results.

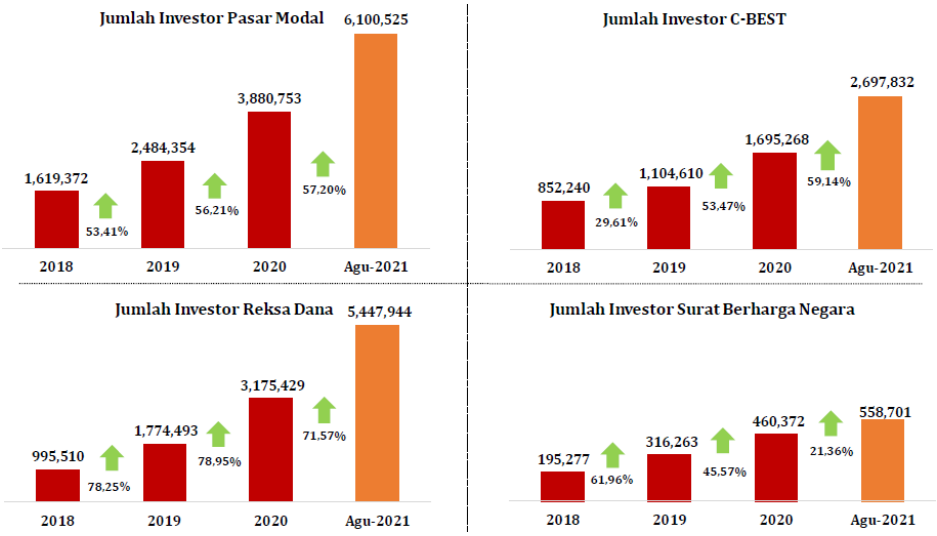
The financial literature portrayed the ownership structure of public companies and agency issues as one of the main issues. Managers are responsible for making the best business decisions in order to increase shareholder wealth. The business decision taken by the manager is to maximize the company's resources. On the other hand, managers also have an interest in maximizing their welfare (Jensen & Meckling, 1976). The difference in interests between managers and company owners creates a conflict of interest, which is called an agency problem. Agency problems arise when the company becomes too large to be managed directly by the owner. Thus, the agent is needed to manage the company. Agency problems can be grouped into two when it comes to ownership, namely management agency problems with shareholders and agency problems between majority shareholders and minority shareholders.

Management has a tendency to run the company according to personal desires. When the shareholders are dispersed and there is no main controller, this is the reason for the first agency problem. Meanwhile, the second agency problem arises as a result of controlling or majority shareholders controlling management or being part of management.

Based on research tracing the company's ownership structure, it was found that in recent years there has been an increase in the number of investors in the Indonesian Capital Market. Based on data from PT Kustodian Sentral Efek Indonesia as of August 2021 there were 6 100 525 single identity investors (SID) with the highest growth in Mutual Fund investors of 71.57 % (year to date). The growth in the number of investors can bring changes to the shareholder structure.

Figure 1

Graph of investor growth for August 2021 position



The higher the institutional ownership, the more external supervision of the company will increase (Fitri & Hanafi, 2003). The running of the company can be more monitored with the supervision of external parties. Hence, it can achieve company goals. High institutional ownership encourages oversight by institutional investors. It could deter managers' opportunistic behavior. The greater the ownership by financial institutions, the greater the power of voting rights and encouragement to optimize company value. The existence of share ownership by institutional investors means that the monitoring process will run more effectively. It aims to reduce the actions of managers in terms of earnings management, which can be detrimental to the interests of other parties/stakeholders.

Differences in research results on the relationship between ownership structure and firm value have been observed in the Indonesian Capital Market. Some studies (Apriada & Sadha, 2016; Nuraina, 2012; Putra, 2016; Damayanti & Suartana, 2014; Santoso, 2018) reported that institutional ownership has a positive and significant effect on firm value, while other studies (Putra, 2016; Sofyaningsih & Hardiningsih, 2011) showed different results, namely that the pattern of institutional share ownership has no significant effect on firm value.

