

THE EFFECT OF MANAGERIAL OWNERSHIP, INSTITUTIONAL OWNERSHIP, AND DIVIDEND POLICY ON THE VALUE OF THE COMPANY

(CASE STUDY OF FOOD & BEVERAGES COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2015-2021 PERIOD)

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Abstract

This study aims to determine managerial ownership, institutional ownership, and dividend policy on firm value in food & beverage companies listed on the IDX for the 2015-2021 period. This research is a quantitative study. The population in this research is all food & beverage companies listed on the IDX for the period 2015 – 2021. The sampling method is purposive sampling, and based on the criteria for the number of samples, there are 14 companies out of 72 companies. The data analysis technique uses descriptive analysis, multiple regression which was previously tested with classical assumptions. Based on the analysis that has been carried out, the results show that the variable managerial ownership (KM) has a positive and significant effect on firm value (Price to Book Value). Institutional ownership (IC) has a negative and insignificant effect on firm value. Dividend policy (Dividend Payout Ratio) has no positive and insignificant effect on firm value. Meanwhile, managerial ownership, institutional ownership, and dividend policy simultaneously have a positive and significant effect on firm value.

Keywords: *Managerial Ownership, Institutional Ownership, Dividend Policy and Value Company*

INTRODUCTION

Increasing economic development and intense competition between companies encourage managers to act efficiently and effectively in managing the company. To be able to continue running a business, every company needs funds. These funds can be obtained from investors. Investors have the main goal in investing their funds in a company, namely to seek income or return on investment (return) in the form of dividends (dividend yield) or income from the difference between the selling price and the purchase price (capital gain).

According to Setiawan (2019:4) A good company certainly has sales that continue to grow because sales are the spearhead of company activities. Sales become a very important thing for the company because the value of profits or losses obtained from a sales activity is a source that forms the overall value of the company. Sales growth reflects a company's marketing performance and the company's competitiveness in the market. Increasing sales growth will encourage an increase in company value and make investors more confident and confident to invest their funds in the company.

Mulyani et al (2022: 101) states that "dividend policy is a decision whether the profits earned by the company at the end of the year will be shared with shareholders in the form of dividends or will be withheld to increase capital to finance future investments." An important aspect of the dividend policy is determining the appropriate profit allocation between dividends and retained earnings in the company.

According to Harjito and Martono, (2011:2-3) companies as an economic entity generally have long-term and short-term goals. The company's long-term goal is to increase the company's

value, while the company's short-term goal is to maximize profits. Several things are the goal of establishing a company, namely the first is to obtain maximum profit or profit, the second goal of the company is to prosper the owner of the company or shareholders and the third goal of the company is to maximize the value of the company which can be seen from its share price. The objectives of the three companies are actually not substantially different, it's just that the emphasis to be achieved by each company is different.

According to Angelina and Amanah, (2021:2) company value is investors' perception of the company, which is often associated with stock prices. This can be seen from the company's ability to pay dividends. The amount of this dividend can affect the stock price. If dividends are paid high, the stock price tends to be high so that the company value is also high. Conversely, if the dividend paid is small, then the company's stock price is also low. The ability to pay dividends is closely related to the company's ability to earn profits. If the company earns a large profit, then the ability to pay dividends is also large. Therefore, a large dividend will increase the value of the company.

Mulyani et al (2022: 100-101) stated that the factors that influence company value include the Investment Opportunity Set (IOS), which is a choice of future investment opportunities that can affect the growth of company assets or projects that have a positive net present value. The second factor is managerial ownership because managerial ownership is a shareholder from management who is active in making company decisions (directors and commissioners). Share ownership by managers will affect company performance. The third factor is institutional ownership because institutional ownership is considered capable of carrying out the same supervision within the company, institutional ownership is defined as ownership of company shares by certain institutions or institutions. The fourth factor is the independent board of commissioners, which is the party whose function is to monitor the performance of the company's management. Finally, the fifth factor, namely dividend policy, is one of the powers delegated by shareholders to the board of directors in the form of a decision problem whether profits earned by the company will be distributed to shareholders as dividends or will be retained as a form of retained earnings in order to finance investment in the future.

