
Effect of Managerial Ownership Of Companies Intellectual Capital Value as an intervening variable

DOI : <https://doi.org/10.33096/atestasi.v3i1.388>

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ABSTRACT : *The purpose of this study is to analyze and explain the effect of managerial ownership on firm value to intellectual capital as an intervening variable. The object of research using 32 banking companies listed in Indonesia Stock Exchange (BEI) for the period from 2015 to 2017 but based on criteria and completeness of the data, the sample in this study only used 24 banking companies. The sampling technique used purposive sampling method. Collecting data using the financial statements of banking companies listed in Indonesia Stock Exchange for the period 2015-2017 that is downloaded via the website IDX www.idx.id. Data were analyzed using Partial Least Square (PLS). The results of this study indicate that managerial ownership has a direct and indirect negative effect on firm value through intellectual capital as an intervening variable and intellectual capital has a negative effect on firm value.*

Keyword : Intellectual Capital; Managerial ownership; The value of the company

Introduction

Maximizing the value of the company is very important for the company (Rustendi & Jimmi, 2008), because the value of the company is one of the benchmarks for investors to assess the degree of success of the company (Lukman Hakim, 2018). Managers of the company have a strategic role in enhancing the value of the company. According Ambarwati, (2014) managerial ownership in the company will help monitor the activity of the company. Monitoring carried out by the manager can affect the activity of the company's managers to increase the value of the company with broadly disclose all the assets of the company include the intangible assets of the company in the financial statements.

Wahyuni, (2016), Ahmad H, (2019) states that if an increase in the proportion of shares held by the company manager then the manager will tend to work harder in the

interests of shareholders to increase the value of the company. The opposite is stated by Ambarwati, (2014) that managerial ownership has a negative influence on the value of the company, this was due to the low proportion of managerial ownership will cause less enterprising managers to improve their performance so as to reduce the value of the company.

Some banking companies in 2018 decreased approximately 2.8% and a value of 345 stocks traded lower (JCI, 2018). Stock Price Index weakened the case for foreign investors sold stocks with large scale so bad for stock banking company in Indonesia. Bank Mandiri (BMRI) decreased by Rp 6775 trillion, Bank Rakyat Indonesia (BBRI) decreased by Rp 3.140 trillion, and Bank Central Asia (BBCA) decreased by US \$ 21 350 trillion. Impairment banking company in Indonesia may indicate the possibility of low interest of investors to invest due to the decline of public confidence to invest in banks (www.Kontan.co.id by sari, 2018)

According Wibowo (2015) theory of agency is an agency relationship between the principal and agent as principal delegation of authority to the agent. According to Brigham and Gapenski (1996), In the agency theory to explain that conflict can occur when a company is run by management and not run by the owners of the company. Konflik the agency in this case implies that management has the information asymmetry more information about the condition and prospects of the company in the future will come from the company owner. In addition to causing the separation of ownership of information asymmetry can also lead to conflict in the control and the management of the company which led to the manager acted in accordance with the wishes of the owners of the company (Isti, 2015).

According Rusmania, (2015) resource-based theory (based resource theory) is a theory that explains the resources possessed by the company may affect the performance of the company which will ultimately increase the value of the company. This theory arises because of the strategic question of why a company can outperform other companies and have sustained superior performance. Companies that build on its own resources to control and have the ability to maintain its superiority compared to companies that obtain resources from outside the company or organization (Langevin, 2012)

In a resource-based theory approach, companies can achieve sustainable competitive advantage and obtain maximum benefits by ownership or control of strategic assets owned by companies both tangible and intangible companies which will ultimately affect the increase in company value (Rasmini, 2016). According to Robin, (2016) revealed that the agency problems can be minimized by applying a corporate governance mechanism. The mechanism of corporate governance is a concept to improve performance management by monitoring to ensure management accountability to shareholders.