Previous research that has been conducted by Azhar et al., (2019) showed that investment efficiency is decreased as the concentration of the ownership increases. Managerial ownership has a positive and significant influence on investment efficiency. Furthermore, the presence of CEO duality has a negative effect on investment efficiency. Meanwhile, institutional ownership and board size were found to have a positive effect on firm performance (Queiri et al., 2021). Another previous research that has been conducted by Raimo et al., (2020) analyzed that a positive effect of institutional ownership and a negative effect of ownership concentration, managerial ownership and state ownership on the quality of integrated reports. In the sample of Brazilian non-financial companies listed on the BM & FBovespa (B3), from 1998 to 2007, Brazilian firms present a highly concentrated ownership structure and the major controlling shareholders are families or the state. These characteristics are negatively related to the likelihood of M&A transactions, as most of these controlling shareholders are reluctant to adopt mechanisms that reduce their control (Nogueira & Kabbach de Castro, 2019).

By observing a sample of listed European non-financial firms over an 8-year period from 2005 to 2012, we find a negative relationship between corporate social performance and interest rate. Consistent with this result, we find a positive relationship between corporate social performance and debt rating. Thus, corporate social performance has a positive role in reducing the cost of debt capital (La Rosa et al., 2018). According to Suteja et al. (2023) showed that there was a negative effect of investment decisions on firm value and the role of CSR and profitability strengthened this effect, either when using other control variables or when using a different estimation model, which in this case was quantile regression.

According to Alabdullah (2018) showed no evidence to support the impact of foreign ownership on performance. Moreover, there is a significant evidence to support the fact that company size has no impact on firm performance. According to Yilmaz et al., (2022) state that corporate governance and family ownership significantly a positively moderate the relationship between corporate sustainability performance and dividend policy, while concentrated ownership and institutional ownership do not play a significant moderating role on this relationship.

The results of previous research using Perish and Publish 7.0 and mapping visualization using VOSviewer 1.6.17 relating to ownership structure and firm value showed that there was still little research discussing the relationship between institutional ownership, foreign ownership, and individual ownership with firm value. Based on research gaps and research related to ownership structure, there were still inconsistencies in the results of research regarding ownership structure on corporate value, the idea emerged to conduct research to determine the effect of institutional, foreign and individual ownership and corporate value on non-financial issuers in 2016 – 2020.

MATERIAL AND METHOD

This research was a quantitative study that involved correlation research. Correlation research conducted to determine the level of relationship between two or more variables, without making changes, additions, or manipulation of existing data (Arikunto, 2011).

The population in this study were all non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020 so that 421 companies were obtained. Determining the number of samples using the method developed by Isaac and Michael in order to obtain a total sample of 300 data consisting of 60 issuers with a research time span of 5 years.

The variables used in this study were independent and dependent variables. The independent variables were constitutional, foreign and individual ownership. The dependent variable was the company value. While the control variables were firm size, leverage, dividend yield, and profitability. In this study, researchers used secondary data to obtain the desired data. Secondary data was different from primary because secondary data was obtained indirectly, such as financial reports.

The data collection technique used was that the authors retrieve financial report data from www.idx.co.id. The technique in this research was the documentation technique. It means the researcher collected quantitative data that was obtained through non-participant observation or obtained indirectly, namely by collecting, recording, reviewing. Those were called secondary data in the form of reporting of non-financial issuers for 2016-2020. However, the data analysis technique used multiple regression analysis, classical assumptions, and hypothesis testing. This study used multiple regression analysis techniques using EViews 9.0 Software. The effect of ownership structure on firm value was controlled by firm size, dividend yield, leverage and ROA variables using the following equation:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4Z1 + \beta 5Z2 + \beta 6Z3 + \beta 7Z4 + \epsilon$$

Information:

Y = Firm Value

α = constant, the value of Y if X = 0

β = multiple linear regression coefficient

$X1$ = Institutional Ownership

$X2$ = Foreign Ownership

$X3$ = Individual Ownership

$Z1$ = Company Size

$Z2$ = leverage

$Z3$ = Dividend Yield

$Z4$ = Profitability (ROA)

RESULTS

Table 1

Multiple Regression Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.534801	1.250625	3.626028	0.0003
Institutional Ownership (X1)	-0.060931	0.019411	-3.139025	0.0019
Foreign Ownership (X2)	0.065613	0.013975	4.695044	0.0000
Individual Ownership (X3)	-0.160594	0.019343	-8.302619	0.0000
Firm Size (Z1)	-1.838254	0.484198	-3.796496	0.0002
Leverage (Z2)	0.194338	0.029537	6.579530	0.0000
Dividend Yield (Z3)	-0.182166	0.025259	-7.211836	0.0000
Profitability (Z4)	0.223205	0.029868	7.472968	0.0000

Note. Self-made using the software EViews.