According to Meiliana, (2022:5) Companies need good operators to maintain and increase their value, therefore professional management is needed to carry them out. The owner (principal) generally contracts with professional managers (agents) to run the company and optimize the wishes of the principal. However, in reality there are often conflicts between company management (agents) and shareholders where there are different interests between one another (agency problem).

According to Syafitri et al (2018: 3) Agency problems cause company efforts to maximize company value to prosper shareholders to become hampered, to minimize agency problems, companies must monitor the company properly and thoroughly. So one way that can be done to minimize agency problems is by increasing the amount of managerial ownership. According to Sugiarto (2009: 59) "Managerial ownership as a condition where managers take part in the company's capital structure or in other words the manager has a dual role as a manager as well as a shareholder of the company."

According to Jensen and Meckling (1976:309) "Another ownership structure that can reduce agency problems is institutional ownership, large institutional ownership can indicate the ability to monitor management." This is because the supervision carried out by external parties is more effective in encouraging management performance in managing the company so that it is in line with the company's goals, namely increasing company value. With high ownership owned by institutional parties, it will increase supervision so as to minimize misappropriation by management, the impact of which will reduce the value of the company. Dividend payments (dividend policy) determine how much profit must be paid to shareholders and how much must be reinvested (reinvested) in the company.

METHODS

The object of this research is the financial statements of food & beverage companies listed on the Indonesia Stock Exchange (IDX) with the period used 2015-2021. The data used in this study is quantitative data in the form of financial statements of food & beverages manufacturing companies. The data obtained is secondary data from the Indonesia Stock Exchange (IDX) with the period used 2015-2021. The population in this study are all food & beverage companies listed on the

Indonesia Stock Exchange (IDX) during 2015-2021. The sample of this research is the food & beverage sector. The sampling method used in this study is by using purposive sampling. Purposive sampling is a sampling technique based on certain criteria.

Collecting data in this study uses documentation techniques, namely by collecting, then recording and then processing secondary data in the form of financial reports for food & beverage companies that are registered and published by the Indonesia Stock Exchange (IDX) with the period used 2015-2021. The hypothesis testing that will be carried out in this study uses multiple linear regression tests, the T test (partial testing), and the F test (simultaneous testing).

RESULTS AND DISCUSSION

Results

1. Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation	Variances
Managerial Ownership (X1)	98	0.000	25,242	2,612	6,796	46,191
Institutional Ownership(X2)	98	23,337	98,640	65,827	17,751	315.107
Dividend Policy (X3)	98	-87,053	493,547	46,939	61,899	3831487
Firm Value (Y)	98	21,897	685,742	238,850	163,948	26878844
Valid N (listwise)	98					

From the table above it can be seen that the average value of food and beverage companies listed on the Indonesia Stock Exchange for the 2015-2021 period is 238,850, with a standard deviation value of 163,948. The company that has the highest company value is MYOR (Mayora Indah) in 2018 which is data from the company value of all samples in the 2015-2021 range with a value of 685,742, while the lowest company value occurs in BISI (BISI International) in 2015 which is data from the company value of all samples in the 2015-2021 range with a value of 21,897.

The average value of managerial ownership for the 2015-2021 period is 2,612, with a standard deviation value of 6,796. The company that has the highest managerial ownership value occurs in the MYOR company (Mayora Indah) which is data from the company's managerial ownership value of all samples in the 2015-2021 range with a value of 25,242, while the lowest managerial ownership value occurs in the company AALI (Astra Agro Lestari Tbk) period 2015-2021, BISI (BISI International) period 2015-2016, CPIN (Charoen Pokphand Indonesia Career) period 2019-2021, DLTA (Delta Djakarta Tbk) 2015-2021 period, ICBP (Indofood CBP) 2015-2021 period, LSIP (London Sumatra Indonesia Plantation Company Tbk) 2015-2021 period,

The average value of institutional ownership for the 2015-2021 period is 65,827, with a standard deviation value of 17,751. The company that has the highest institutional ownership value occurs in the TGKA company (Tigaraksa Satria) for the 2015-2016 period which is data from the institutional ownership value of all samples in the 2015-2021 range with a value of 98,640, the lowest institutional ownership value occurs in the DLTA company (Delta Djakarta Tbk) for the 2015-2018 period which is data from the institutional ownership value of all samples in the 2015-2021 range with a value of 23,337.

