Journal of Economics, Finance and Management Studies
ISSN (print): 2644-0490, ISSN (online): 2644-0504
Volume 06 Issue 07 July 2023
Article DOI: 10.47191/jefms/v6-i7-56, Impact Factor: 7.144
Page No: 3495-3500

The Influence of Institutional Ownership, Managerial Ownership, Independent Commissioners, Profitability, Leverage, and Size on Company Value with Earnings Management as Intervening (Empirical Study on Banking Bumn Listed on the Indonesian Stock Exchange 2016-2021)

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ABSTRACT: This study aims to examine the effect of GCG mechanisms on firm value with earnings management as an intervening variable with empirical studies. The research approach is quantitative. Locus of research on banking SOEs listed on the Indonesia Stock Exchange in 2016-2021. Data collection techniques are through surveys using secondary data. The data analysis technique uses multiple linear regression with the help of Eviews 9.0 software. The results of the research show that Institutional Ownership, Managerial Ownership, and Independent Commissioners have on ROA has a negative and significant effect on DER,
Total Assets partially have a positive and significant effect on Earnings Management. Institutional Ownership, Managerial Ownership, Independent Commissioner, ROA, Total Assets simultaneously have a positive effect on Profit Management. Institutional Ownership has a positive and significant effect on Firm Value. Managerial Ownership, and Independent Commissioners, partially have a negative and significant effect on Company Value. Total Assets, ROA, DER, Earnings Management partially have a negative and significant effect on Firm Value. Institutional Ownership, Managerial Ownership, Independent Commissioners, DER, Total Assets, and Profit Management simultaneously have a positive effect on Firm Value. Earnings Management does not mediate the influence of ownership, independent commissioners, ROA, DER, Size on Company Value.

KEYWORDS: DER, GCG, Profit Management, Company Value, ROA, Size.

INTRADUCTION

One of the financial information that investors want to know is the value of the company. Firm value is an investor's perception that is often associated with stock prices. High stock prices can increase firm value (Amiati 2014; Prasetyorini, 2013). The company value is the price that potential buyers are willing to pay if the company is sold, where the development or trend of the value of a company that shows development from year to year automatically indicates that there is an increase in shareholder wealth. The company value is usually indicated by the price ratio. - high to-book makes the market believe in the company's future prospects. Company owners also want this, because high company value indicates high shareholder wealth. Company value is influenced by many factors, both financial factors, resource factors and others. The relatively poor financial performance of SOEs in 2020 can also be seen from the Ministry of Finance's Fiscal Policy Agency (BKF) report (2021). The Ministry of Finance's BKF shows a decrease in BUMN contributions in 2020, namely IDR 245 trillion; which means a decrease of 14 percent from the previous year (2019) which reached IDR 285 trillion. The contributions referred to include PPh Income Tax), Value Added Tax (VAT), customs duties, other taxes, and local government levies.

The problem is whether the decline in profits of BUMN companies is only due to the external conditions of the Covid-19 pandemic, in fact there are many other variables that have caused a decline in the financial performance of BUMN companies. In this study, the SOEs that became the locus of this research were the banking sub-sector. The government banks in question are Bank Mandiri, Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), State Savings Bank (BTN), and Bank Syariah Indonesia (BSI).

The banking sub-sector was chosen, because these state-owned banks are state-owned companies which make a large contribution to BUMN revenue as a whole even during the Covid-19 pandemic. In addition, state-owned banks include state-owned companies with the largest asset ownership. For example, Ban Mandiri has assets of up to 1,500 trillion rupiah. BRI has assets of up to 1,000 trillion rupiah. BNI has assets of up to 800 trillion rupiah. BTN has assets of 375 trillion rupiah. Ownership of the smallest asset, BSI, has reached 200 trillion rupiah (Hariyanto, 2022). Therefore it is important to identify and at the same time examine the variables that can affect the company's financial performance.

There are at least eight independent variables that affect financial performance. However, there are three independent variables that are used by at least three researchers, and among the results of their research there is a research gap. First, the internal audit variable (Droglas & Sipoi, 2017; Ojo, 2019; and Khoirunnisa & Karina, 2021). There is a research gap, where research results (Droglas & Sipoi, 2017; Ojo, 2019) show a positive effect of internal audit on financial performance. Meanwhile, Khoirunnisa & Karina's research (2021) shows that internal audit has no significant effect on financial performance.

