

The Influence of Managerial Ownership on Company Value in Manufacturing Companies

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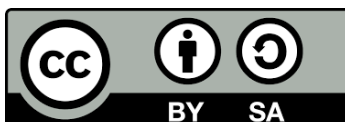
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Abstract

The purpose of this study is to determine the Effect of Managerial Ownership on Company Value. This study uses a descriptive quantitative approach with data collection techniques using secondary data. The study population includes companies listed on the Indonesia Stock Exchange in 2020-2023. Sampling in this study used the purposive sampling method, so that a sample of 248 research samples was obtained. The data used in this study uses secondary data obtained from the annual report of mining companies. The data analysis method used is multiple linear regression analysis using the Eviews 10 program. The results of the study Managerial Ownership has a positive effect on Company Value.

Keywords: Influence; Managerial Ownership; Company Value



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INTRODUCTION

The development of global competition in the business world is currently growing very rapidly. This can be seen from the rapid development of information and technology that encourages companies to continue to grow. Companies consistently try to innovate in accordance with the times to increase the value of their companies. Current developments cannot be separated from the accompaniment of tight business competition. Business competition must be balanced with consideration and knowledge of good resources in order to compete with companies both domestically and abroad.

Companies that implement knowledge-based business will create a way to manage knowledge as a means to obtain company income. With the implementation of knowledge-based business, the creation of company value will change (Sunarsih & Mendra, 2011). Indonesia is one of the developing countries as evidenced by the improving Indonesian economy which has led to the enthusiasm of entrepreneurs to manage their companies. Good company performance cannot be separated from its good management, which must be in accordance with the 3E concept. The three elements consist of economy, efficiency, and effectiveness. (Sofiamira & Asandimitra, 2017). In today's increasingly competitive industrial era, every company must continuously increase its competitiveness.

Managers are expected to increase the value of the company by increasing the prosperity of the owners or shareholders. However, there is often a conflict between managers as the company or agent with shareholders about decisions concerning the welfare of shareholders. The conflict occurs due to differences in interests between the two parties and is bound by an agreement called the agency problem (Widanaputra, 2010).

Manufacturing companies were chosen as the object of research because manufacturing companies are companies that sell their products that start with an uninterrupted production process starting from purchasing raw materials, processing materials to finished goods. Manufacturing companies need more long-term funding sources to finance their company operations, one of which is through stock investment by investors, so that it can affect the value of the company (Herawaty, 2008). According to Rika and Islahuddin (2008), company value is defined as market value, because the market value of a company can provide maximum shareholder prosperity if the company's stock price increases. The higher the stock price, the higher the shareholder prosperity. The maximum company value can be achieved if the shareholders hand over the management of a company.

Research conducted by Wahyudi and Pawestri (2006), Susanti (2010), Sofyaningsih and Hardiningsih (2011) showed that managerial ownership has a positive effect on company value. Conversely, research by Sukirni (2012), Sujoko and Soebiantoro (2007), Bernandhi and Muid (2014) resulted in managerial ownership having a negative effect on company value. Meanwhile, research by Kartika (2020) stated that managerial ownership does not have a significant partial effect on financial performance in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2018.

Nilayanti and Suaryana (2019:906) stated that managerial ownership does not affect the company's financial performance. The relatively low proportion of managerial ownership in this study causes management to feel less direct benefits from decision-making taken by managers.

Rachman's research (2012) stated that increasing managerial ownership will have a positive impact on company value because with increasing share ownership by the company's management, control over management activities will increase. This result is in line with Ningsih's research (2013) which found that managerial ownership variables also have a positive effect on company value.

Jensen and Meckling (1976) Agency theory explains the relationship between the principle and the agent. The principal or owner will give authority to the agent or manager in

running his business with the hope that the agent will run it well so that it can maximize the value of the company in accordance with the principal's objectives. Based on this, the principle gives the agent authority to be able to manage and make decisions on behalf of the principle. The separation between ownership and management causes a problem called the agent problem. However, a mechanism can be applied to reduce the opportunity for managers to take actions that are detrimental to the principle.

Kartika (2020) & Kadarman (2016) stated that the supervision carried out is to ensure that everything is in accordance with the established plan, the instructions given and the principles determined. There are several alternatives to reduce agency costs, including management share ownership and institutional share ownership (Kartika, 2020).

Kartika (2020) & Gray (2016) stated that the consensus that has developed in the context of stakeholder theory is that accounting profit is only a measure of return for shareholders, while value added is a more accurate measure created by stakeholders and then distributed to the same stakeholders. Both (value added and return) can explain the strength of stakeholder theory in relation to measuring organizational performance.

According to Yanti and Darmayanti (2019), company value is the investor's perception of the company's level of success, which is often associated with stock prices and profitability.

Managerial ownership is defined as the level of share ownership of management who actively participate in decision-making, such as directors, management, and commissioners. From the various definitions above, it can be concluded that managerial ownership is a condition where the company's management has dual positions, namely their position as company management and also shareholders and plays an active role in decision-making that is implemented, (Kartika, 2020) & (Wahidahwati, 2015).

This study aims to determine the description of managerial ownership and company value and to determine the effect of managerial ownership on company value.

RESEARCH METHODS

The research methodology used is a quantitative research method where quantitative research is a systematic scientific study of parts and phenomena and the causality of their relationships. The purpose of quantitative research is to develop and use mathematical models, theories and/or hypotheses related to natural phenomena. In the form of data types, namely secondary data obtained from Manufacturing Companies listed on the Indonesia Stock Exchange for the 2020-2023 period.