The average dividend policy value for the 2015-2021 period is 46,939, with a standard deviation value of 61,899. Companies that have the highest dividend policy value occurred in SGRO companies (Sampoerna Agro Tbk) for the 2021 period which is data from the company's dividend policy value from all samples in the 2015-2021 range with a value of 493,547, while the lowest dividend policy value occurs in the SIMP (Salim Ivomas Pratama) company which is the data from the company's dividend policy value from all samples in the 2015-2021 range with a value of -87.053.

- 2. Classic assumption test
 - a. Normality test

One-Sample Kolmogorov-Smirnov Test

		Managerial ownership	Institutional Ownership	Dividend Policy	The value of the company
N		98	98	98	98
Normal Parameters, b	Means	0.02634535872	0.69113895576	1.03983587862	174.64068053
	std. Deviation	0.067904961451	0.258710931817	16.806019002353	291.842293946
asyp. Sig. (2-tailed)		0.15c	0.10c	0.22c	0.200c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

If the significance value (Sig.) is greater than 0.05, the research data is normally distributed. Conversely, if the significance value (Sig.) is less than 0, then the research data is not normally distributed. Because the significance values for managerial ownership, institutional ownership, dividend policy and firm value are 0.15, 0.10, 0.22 and 0.200 respectively, it can be concluded that the research data is normally distributed.

- b. Multicollinearity Test

Model		Collinearity Tolerance	Statistics VIF
1	(Constant)		
	Managerial ownership	0968	1,034
	Institutional Ownership	0.958	1,044
	Dividend Policy	0.97	1030

Based on the table above, it can be seen that the VIF values obtained are 1.034, 1.044 and 1.030 where the value is less than 10 and the Collinearity Tolerance value is greater than 0.01, meaning that there is no multicollinearity.

- c. Heteroscedasticity Test

Model		Sig.
1	(Constant)	
	Managerial ownership	0.503
	Institutional Ownership	0.213
	Dividend Policy	0.333

The results of the heteroscedasticity test above show that the values obtained were 0.503, 0.213 and 0.333 respectively for variables X1, X2 and X3, which was greater than 0.05. It can be said that there were no symptoms of heteroscedasticity in the research data.

- d. Autocorrelation Test

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	0.460a	0.212	0.186	147,885	0.517

a. Predictors: (Constant), Dividend Policy (X3), Managerial Ownership (X1), Institutional Ownership (X2)

b. Dependent Variable: Firm Value (Y)

Based on the output table above, it can be seen that the Durbin-Watson value is 0.517. Furthermore, this value will be compared with the Durbin-Watson table at 5% significance with the formula $(k ; N)$. The number of independent variables is 3 so that $k = 3$, while the number of samples or $N = 98$, then $(k ; N) = 3 ; 98$. Based on the distribution of the Durbin-Watson table values, the dL values were found to be 1.6086 and $dU = 1.7345$ so that it can be seen that the Durbin-Watson values are between $dU = 1.7345$ and $(4 - 1.7345) = 2.2655$, which means there is no autocorrelation and the Durbin-Watson values are also not between dL and dU , so this study will produce valid conclusions.