Second, risk management variables (Febrian to et al., 2018; Onsongo et al. 2020; Mardiana et al., 2018). There is a research gap, where the results of the research by Fevrianto et al (2018) show a positive and significant effect on financial performance. Meanwhile, the research results of Onsongo et al (2020) show that risk management has an effect but not significantly on financial performance. In contrast to Mardiana et al (2018) which proves otherwise that risk management has a negative effect on financial performance.

Third, the variable good corporate governance (GCG) (Febrianto et al., 2018; Kalsum et al., 2020; Tampubolon, 2019; Eksandy, 2018; and Suwamo & Muthohar, 2018). The results of these five studies, three studies (Tampubolon, 2029; Eksandy, 2018; and Suwarno & Muthohar, 2018) found that GCG has a positive and significant effect on financial performance. Meanwhile, two other studies (Febrianto et al., 2018; Kalsurn et al., 20200) found that GCG had a positive and significant effect on financial performance. Financial performance can be based using the possibility of many proxies, starting from accounting- based proxies, such as Return on Equity (ROE), Return on Assets (ROA), and Gross Profit Margin (GPM). Financial performance can also be market-based, such as Stock Returns, Earning Yield Ratio (EYR), Earning Per Share (EPS), and Dividend Yield Ratio (DYR). Financial performance can also be based on a mix of accounting and market bases such as the Tobin's Q ratio. This study chooses market-based performance, namely stock returns which include two measurement indicators, namely Yield, and Capital Gain/Capital Loss.

Research by Sumanto, Asror, and Kiswanto (2014) shows that institutional ownership and board size have a significant negative effect on earnings management. At the same time, institutional ownership and board size have a significant effect on earnings management. Meanwhile, Maharani and Ramantha (2014) used multiple linear regression analysis techniques to show that manager ownership has a negative effect on earnings management. Institutional ownership has no effect, Maharani and Ramantha (2014) show a low value of reserves with high management ownership. Institutional ownership variable has no significant effect on management performance. This means that companies with a high level of institutional ownership do not guarantee that they can minimize performance management practices in companies (Astari, 2015).

Overall, the average institutional ownership accounts for almost half of all ownership in the coal subsector, while total management ownership is below the relative ownership threshold. According to Kristanti and Hendratno (2017), institutional ownership, management ownership and audit quality simultaneously have a significant effect on management effectiveness. In many cases, institutional ownership has no significant effect on earnings management, while managerial ownership has a significant negative effect and audit quality has a positive effect on earnings management.

On the other hand, Arthawan and Wirasedana (2018) argue that managerial ownership has a negative and significant effect on earnings management. This means that an increase in management ownership will reduce earnings management. Management ownership consists of shares owned privately by management and shares owned by subsidiaries and shareholders of each company. The existence of management ownership acts as a control mechanism that tends to attract various interests within the company. Institutional ownership also provides a similar control mechanism in companies. According to Maharani and Ramantha (2014), director ownership has a negative effect on managerial performance. These results indicate that increasing the ownership of company managers can create optimal company performance and encourage managers to act more carefully because they share the consequences of their actions.

Independent commissioners are directors who are not affiliated with management, other commissioners and controlling shareholders and are free from business relationships or other relationships that may interfere with their ability to act independently or solely for the benefit of the company. Company (Ujiyantho & Pramuka, 2007). Independent agents have no control over revenue management activities. This means that companies with independent officials have the choice to be involved in performance management or not to be involved in performance management (Retun ingdiah, 2011). According to Sarkari et al.

(2006) found that the independent committee itself had no effect on performance management, but the quality of the committee did affect performance management.

Profitability is important information for external parties because when profitability is high, the company performs well, and when profitability is weak, the company performs poorly. One of the objectives of the company's operations is to make a profit. If the company's profitability is low, this is also a bonus that the company's management receives. Therefore, management usually tends to take earnings management actions so that company management gets a bonus or compensation. Purnama (2017) argues that profitability has a positive effect on earnings management performance by measuring the ratio of Return On Assets (ROA) to Return On Capital (ROE). disclosure of Return On Assets (ROA) and Return On Equity (ROE), then bank performance management practices are getting better (Lestari & Wulandari, 2019). Based on agency theory, principals or company owners can limit the ROA ratio is not one of the reasons why managers carry out performance management, because ROA has made company profitability the main concern of stakeholders, leaving little room for managers. Able to practice performance management so that high or low ROA has no impact on performance management (Damayanti & Kawedar, 2019).