Based on Table 1, a multiple regression model equation can be formulated which explains the effect of ownership structure on firm value with the control variables company size, leverage, dividend yield and ROA in non-financial issuers in 2016-2020, namely:

Firm Value (Y) = 4.535 – 0.061X1 + 0.066X2 –0.161X3 – 1.838Z1 + 0.194Z2 – 0.182Z3 + 0.223Z4 + ε

1. Based on the multiple regression equation above, a constant value of 4.535 was obtained If the variable business value (Y) was not affected by all independent variables (zero value), the average business value (Y) is 4.535.

2. The regression coefficient of the independent variable X1 was negative, indicating a non-unidirectional relationship between institutional ownership (X1) and firm value (Y). The regression coefficient of the variable X1 was 0.061 which means that for each unit increase in institutional ownership (X1), firm value (Y) will decrease by 0.061.

3. The regression coefficient for the independent variable X2 was positive, indicating an unidirectional relationship between foreign ownership (X2) and firm value (Y). The regression coefficient of the variable X2 was 0.066 which means that for every increase in foreign ownership (X2) by one unit it will cause an increase in firm value (Y) by 0.066.

4. The regression coefficient for the independent variable X3 was negative, indicating a non-unidirectional relationship between individual ownership (X3) and firm value (Y). The regression coefficient of the variable X3 was 0.161 which means that for each increase in individual ownership (X3) of one unit, it will cause a decrease in firm value (Y) of 0.161.

5. The regression coefficient for the control variable Z1 was negative, indicating a non-unidirectional relationship between firm size (Z1) and firm value (Y). The regression coefficient of the variable Z1 was 1.838 which means that for every increase in firm size (Z1) by one unit, it will cause a decrease in firm value (Y) by 1.838.

6. The regression coefficient for the control variable Z2 was positive, indicating a unidirectional relationship between Leverage (Z2) and Firm Value (Y). The regression coefficient of the Z2 variable was 0.194 which means that for each increase in Leverage (Z2) of one unit it will cause an increase in firm value (Y) of 0.194.

7. The regression coefficient for the control variable Z3 is negative, indicating a non-unidirectional relationship between dividend yield (Z3) and firm value (Y). The regression coefficient of the variable Z3 is 0.182 which means that for each increase in dividend yield (Z3) by one unit, it will cause a decrease in firm value (Y) by 0.182.

8. The regression coefficient for the control variable Z4 was positive, indicating a unidirectional relationship between ROA (Z4) and firm value (Y). The regression coefficient of the Z4 variable was 0.223 which means that for each increase in ROA (Z4) of one unit, it will cause an increase in firm value (Y) of 0.223.

Hypothesis testing can be conducted to determine the significance of the independent variables using the F test or simultaneous testing. Following were the results of the F test based on EViews 9 processing:

Table 2

Simultaneous Hypothesis Testing (F Test)

R-squared	0.465336	Mean dependent var	0.181950
Adjusted R-squared	0.452111	S.D. dependent var	0.510514
S.E. of regression	0.377880	Akaike info criterion	0.918625
Sum squared resid.	40.41045	Schwarz criterion	1.019610
Log likelihood	-125.6600	Hannan-Quinn criter.	0.959080
F-statistic	**35.18639**	Durbin-Watson stat	1.050448
Prob(F-statistic)	**0.000000**		

Note. Self-made using the software EViews.

According to the table above, the Prob value was obtained. F count of 0.000 was because of the value of Prob. F count (0.000) <0.05, then H_0 was rejected. Thus, it can be concluded that a joint ownership structure has a significant effect on firm value (Y) which was controlled by firm size, leverage, dividend yield and ROA.

T-test used to determine whether a significant effect of the independent variables partially on a dependent variable. In this case, the independent variables consisted of two variables, namely institutional ownership and foreign ownership.

Test Criteria:

1. Accept H_0 if -t table ≤ t stat ≤ t table

2. Reject H_0 if -t stat < -t table or t stat > t table

With a test sample of 300 data, a t-table of ±1.968 was obtained. The results of the t-test were based on EViews 9.0 processing, as presented in Table 1.

A partial test was conducted to test the effect of the independent variables on the dependent variable. The t-test has stages, namely compiling statistical hypotheses, determining the degree of error (α), finding the value of t-table, and determining the decision to test the hypothesis. In this study, the independent variable used was the ownership structure, which consisted of individual, foreign and institutional ownership. Then the control variables used were firm value, leverage, dividend yield and ROA. The dependent or dependent variable used was the company value (Y).