3. Multiple Linear Regression

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	268,887	62,804		4,281	0.000
	Managerial Ownership (X1)	10,495	2,246	0.435	4,673	0.000
	Institutional Ownership (X2)	-0.930	0.864	-0.101	-1,076	0.285
	Dividend Policy (X3)	0.080	0.246	0.030	0.326	0.745

a. Dependent Variable: Firm Value (Y)

From the table above it can be concluded that the multiple linear regression equation is as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

$$Y = 268,887 + 10,495 X_1 - 0.930 X_2 + 0.080 X_3 + \varepsilon$$

From the multiple linear regression equation above, it can be explained as follows.

- The constant value (a) is 268,887. This shows that if all the independent variables consisting of managerial ownership, institutional ownership and dividend policy are 0 percent or do not change, then the value of the company is 268,887.
- The regression coefficient value for the managerial ownership variable (X1) is equal to 10,495. This value indicates a positive influence between managerial ownership and firm value. This means that if the value of managerial ownership increases by 1%, then the value of the company will also increase by 10,495, assuming that the other variables are held constant.
- The regression coefficient value for the institutional ownership variable (X2) is equal to -0.930. This value shows a negative effect between institutional ownership and firm value. This means that if the value of institutional ownership increases by 1%, then the value of the company will decrease by 0.930, assuming that the other variables are held constant.
- The regression coefficient value for the dividend policy variable (X3) is equal to 0.080. This value indicates a positive influence between dividend policy and firm value. This means that if the value of the dividend policy increases by 1%, then the value of the

company will also increase by as much 0.080 assuming that the other variables remain constant.

- 4. Hypothesis testing
 - a. Determinancy Test (R2)

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.460a	0.212	0.186	147,885

a. Predictors: (Constant), Dividend Policy, Institutional Ownership, Managerial Ownership

It is known that the R Square value is 0.212, so it can be concluded that the magnitude of the influence of managerial ownership, institutional ownership and dividend policy on firm value is 21.2% and the remaining 78.8% is influenced by other things outside this research.

- b. Partial Test (t test)

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	268,887	62,804		4,281	0.000
	Managerial Ownership (X1)	10,495	2,246	0.435	4,673	0.000
	Institutional Ownership (X2)	-0.930	0.864	-0.101	-1,076	0.285
	Dividend Policy (X3)	0.080	0.246	0.030	0.326	0.745

a. Dependent Variable: Firm Value (Y)

The criteria for the table test above at the significant level = 5% with degrees of freedom (df) are $df = nk$ or $98-4 = 94$ (n is the total observation while k is the total independent variable in the study), so the results obtained for t table for the significant level = 5% in this study is 1.661.

Meanwhile, for t arithmetic which can be seen in the description of the table above is as follows:

- a) The effect of managerial ownership on firm value shows that the calculated t value is 4.673. This means that the value of t count > t table ($4.673 > 1.661$) so that it can be concluded that H1 is accepted and H0 is rejected. This means that there is a positive and significant influence partially between managerial ownership on firm value.
- b) The effect of institutional ownership on firm value shows that the calculated t value is -1.076. This means that the value of t count < t table ($-1.076 < 1.661$) so that it can be concluded that H0 is accepted and H1 is rejected. This means that there is a negative and not significant effect partially between institutional ownership on firm value.
- c) The effect of dividend policy on firm value shows the calculated t value of 0.326. This means that the value of t count < t table ($0.326 < 1.661$) so that it can be concluded that H0 is accepted and H1 is rejected. This means that there is no positive and significant effect partially between dividend policy on firm value.

- c. Simultaneous Test (Test f)

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	551465070	3	183821.690	8,405	.000b
	residual	2055782815	94	21870030		
	Total	2607247.884	97			

a. Dependent Variable: Firm Value (Y)

b. Predictors: (Constant), Dividend Policy (X3), Managerial Ownership (X1), Institutional Ownership (X2)

The results of the F-test analysis in the table above show that the significance value (Sig.) is 0.000, where this value is smaller than 0.05, the hypothesis is accepted, which means that there is an influence of managerial ownership, institutional ownership and dividend policy together on firm value.