Net worth is an important concept for investors as an indicator of overall company performance. Institutional wealth is company shares owned by institutions or institutions such as insurance companies, banks, investment companies and other institutions (Wahidahwati, 2001). Putri and Nasir (2006) also explained that institutional ownership is year-end equity ownership from the government, financial institutions, legal entities, foreign institutions, finance, and other institutions. Institutions can control most of the shares because they have more resources than other shareholders. Institutional ownership is one of the factors that can affect company performance because it plays a role in controlling the managers who run the company (Wardhani, Chandararin & Rahman, 2017). Management ownership has a significant negative effect on firm value. This is because not many management teams own a large number of companies. Low management ownership results in management being more concerned with their own interests than the interests of the company. Due to the small amount of ownership, managers are more concerned with their goals as managers than as shareholders (Sukirni, 2012).

Anita and Yulianto (2019) have a different opinion, management ownership affects company value. Management ownership affects the value of the company, where an increase in management ownership allows the company to increase its ability to add value to the company. Wahyudi and Pawesti (2006), Susanti (2010), Sofyaningsih and Hardiningsih (20 11) who found that top management ownership has a positive effect on firm value. Management ownership can affect the running of the company, which in turn affects the company's effectiveness in achieving company goals, namely optimizing company value, which is created because of the power of self-control.

According to FCGI, the Board of Commissioners is an integral part of the company's management system whose role is to ensure the implementation of the strategy adopted by the company, to monitor management in running the company and to demand accountability. In essence, the mandate is a control mechanism and a mechanism that provides guidance and direction to company managers. Board members have a very important role for the company, especially in implementing corporate governance mechanisms (Amaliyah & Hewiyanti, 2019). The less effective role of independent commissioners in mining companies indicates that independent committees cannot provide added value to the company. The number of independent commission agents cannot be used as a guarantee for increasing company value. This can happen because the independent official only exists as a formality to comply with the provisions of the Financial Services Authority, meaning that the independent official does not carry out the oversight function properly. The composition of the board of independent commissioners has a negative and insignificant effect on the goodwill of the banking sector on the IDX (Wedayanthi & Darmayanti, 2016). The existence of an independent official is expected to increase the effectiveness of supervision and aims to improve the quality of financial reporting. Having good controls minimizes management fraud in financial reporting. It also improves the quality of financial reports and encourages investors to invest in companies which tend to increase the company's share price and increase the value of the company. According to Dew and Nugrahant (2014), independent board of directors has a positive effect on company value. This indicates that effective management control by an independent board of commissioners can help minimize agency conflicts which ultimately affect the value of the company. ROA is the ratio of net profit after tax to the average balance sheet. Based on the understanding of ROA, it can be said that ROA shows how effectively management uses its assets to generate profits. A positive or increasing ROA indicates that a company can generate profits for the company from its total operating assets. On the other hand, a negative or lower ROA indicates that the company cannot make a profit based on the total assets invested, so it suffers a loss. ROA figures are often used to measure profitability. Return on assets directly affects company value by 114.06 percent and indirectly by 8.62 percent, bringing the total share to 122.68 percent (Cahya & Riwoe, 2018). Halimah and Komariah (2017) found research evidence that ROA had a significant influence on company value at Go Public Banks from 2011 to 2015. ROA is one of several important metrics used to assess a company's future prospects to determine company profitability. The higher the ROA score of a company shows how effectively the company manages its assets to generate net profit after tax, ROA data becomes a positive metric for investors and can add value to the company. Better profit growth reflects the company's future prospects, which means that the company's value is getting better in the eyes of investors (Sari & Abundanti, 2014).

The following is the development of hypotheses based on previous research, as follows: (1) H-1: Institutional ownership has a positive effect on firm value. (2) H-2: Managerial Ownership has a positive effect on Firm Value. (3) H- 3: Independent Commissioner has a positive effect on firm value. (4) H- 4 : Size (Total Assets) has a positive effect on Firm Value. (5) H- 5: Leverage (DER) has a positive effect on firm value. (6) H- 6: Profitability (ROA) has a positive effect on firm value. (H-7: earnings management has a positive effect on firm value. (H-8): Institutional Ownership, Managerial Ownership, Independent Commissioner, Profitability (ROA), Leverage (DER), and Size (Total Assets), simultaneously have a positive effect on Firm Value.