Institutional ownership (X1) has a significant influence on firm value (Y). This can be seen from the t-statistic value of 3.139. This value was greater than the t-table value of 1.968 with a negative relationship direction. This was also in line with the probability value, which was below the tolerable error value of 5 % (0.002 <0.05) 95 % confidence level. This means that the higher the institutional ownership of a company, the lower the company value with a significant influence.

Foreign ownership (X2) has a significant influence on firm value (Y). This can be seen from the t-statistic value of 4.695, this value was greater than the t-table value of 1.968 with a positive relationship direction. Even this was in line with the probability value, which was below the tolerable error value of 5 % (0.000 <0.05) 95 % confidence level. This means that the higher the foreign ownership of a company, the higher the firm value with a significant influence.

Based on the table above, the results showed that partially, individual ownership (X3) has a significant influence on firm value (Y). This can be seen from the t-statistic value of 8.303. This value was greater than the t-table value of 1.968 with a negative relationship direction. Even this was in line with the probability value, which was below the tolerable error value of 5 % (0.000 <0.05) 95 % confidence level. This means that the higher the individual ownership of a company, the lower the company value with a significant influence.

Firm size (Z1) has a significant influence on firm value (Y). This can be seen from the t-statistic value of 3.796, this value was greater than the t-table value of 1.968 with a negative relationship direction. Even this was in line with the probability value, which was below the tolerable error value of 5 % (0.000 <0.05) 95 % confidence level. This means that the higher the company size of a company, the lower the company value with a significant influence.

Leverage (Z2) has a significant effect on firm value (Y). This can be seen from the t-statistic value of 6.580, this value was greater than the t-table value of 1.968 with a positive relationship direction. Even this was in line with the probability value, which was below the tolerable error value of 5 % (0.000 <0.05) 95 % confidence level. This means that the higher the leverage of a company, the higher the firm value with a significant influence.

Dividend yield (Z3) has a significant effect on firm value (Y). This can be seen from the t-statistic value of 7.212, this value was greater than the t-table value of 1.968 with a negative relationship direction. This was also in line with the probability value, which was below the

tolerable error value of 5 % (0.000 <0.05) 95 % confidence level. This means that the higher the dividend yield of a company, the lower the firm value with a significant influence.

ROA (Z4) has a significant influence on firm value (Y). This can be seen from the t-statistic value of 7.473. This value was greater than the t-table value of 1.968 with a positive relationship direction. Even this was in line with the probability value which was below the tolerable error value of 5 % (0.000 <0.05) 95 % confidence level. This means that the higher the ROA of a company, the higher the firm value, with a significant influence.

A coefficient of determination was used to determine the influence of ownership structure which was controlled by firm size, leverage, dividend yield and ROA together on firm value. If the simultaneous test was used to test the overall hypothesis, then the coefficient of determination was used to calculate the magnitude of the influence of all variables, namely ownership structure which was controlled by firm size, leverage, dividend yield and ROA. The magnitude of this influence ranges from 0 to 1 or 0 % to 100 % interval. Table 2 above showed the results of calculating the coefficient of determination from the 300 data used.

Based on the output of EViews 9.0 in table 4.13 above, an Adjusted R-squared value of 0.4521 was obtained. This showed that the ownership structure with the control variable by firm size, leverage, dividend yield and ROA can explain the firm value (Y) of 45.21 % while the remaining 54.79 % can be explained by variables other than the independent variables studied.

DISCUSIÓN

The Effect of Variable Institutional Ownership Toward Company Value

For the variable Institutional Ownership (X1), the t value obtained was 3.139. Because t count (3.139) > t table (1.968), then H_0 was rejected and H_1 was accepted. Hence, it can be concluded that Institutional Ownership (X1) partially has a significant influence on firm value (Y). The negative coefficient value of the study showed that the directors of companies listed on the IDX, who acted as agents of institutional shareholders, have different interests that supported the agency theory as indicated by the growth in corporate value, which was not in line with the increase in the portion of institutional shareholder ownership.

It can be explained that when there was a decrease in the portion of Institutional Ownership, management acted in the direction of the directories goal, which was to increase company value. Meanwhile, when the portion of institutional ownership increased with a maximum ownership value of 99.36 % or the majority of shares were owned by external parties, management tended to be negligent in managing or causing a decrease in company value because it prioritized management's personal goals compared to the goals of shareholders or principals.