Population is a generalization area consisting of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2018). The population used is Manufacturing Companies listed on the Indonesia Stock Exchange as many as 927 companies.

Sampling was carried out using the purposive sampling method, namely selecting samples that have certain criteria, resulting in a sample of 248 companies. In this study, the independent variable (X1) is Managerial Ownership, while the dependent variable (Y) is Company Value. The data collection method used in this study is secondary data, namely data obtained in the form of company financial reports published by the Indonesia Stock Exchange (IDX) in 2020-2023.

RESULT AND DISCUSSION

This can happen because the data studied varies, consisting of 62 companies for 3 years, so there are 186 observation data. Based on this reality, an abnormal distribution may occur.

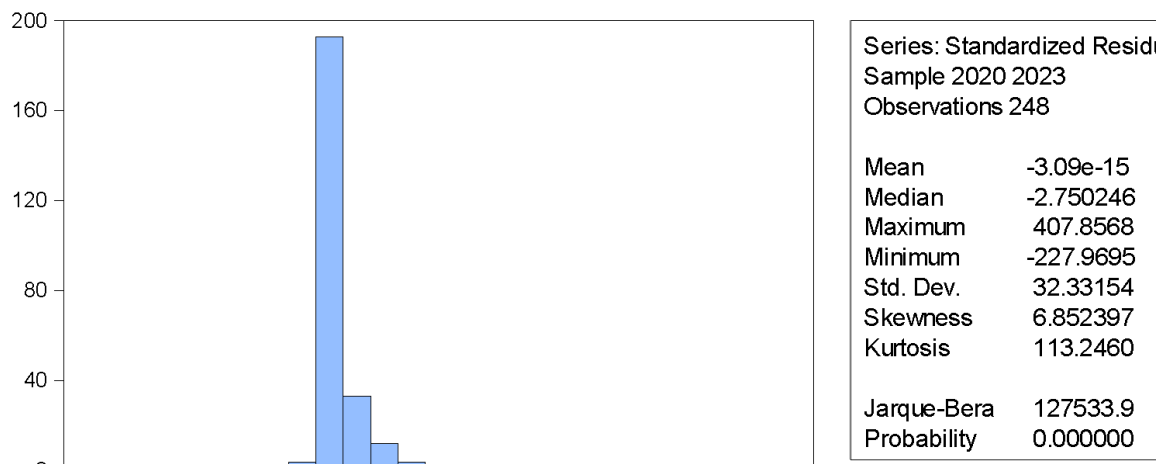


Figure 1. Uji Normalitas

This is supported by the Central Limit Theorem which states that if the amount of research data is large enough ($n > 30$), then the assumption of normality can be ignored (Gujarati, 2003).

Table 1. Multicollinearity Test

Variance Inflation Factors

Date: 09/10/24 Time: 17:00

Sample: 1 248

Included observations: 248

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	11.57696	2.735467	NA
KEPEMILIKAN MA...	4.087816	2.735467	1.000000

Based on the table above, the results show that each independent variable used has a **VIF value < 10**. Therefore, it can be concluded that each independent variable in this study is free from multicollinearity.

Table 2. Heteroscedasticity Test

Heteroskedasticity Test: ARCH

F-statistic	0.001202	Prob. F(1,245)	0.9724
Obs*R-squared	0.001212	Prob. Chi-Square(1)	0.9722

Based on the table above, the results of the heteroscedasticity test show an Obs*R-squared value of 0.001212 and an Obs*R-squared Probability of 0.9722. Because the probability exceeds the significance level of 0.05. Thus, it can be concluded that there is no heteroscedasticity in the data.

Table 3. Autocorrelation Test

Mean dependent var	5.003315
S.D. dependent var	32.81267
Akaike info criterion	9.802052
Schwarz criterion	9.830386
Hannan-Quinn criter.	9.813458
Durbin-Watson stat	1.117265

Based on the table, the results of the autocorrelation test show a Durbin-Watson (DW) value of 1.117265. It can be concluded that there is no autocorrelation and the model is suitable for use.

Tabel 4. Panel Data Regression Test

Variable	Coefficient
C	-2.357065
KEPEMILIKAN MANAJERIAL	5.491061

Based on the table above, it can be concluded that if managerial ownership increases by 1 unit, the company value will increase by 5,491061 units.

Tabel 5. Partial Test (t-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.357065	3.402493	-0.692746	0.4891
KEPEMILIKAN MANAJERIAL	5.491061	2.021835	2.715880	0.0071

Based on the table, it can be concluded that managerial ownership has a value of 0.0071, which is smaller than 0.05, so managerial ownership has a significant influence on the company's value.

CONCLUSIONS

Based on the existing results, managerial ownership has a significant influence on company value. This managerial ownership is a condition that exists in a company consisting of directors, commissioners or executives who own shares in the company. Based on stakeholder theory, the relationship between a manager or director who owns shares in the company will have an impact on increasing the company's reputation because it can reduce social or regulatory risks.

Not only on stakeholders but also has a significant impact on the company's value by increasing stakeholder trust to be more loyal and provide stable working conditions. Based on stakeholder theory, managerial ownership can have a significant effect on the value of the company because it encourages management to consider the interests of all parties related to the company. Managers who are also owners tend to manage the company more ethically, responsibly, and long-term oriented in order to maintain good relations with stakeholders. This contributes to increasing the overall value of the company.

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