RESEARCH METHODS

This research approach is quantitative, with a causality type (Sekaran & Bougie (2016: 43). Based on the time dimension, this research is a panel data research (Sekaran & Bougie (2016: 104). The study unit of this research is an organization, namely a bank company owned by government (Government-owned SOEs) in Indonesia The population in this study are state-owned banks that have complete data shared with the public for the needs of this research variable in the period 2016-2021. The government-owned bank is PT Bank Negara Indonesia (Perero) Tbk (BBNI) , PT Bank Rakyat Indonesia (Persero) Tbk (BBRI), PT Bank Tabungan Megara (Persero) Tbk (BBTN), The sample in this study is the same as the number of members of the population, so it is called a saturated sample. The saturated sample technique was chosen considering the relative population size small.The amount of data in this research is = 5 banks x 6 years (2016-2021) x 4 quarters = 120 data (n=120). panel (Sekaran & Bougie (2016: 104). The study unit of this research is an organization, namely a state-owned bank company (Government BUMN) in Indonesia. The population in this study is a government-owned bank that has complete data that is shared with the public for the needs of this research variable. in the period 2016-2021. The government-owned banks are PT Bank Negara Indonesia (Perero) Tbk (BBNI), PT Bank Rakyat Indonesia (Persero) Tbk (BBRI), PT Bank Tabungan Megara (Persero) Tbk (BBTN), Samples in research this is the same as the number of members of the population, so it is called a saturated sample. The saturated sample technique was chosen considering the relatively small population.

The amount of data in this study is = 5 banks x 6 years (2016-2021) x 4 quarters = 120 data (n =120).

The measurement of each variable is as follows:

1.Institutional share ownership is shares owned by institutions divided by the number of outstanding shares multiplied by 100% (Hamid, 2014)
2. Managerial share ownership is the shares owned by all managers divided by the number of outstanding shares multiplied by 100% (Hamid, 2014).
3. Independent commissioners are the number of independent commissioners on the Board of Commissioners divided by the total number of commissioners as a whole (Hamid, 2014).
4. Company value, measured by Rasdio Tobin's Q, namely the total value of outstanding shares + book value of debt, divided by book assets, multiplied by 100% (Franita, 2016)
5. Profitability by proxy ROA = MV of Equity divided by Total Assets multiplied by debt (Saldana, 2011)
6. Leverage, namely total liabilities divided by total assets (Saldana, 2011)
7. Size (company size), namely the natural logarithm (ln) of total assets (Saldana, 2011).

The type of data in this study is secondary data (Kuncoro, 2011; Sugiyono, 2013). Data collection was carried out using the library research method, by surveying secondary data on all variables by accessing the IDX's official website (www.idx.co.id). Data were analyzed using descriptive analysis and linear regression analysis of panel data with the help of Eviews 9.0 software, with the addition of a sensitivity test

RESEARCH RESULTS & DISCUSSION

The results of this study with 16 hypotheses showed varied results. There are five hypotheses that are proven to have a positive and significant effect. The five hypotheses that are proven to have a significant effect are:

(1) (2) H-8: Institutional Ownership has a positive effect on Firm Value. (3) H-9: Managerial Ownership has a positive effect on Firm Value; (4) H-10: Independent commissioners have a positive effect on firm value. (5) H-15: Institutional Ownership, Managerial Ownership, Independent Commissioner, Profitability (ROA), Leverage (DER), Size (Total Assets), and Profit Management simultaneously have a positive effect on Firm Value.

Based on the results of these studies, several ha can be put forward. Institutional Ownership, partially can significantly affect the value of the Company. This means that the variable is partially strong enough to affect firm value. Therefore the three variables can Third, all independent variables in this study proved to have a positive effect on firm value. Means Institutional Ownership, Managerial Ownership, Independent Commissioner, Profitability (ROA), Leverage (DER), Size (Total Assets) simultaneously have a positive effect on Earnings Management. This means that when the seven independent variables are combined together, they can significantly affect the value of the company.

As for the level of applicability of the results of this study, of course it only applies to governmentowned banks, meaning state-owned banks (Mandiri, BRI, BNI 45, and BTN). The results of this study may not necessarily be applicable to other National Commercial Banks, because these five state-owned banks have distinctive characteristics, such as relatively large total assets (Book 4), then the DER value is also small, while the Allozi ROA value is quite high (in n above the value of 2.5). be a consideration for future researchers as well as for business practitioners, especially investors.

CONCLUSION

Based on the results of the research and related to the formulation of the problem, it can be concluded that:

(1) Institutional Ownership has a positive effect on Firm Value. (2) Managerial Ownership has a positive and significant effect on firm value. (4) Independent commissioners have a positive and significant effect on firm value. (5) Size (Total Assets) has a negative and significant effect on Firm Value. (6) Leverage (DER) has a positive and insignificant effect on firm value. (7) Profitability (ROA) has a negative and insignificant effect on firm value. (8) Institutional Ownership, Managerial Ownership, Independent Commissioner, Profitability (ROA), Leverage (DER), Size (Total Assets), simultaneously have a positive and significant effect on Company Value.

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