Managerial ownership is the percentage of shares owned by a manager. Managerial ownership structure can affect the course of the company that have an impact on the company's performance in order to achieve the objective of maximizing the value of the company. Conflicts of interest between the agent and the principal can be minimized either by increasing managerial ownership in the company. The higher the managerial ownership, management will tend to work harder in the interests of shareholders to increase the value of the company. This is due to the control that the managerial ownership (Tatyana qomaria, 2016). Conversely, the lower management ownership in the company,

Results of research conducted by Ruduwan (2013), Kamardin (2014), and Hartono (2015), who found that managerial ownership has a positive effect on firm value. On the contrary, research conducted by Kumara (2012), Ambarwati (2014), found that managerial ownership negative effect on the value of the company. The use of variable intervening used in this study because the value of the company not only as a result or a direct result of corporate governance mechanism is proxied by managerial ownership but also other factors that contribute to the value of his company's intellectual capital (assets intangible) owned by the company. The intellectual capital, intangible knowledge that can be converted into added value for the company although it is not shown in the financial statements (Rusmania, 2015; Juwita & Angela, 2016). Companies are able to efficiently utilize the intellectual capital will affect the market value increased (Oktavian, 2018).

Companies that have a high value can affect the investors to invest in the company. More and more investors to invest in the company, increasing the value of the company. Conversely, companies that do not utilize intellectual efficiently kapitalnya will affect the market value decline (Sintyawati & Goddess, 2018). Companies that have a low market value will make investors less interest to invest in the company so that it can lower the value of the company. This is consistent with research Chairil and Anisa (2015) and Ros (2017) who found that intellectual capital has a positive effect on firm value.

Differences in results were found several previous research studies related make about the mechanisms of corporate governance and corporate value is important. The difference of this study with previous research that this study using all variables Covering corporate governance mechanism managerial ownership as an independent variable. The company's value as the dependent variable, and intellectual capital as an intervening variable. This study aims to measure the value of banking companies listed in Indonesia Stock Exchange (BEI) in the period 2015-2017.

According to (Adestian, 2015) corporate governance mechanism has the ability to align the differences of interest between principal and agent, and can be effective protection of investors in acquiring back with a reasonable investment and high value.

According to Jensen and Meckling (1976) a high proportion of managerial ownership can unite the interests of shareholders and management which will reduce agency costs. Great managerial ownership in the company will be effective to oversee the activities of the company. If the company has low managerial ownership incentives are issued to monitor opportunistic behavior it is likely that managers will increase (Nuraini, 2010). Conflicts of interest between the agent and the principal can be minimized by improving the managerial ownership in the company. Great managerial ownership will be effective to oversee the activities of the company. High managerial ownership will encourage management to perform its function properly because it aims to improve the welfare of shareholders and its own interests.

Controls that are owned by managerial ownership can improve performance management to achieve higher corporate value. Managerial ownership structure can also affect the running of the company that have an impact on the company's performance in order to achieve the goal to increase the value of the company (Hartono, 2015). This is supported by the Research Sari et al (2013), Kamardin et al (2014) and Sienatra et al (2015) who found that managerial ownership has a positive effect on firm value. Results were confirmed by Kamardin Research (2014) and Sienatra et al (2015) who found that managerial ownership has a positive effect on firm value.

H1: Managerial ownership positively affects the value of the Company

Siddiq (2013) defines intellectual capital as knowledge, intangible that can be converted into added value for the company although it is not shown in the financial statements. In addition to applying corporate governance mechanism, disclosure of intellectual capital can also affect the value of the company. Companies are able to utilize the company's intellectual capital efficiently will affect the market value increases. Voluntary disclosure of the intellectual capital in the company's annual report is a signal to potential investors about the intangible assets owned by the company so attractive for investors (uluum, 2015). More and more investors to invest in company's will also increase the value of the company.

H2: Intellectual capital positively affects the value of the company.

Managerial ownership is indicated by the proportion of shares owned by the management company. (Rasmini, 2016) suggests that the separation between ownership and control over the company create a conflict of interest between managers and shareholders. A high level of supervision by the managerial ownership of managers can prevent opportunistic actions managers who ignore the interests of the company and shareholders to personal interests. Opportunistic actions can result in a decline in investor confidence in the company. The greater the proportion of managerial ownership in the company managers tend to try harder to improve their performance as managers have an obligation to improve the welfare of shareholders.

According to Oktavian, (2018) one of the ways that can be taken to create value for the company is to increase investment in intellectual capital that we believe can create competitive advantages. The involvement and support of managers the intellectual capital of the company will be managed and used efficiently, thereby increasing the company's value. This is in line with research Purwandari, (2012) who found a positive effect of managerial ownership on intellectual capital. The statement also confirmed the results Darmawati, (2014) who found that managerial ownership has a positive effect on intellectual capital. The involvement and support of managers the intellectual capital of the company will be managed and used efficiently, thereby increasing the company's value. This is in line with research Purwandari, (2012) who found a positive effect of managerial ownership on intellectual capital. The statement also confirmed the results Darmawati, (2014) who found that managerial ownership has a positive effect on intellectual capital. The involvement and support of managers the intellectual capital of the company will be managed and used efficiently, thereby increasing the company's value. This is in line with research Purwandari, (2012) who found a positive effect of managerial ownership on intellectual capital. The statement also confirmed the results Darmawati, (2014) who found that managerial ownership has a positive effect on intellectual capital.