The results mentioned above were different from research showing a positive effect of Institutional Ownership on firm value or in line with stewardship theory (Alipour, 2013; Apriada & Sadha, 2016; Nuraina, 2012; Putra, 2016; Damayanti & Suartana, 2014; Rasyid, 2015; Santoso, 2018). In fact, the results of this study supported the statement that outsider shareholders, one of them was institutional, have a tendency to ask for higher dividend payments as compensation for the supervisory function of management performance, thereby reducing the value of the company (Van Frederikslust et al., 2007).

Therefore, the higher the Institutional Ownership or being the majority shareholder, the company value will decrease and vice versa. It also can be said that there is a tendency for the majority of shareholders (Institutional Ownership) of a desire to control the company's wealth through higher dividend payments and cause type 2 agency problems where minority shareholders have no control or supervisory role over corporate wealth compared to majority shareholders. Based on the results of the research above, it supported the statement that company value can be explained by outsider ownership variables (Jensen & Meckling, 1976), namely in the form of Institutional Ownership.

The Effect of Foreign Ownership Variable Toward Company Value

For the foreign ownership variable (X2), the t value was 4.695. Since t count (4.695) > t table (1.968), then H_0 was rejected and H_1 was accepted. Thus, it can be concluded that foreign ownership (X2) partially has a significant influence on firm value (Y). The results of the study showed that foreign ownership has a positive coefficient, which means it supported the stewardship theory by believing that management was motivated to act according to the wishes of the principal. Management of companies listed on the IDX has a tendency to follow the policy of foreign shareholders so that management seeks to increase the value of the company in line with the trust given by shareholders, in this case the increasing foreign ownership.

The results of this study were in line with and support previous research which concluded that foreign ownership has a positive effect on increasing firm value (Al-Najjar & Kilincarslan, 2016; Khasawneh & Staytieh, 2017; Nguyen et al., 2020; Umar & Al-Elg, 2004; Wei et al., 2005) where foreign investors played an important role in controlling companies, especially in reducing agency costs and tended to pay attention to company growth compared to the income from dividends.

The Effect of Individual Ownership Variable Toward Company Value

For the individual ownership variable (X3), the t value was 8.303. Since t count (8.303) > t table (1.968), then H_0 was rejected and H_1 was accepted. Therefore, it can be concluded that individual ownership (X3) partially has a significant influence on firm value (Y). The results of the study showed that individual ownership has a negative coefficient, which means it supported agency theory where management and principals have different goals even though in the end management must be responsible to shareholders. Hence, the higher individual ownership compared to management ownership in the company, management tended to prioritize personal interests or acted against the principle of increasing company value. This behavior led to the utilization of company resources for the benefit of management, resulting in a decrease in the company's value.

The results of previous research showed that individual ownership has a negative effect on Tobin's Q (Alipour, 2013; Xu & Wang, 1999) in line with research on a sample of non-financial issuers in 2016-2020. The results of this study supported the statement that firm value can be explained by outsider ownership variables (Jensen & Meckling, 1976), namely in the form of individual ownership, although with a negative influence coefficient. Individual ownership did not have adequate instruments in supervising and controlling the company's management so that it asks for compensation (agency costs) in the form of dividends.

The Effect of Variable Firm Size Toward Company Value

For the variable firm size (Z1), the t value was 3.796. Since t count (3.796) > t table (1.968), then H_0 was rejected and H_1 was accepted. Therefore, it can be concluded that company size (Z1) partially has a significant influence on firm value (Y). The results showed that company size has a negative coefficient. It can be seen that companies with smaller sizes listed on the IDX have a tendency to perform better than companies with larger sizes, which supports the small firm effect (Roll, 1981) where companies with small sizes beat the performance of large companies because small companies have higher growth potential than large companies.

These results differed from previous studies where firm size has a significant positive effect (Wei et al., 2005). Although the use of company size as a control variable has been used in several similar studies (Chen & Ho, 2000; Chung & Jo, 1996; Dewata & Isnurhadi, 2012; Joanne & Haryanto, 2019; Khasawneh & Staytieh, 2017; Mishra & Kapil, 2017; Susilawati & Rakhman, 2018) which affected the results of the analysis of Tobins Q to be strong.

The Effect of Leverage Variable Toward Company Value

For the "leverage" variable (Z_2), the t value was 6.580. Since t count (6.580) > t table (1.968), then H_0 was rejected and H_1 was accepted. Therefore, it can be concluded that Leverage (Z_2) partially has a significant influence on firm value (Y). The results of the study showed that leverage has a positive coefficient, which means that the higher the leverage, the higher the firm value will have a significant impact. Conversely, decreasing leverage will have an impact on decreasing company value with a significant influence.