Discussion

1. The Effect of Managerial Ownership on Firm Value

The results of this study indicate that managerial ownership has a positive and significant effect on firm value, meaning that the first hypothesis (H1) is accepted. This is in accordance with agency theory which states that giving share ownership shares to managers so that they have equal interests with shareholders can overcome agency conflicts.

The results of this study are consistent with Widayanti & Yadnya (2020), Dewi & Abundanti (2019), and Fauzan & Khairunnisa (2019) which explain that managerial ownership has a positive effect on firm value.

2. Effect of Institutional Ownership on Firm Value

The results of this study indicate that institutional ownership has a negative and insignificant effect on firm value, meaning that the second hypothesis (H2) is rejected. This is contrary to agency theory which states that institutional ownership can be a good internal control mechanism in overcoming agency conflicts that pose a risk to firm value. Institutional ownership cannot be an appropriate monitoring mechanism because institutional investors have lost their independent attitude as external parties with an interest in the company. Institutional investors fail in carrying out their role as supervisors of the performance of managers who are relied upon to increase firm value because they have proven to have no effect on firm value.

These results are supported by the results of previous research by Ariyanti et al. (2020), and Sadia & Sujana (2017) who argued that institutional ownership has no significant effect on company value.

3. The Effect of Dividend Policy on Firm Value

The results of this study indicate that dividend policy has no positive and significant effect on firm value, meaning the third hypothesis (H3) is rejected. These results indicate that the high or low dividends distributed to shareholders are not related to the high or low value of the company.

The results of this study support research conducted by Taswan (2003) and Putra et al (2007), Wibowo and Aisjah (2013) with the results of research that dividend policy proxied through the dividend payout ratio (DPR) has no effect on firm value.

4. The Influence of Managerial Ownership, Institutional Ownership and Dividend Policy on Firm Value.

The results of this study indicate that managerial ownership, institutional ownership and dividend policy simultaneously have a positive and significant effect, meaning that the fourth hypothesis (H4) is accepted. The results of the F test analysis show that the significance value (Sig.)

is 0.003, where this value is smaller than 0.05, the hypothesis is accepted, which means that simultaneously managerial ownership, institutional ownership and dividend policy have a positive and significant effect on firm value.

The results of this study support the research conducted by Sukirni (2012) and Fadelia & Ferry (2023) with the results of the research that managerial ownership, institutional ownership and dividend policy simultaneously have a positive and significant effect on firm value.

CONCLUSION

Based on the results of data analysis on the effect of managerial ownership, institutional ownership, and dividend policy on firm value in food & beverage companies listed on the IDX for the period 2015 – 2021 with a total sample of 14 companies, the following conclusions are obtained:

1. Partially, managerial ownership has a positive and significant effect on firm value, meaning an increase in the percentage of managerial ownership can increase firm value. Giving share ownership to managers makes managers have a role as shareholders and managers of company management. This role requires managers to work more optimally and avoid all decisions that cause losses because they can have a direct impact on the return that will be obtained as a shareholder.
2. Partially, institutional ownership has a negative and insignificant effect on firm value. This means that high or low institutional ownership does not affect the level of firm value. Institutional ownership has not been able to become a shareholder monitoring mechanism for management so that it does not have an impact on company value.
3. Partially, the dividend policy has no positive and significant effect on firm value. This means that policies cannot always be used as a positive signal for companies to attract investors to invest funds in company shares in increasing company value.
4. Based on the results of the F test analysis, it is found that the significance value (Sig.) is 0.003, where this value is smaller than 0.05, the hypothesis is accepted, which means that simultaneously managerial ownership, institutional ownership and dividend policy have a positive and significant effect on firm value.

SUGGESTIONS

1. In future research it is expected to expand the scope of the sample. It is possible to use the latest observation period and for companies to be more prepared and consistent in presenting annual reports even though they have to be eliminated from the criteria and also future research is expected to be able to add other independent variables, so that the independent variables can be greater in ability to explain the dependent variable.
2. In future research, it is expected to provide proxies with a different formulation in order to get better results.

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