H3: Managerial ownership has a positive effect on intellectual capital.

Managerial ownership is the percentage of shares held by the management. The management is the manager of the company as directors, managers, and employees. Agency theory discusses the relationship between the principal (shareholders) and the agent (management). One of the most important indications of this agency concerns the benefits of reporting intellectual capital to principals, namely to provide information in order to better understand how the strategy and manage intellectual capital owned by the company. If the managerial ownership increases, the manager will tend to improve its performance so as to increase the company's value through the disclosure of the company's intellectual capital. This was due to an increase in the proportion of shares held managerial ownership will prevent the tendency of managers act opportunistically excessive (Ikbal, 2012). The larger the managerial ownership, the more complete disclosure of intellectual capital in the financial statements. Completeness of the financial statements will mepengaruhi investors to invest in the company. More and more investors to invest in the company is increasing the value of the company. This is in line with research Herath (2008) who found that managerial ownership has a positive effect on corporate value through intellectual capital. The statement was reinforced by research Wahyu (2016) who found that managerial ownership has positive influence on the value of the company through intellectual capital.

H4: Managerial ownership positively affects the company's value through intellectual

Research Methods

In this recent research using quantitative data. The data used in this research is secondary data and source data used in this study was obtained from the annual financial statements of the banking company (annual report) that are listed in the Indonesia Stock Exchange (BEI) in the period 2015-2017 (www.idx.co.id). The population in this study were 32 banking companies issuing shares and annual financial reports in the Indonesian Stock Exchange. Samples taken in this study were 24 companies listed on the Stock Exchange in 2015-2017 based on predetermined criteria. Sampling of this study using purposive sampling method. Data of this study were tested using the tool Last Partial Square through outer measurement models used to determine the valid data and avoid multicollinearity and inner models used to determine the effect of direct and indirect influence given by the independent variable on the dependent variable.

Result and Discussion

Results Analysis

The results of the outer model in this study are as follows:

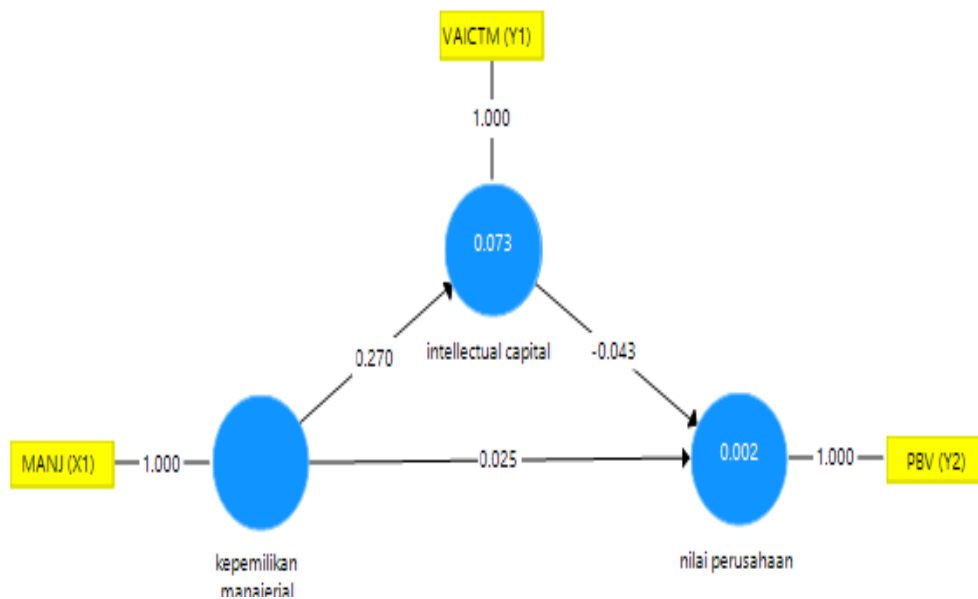


Figure 1. Normality Test (P-Plot)