The results of this study supported one of the Capital Structure theories where the traditional theory of Capital Structure stated that when a company's leverage increases above zero, the Weighted Average Cost of Capital (WACC) will initially decrease due to a higher portion of low-cost debt in the company's capital structure, although it will increase at certain compositions. The composition of debt and equity can increase the company's corporate value by reducing the WACC to a certain level of debt. The results of this study showed that listed companies on the IDX have an optimal capital structure, thereby maximizing firm value.

The results of this study supported with previous research where there was a strong relationship between debt ratios and firm value (Chen & Chen, 2011; Cheng et al., 2010). Leverage was also used in similar studies as a control variable (Dewata & Isnurhadi, 2012; Joanne & Haryanto, 2019; Mishra & Kapil, 2017; Susilawati & Rakhman, 2018).

The Effect of Dividend Yield Variable Toward Company Value

For the dividend yield variable (Z_3), the t value was 7.212. Since t count (7.212) > t table (1.968), then H_0 was rejected and H_1 was accepted. Therefore, it can be concluded that dividend yield (Z_3) partially has a significant effect on firm value (Y). The results of the study showed that dividend yield has a negative coefficient, which explained that dividends did not increase firm value. It was relevant with the Dividend Irrelevance Theory, where the same value of money paid in the form of dividends can actually increase firm value if reinvested into the company. Therefore, a higher dividend yield will have an impact on decreasing firm value and conversely, a low dividend yield will have an impact on increasing firm value with a significant effect.

The results of this study were different from previous studies where dividend payment policy can positively influence firm value (Wati et al., 2018) and dividend yield was also used as a control variable in similar studies (Joanne & Haryanto, 2019; Villalonga & Amit, 2006) in looking at the effect of ownership structure and governance on firm value.

The Effect of ROA Variable Toward Company Value

For the ROA variable (Z_3), the t value was 7.473. Since t count (7.473) > t table (1.968), then H_0 was rejected and H_1 was accepted. Therefore, it can be concluded that ROA (Z_3) partially has a significant influence on firm value (Y). The results of the study showed that ROA has a positive coefficient, which means that the higher the ROA, the higher the firm value will have a significant impact. Otherwise, the decreasing ROA will have an impact on decreasing company value with a significant influence.

The use of ROA as a control variable was carried out in previous research (Chen & Chen, 2011; Joanne & Haryanto, 2019; Mishra & Kapil, 2017) because of its effect on company value.

The Effect of Ownership Structure and Company Value

There was a significant influence between ownership structure and firm value. Based on the results of previous calculations, it can be seen that the value of the F-statistic was 35.186 with the probability value of the F-statistic being 0.000. Since the prob value of the F-statistic was 0.000 <0.05 then H_0 was rejected, meaning that together the ownership structure has a significant effect on firm value.

The results of this study supported the statement that firm value can be explained by the variable ownership structure by external parties (outsiders) (Jensen & Meckling, 1976).

CONCLUSIONES

Based on the results of the research and discussions that have been conducted, it can be concluded that an increase in institutional ownership will reduce the value of the company and vice versa. Foreign ownership has a positive effect on firm value on the IDX which has been proven empirically and supports the statements of previous researchers. The higher the foreign ownership of a company listed on the IDX, it shows a long-term commitment to the company in question, so they tend to expect an increase in company value or investment value compared to returns through dividend payments. In addition, individual ownership has a negative effect on company value on the IDX, as has been shown in previous studies where the higher the individual ownership, the lower the company value. Thus, the three variables (Institutional Ownership, Foreign Ownership and Individual Ownership) have a significant effect on Firm Value. Based on the three types of shareholders who are not directly involved in company management (outsiders) it is known that Foreign Ownership as part of the ownership structure, which is a governance tool, can increase company value in contrast to Institutional Ownership and Individual Ownership which actually reduce company value.

AUTHORS' CONTRIBUTION

Adim Imaduddin, Ernie Hendrawaty and Sri Hasnawati: Conceptualization, data curation, formal analysis, research, methodology, project administration, writing - original draft, supervision, validation, resources, visualization, editing, writing - review and editing.

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CONFLICTS OF INTEREST

The authors express that there are no conflicts of interest.

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Does not apply.

REVIEW PROCESS

This study has been double-blind, peer-reviewed.

STATEMENT OF DATA AVAILABILITY

The data is housed together with the other files of this article, it can also be requested from the corresponding author.

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