Table 1. Descriptive statisticsz

Indicator	mean	minimal	Maximum
KM (X1)	1,248,698,433,986	34,554,000	9,531,756,267,000
NP (Y1)	575,382,291	268,427,000	9,748,172,968,000
IC (Y2)	6,064,142,334,181	47,647,225,000	171,498,329,590,000

Source: Secondary Data processed, 2020

Table 2. Test Ratability and Validity

<i>variables</i>	<i>Cronbachs Alpha</i>	<i>Composite Reliability</i>	<i>Average Variance Extracted (AVE)</i>
Managerial Ownership (KM)	1,000	1,000	1,000

Source: Secondary data processed (2020)

Based on Figure 1 and Table 2 can be seen that managerial ownership indicator (KM), intellectual capital (IC) and the value of the company (NP) showed that the Cronbach alpha value of 1.000 means above 0.60 reliability composite value of 1,000 means above 0.70 and AVE value of 1.000 means above 0.50. Based on these results the test of validity stated reability and reliable.

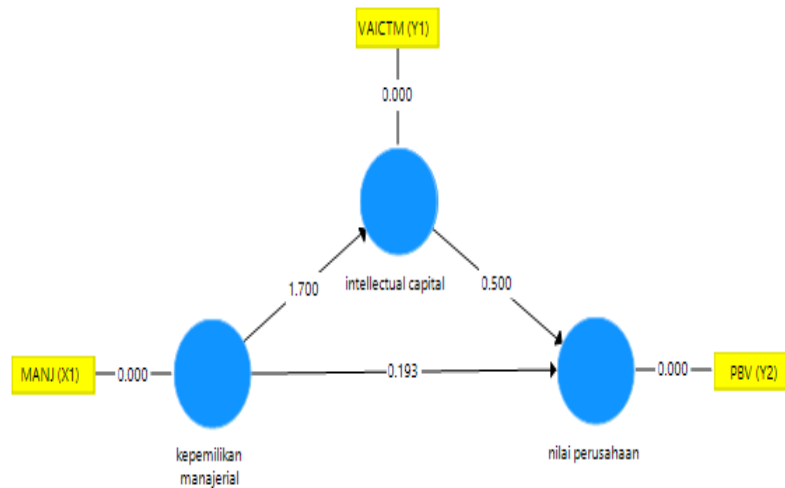


Figure 1. Model Inner Test

Table 3. Value Path Coefficients

<i>variables</i>	<i>Original samples (O)</i>	<i>Samples Mean (M)</i>	<i>Standard Error (Sterr)</i>	<i>Q Statistic (O / STEERR)</i>	<i>P-Value</i>
KM -> NP	0,025	0,049	0.0129	.193	0.847
IC -> NP	-0.043	-0.033	0,085	.500	0.617
KM -> IC	0,270	0.231	.159	1,700	.090

Source: Secondary Data processed 2020

Table 4. Value Total Effects

<i>variables</i>	<i>Original Sample (O)</i>	<i>samples Mean (M)</i>	<i>Standard Error (Sterr)</i>	<i>T-Statistic (O / Sterr)</i>	<i>P-Value</i>
KM → NP → IC	0,013	0,036	.124	.109	.914

Source: Secondary data is processed, 2020

In Table 3 shows that the relationship between KM with NP is not significant with T-statistic values of 0.193 <1.96. The original value estimate sample was positive in the amount of 0.025 which indicates that the direction of the relationship between KM with NP is positive. Thus the hypothesis H1 in this study that states that managerial ownership has a positive effect on firm value is rejected.

IC relationship with the NP is not significant with T-statistic values of 0.500 <1.96. The original value estimate sample was negative in the amount of -0.043 which indicates that the relationship between the IC with NP is negative. Thus the hypothesis H2 in this study that states that intellectual capital has a positive effect on firm value is rejected.

KM relationship with the IC is not significant with T-statistic values of 1.700 <1.96. The original value estimate samples were positive in the amount of 0,270 which indicates that the relationship between KM with IC is positive. Thus the hypothesis H3 in this study that states that managerial ownership has a positive effect on intellectual capital rejected.

In Table 4.4 shows that the relationship with the NP KM through the IC is not significant with T-statistic values of 0.109 <1.96. Estimate adalah original value of positive samples in the amount of 0.013 which indicates that the relationship between KM with NP through IC is positive. Thus the H4 hypothesis in this study that states that managerial ownership has positive influence on the company's value through intellectual capital as an intervening variable is rejected.

Table 5. R-Square

variables	R-Square
IC	0.073
NP	0,002

Source: Secondary data processed in 2020

Relevance predictive value calculated by the following formula:

$$Q^2 = 1 - (1 - R1^2) (1 - R^2) \dots (1 - R^2)$$

$$Q = 1 - (1 - 0,073) (1 - 0,002)$$

$$= 0.925 \text{ or } 93\%$$

Variable Structure Test Endrogen

Based on the results described inner models then the model equations in the variable endrogen lines are as follows:

Equation variable structure Corporate Value (Y1)

$$Y1: + b1x1 \dots$$

The equation structure of the Intellectual Capital (Y2)

$$Y2: + b1x1 + b3 + Y1$$

Discussion

H1 hypothesis proposed in this study is the managerial ownership positively affects the value of the company. Hypothesis test results indicate that managerial ownership negative effect on the value of the company so that H1 is not supported. Managerial ownership does not significantly influence the value of the company due to the ownership structure of managerial unable to influence their nets so that the company's impact on the company's performance in order to enhance shareholder value. Conflicts between agents and principals cannot be minimized by managerial ownership. This is because the lower the managerial ownership, the more a lack of supervision on the performance of managers. Managers who have less strict supervision by the managerial ownership is likely to be less able to improve its performance and therefore contributes to the declining value of the company. The results are consistent with research conducted by Ambarwati (2014) which states that managerial ownership negative effect on the value of the company.

H2 hypothesis proposed in this research is the intellectual capital has a positive effect on firm value. The results of hypothesis testing that has been done shows that intellectual capital does not significantly influence the value of the company so that H2 is not supported. Intellectual capital does not significantly influence the value of the company and this is because the company is not able to take advantage of the company's intellectual capital efficiently and therefore contributes to the declining market value. The less disclosure of intellectual capital in the financial statements of the company, also increasingly less interested in attracting investor interest to the company. Based on the resource-based theory approach (resource based Theory) explains that the company can achieve a sustainable competitive advantage by gaining maximum benefit to have and take advantage of strategic assets owned by the company either tangible or intangible. The results are consistent with research conducted by Husniki (2017) which states that intellectual capital a negative effect on the value of the company.

H3 hypothesis proposed in this study is a positive influence on managerial ownership intellectual capital. The results of hypothesis testing that has been done shows that managerial ownership does not significantly influence the intellectual capital so that the H3 is not supported. Managerial ownership does not significantly influence the intellectual capital due to the low level of supervision by managerial ownership of managers cannot prevent the occurrence of acts of opportunistic managers who ignore the interests of the company. Lack of involvement and support of managers the intellectual capital of the company is not managed and used efficiently. This is consistent with agency theory that the separation between ownership and control of a company causes a conflict of interest between managers and shareholders which can affect the manager's performance in the company (Tamba, 2012). The results are

consistent with research conducted by Kumara (2012) who found that managerial ownership negative effect on intellectual capital.

H4 hypothesis proposed in this study is the managerial ownership positively affects the company's value through intellectual capital as an intervening variable. The results of hypothesis testing carried out showed that managerial ownership does not significantly influence the company's value through intellectual capital as an intervening variable that H4 is not supported. Managerial ownership no significant effect on the value of the company through intellectual capital as an intervening variable and this is because the manager does not utilize the intellectual capital of the company efficiently. The smaller the less managerial ownership intellectual capital disclosures in the financial statements. Less complete financial statements will affect the interest of investors to invest in the company. The less investors to invest in companies that decreases the value of the company. One of the most important indications of agency theory (agency theory) is related to the benefits of intellectual capital reporting to principally it to provide information in order to understand how the strategy and management of the company's intellectual capital. If the level of managerial ownership declining, managers are less likely to improve performance to enhance corporate value through intellectual capital disclosures.

Conclusions

Based on the results of research conducted on terdaftar banking company in Indonesia Stock Exchange (BEI) in the period 2015 - 2017. The conclusions of this study is the result of managerial ownership intellectual capital negatively affect the value of the company. Managerial ownership negative effect on intellectual capital and managerial ownership negatively affect the company's value through intellectual capital as an intervening variable. Suggestions of research for the company that banking company in Indonesia can improve performance in his company to improve corporate governance mechanism manajeral one of them increases ownership in order to achieve its goals of promoting the value of the company.

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