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Influence of Capital Structure, Corporate Growth, Institutional Ownership, and Firm Size on Corporate Value

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Abstract:

The main objective of this research would be to know the effect of capital structure, assets growth, Institutional ownership, firm size on corporate value of manufacturing corporation in Indonesia Stock Exchange. The method of analysis used was multiple regression analysis model. This research used secondary data, annual report of all manufacturing corporations for 2014-2015, except banking, Credits Agencies Other than bank, Securities, and insurance with 151 units of corporation as population and 43 units taken as sample by using stratified random sampling method. The result of research indicated that: the capital structure, sales growth, institutional ownership, firm size has the positive and significant effect on corporate value.

Keywords: *Corporate value, sales growth, institutional ownership, firm size*

1. Introduction

Management of an enterprise that is increasingly separated from company ownership is one of the characteristics of the modern economy. This is in accordance with the agency theory that wants the company owner to hand over the management of the company to the professional (*agent*) who better understand how to run the business. The purpose of the separation of management from the ownership of the company is for the owner to obtain maximum profit with an efficient cost. The agency theory suggests that between the owner (principal) and the manager has different interests so as to generate conflict called the agency problem.

The success of managers in maximizing shareholder wealth depends on many individual or collective decisions that management continuously takes through investment decisions, funding and dividend policies reflected in stock prices. The higher the stock prices in the capital market, the greater the welfare of the owner (Hanafi, 2005). But in reality, the management is also concerned with its own prosperity that encourages managers to be reluctant to take more risky decisions because if the risky investment fails, then the value of the company is likely to fall. Thus, the failure of such investment may result in the manager not obtaining the incentives or bonuses as expected. As a result, managers no longer maximize the prosperity of shareholders but take the middle ground by minimizing the potential losses of the company owners. In the financial context, the problem arises between owner and management as manager. This agency problem can occur between the owner and the manager, the manager with debt holder, as well as manager and shareholders with debt holder. This conflict is known as agency problem.

Possible conflicts of interest can be minimized through an oversight mechanism that aligns those interests. However, the existence of a supervisory mechanism will lead to a fee called agency cost. More complex, agency cost is the cost to oversee executives by owners of capital, including residual costs, arising from opportunity costs.

Debt is an instrument that has a very significant influence on changes in corporate value. Corporate value is determined by the capital structure (Modigliani & Miller in Hanafi, 2005). The higher that proportion, the higher the stock price. But at some point, an increase in debt will lower the corporate value because the benefits derived from the use of debt are less than the cost incurred. Owners prefer companies to create debt at a certain level to increase corporate value. In order for the owner's expectations to be achieved, the behavior of managers and commissioners must be controlled through their participation in the ownership of the company's shares. Thus, the consideration of ownership may give prudence to the insider in managing the company. The resurrection of the company is not only the responsibility of the main owner, but the insiders also bear it. Consequently, insiders will act cautiously including in determining corporate debt.

Jensen and Meckling (1976), as expressed by Prassetyantoko (2008), analyzes how corporate value is influenced by the distribution of ownership between insider ownership who enjoy benefits and outside ownership who do not enjoy the benefits. Within this framework, an increase in insider ownership will reduce agency conflict. This reduction is potential for misallocation of useless resources which, in turn, will increase corporate value.

Increased funding sources will enlarge the size of the company. The larger the size of the company will be more and more alternatives that can be selected by the company in order to optimize its performance. Large-scale companies have several advantages when compared with small-scale companies, namely: (1) the securities of large corporations reflect tradable assets that are more liquid and

have relatively low risk, (2) the large size of the company happens because of the process over time that reflects the success of the company's performance in the past and is also useful as an indicator of company performance in the future so that the risk of bankruptcy is relatively low, (3) a large company has an economies of scale that enable it to operate more efficiently.

Based on the background described above, then the problem in this paper is: whether the capital structure, asset growth, institutional ownership, and size of the company affect simultaneously and partially on corporate value?

2. Theoretical Study

2.1. Capital Structure

Capital structure is a way in which the company finances its assets using long-term debt, preferred stock or shareholder capital. The capital structure in each company is determined by taking into account the various aspects on the basis of possible access to funds, the firm's courage to bear the risk, the owner's strategic plan, and the cost-benefit analysis obtained from each source of funds. According to Fama and French (1998) the optimization of corporate value which is the goal of the company can be achieved through the implementation of financial management functions, where every financial decision made will affect other financial decisions and have an impact on the value of the company. Modigliani and Miller introduced theoretical models of capital structure mathematically and scientifically and on the basis of ongoing studies so that it came to the conclusion that the use of debt would increase corporate value because the interest cost of debt is the cost that reduces tax payments. Note that Modigliani and Miller introduced the theory of capital structure with the following assumptions: 1) The company's business risk is measured by Earnings Before Interest and Taxes (EBIT), 2) Investors have the same expectations about EBIT of the company in the future, 3) Stocks and bonds are traded in a perfect capital market, and 4) All cash flows are perpetuity (same amount every time period up to infinity). In other words, the company's growth is zero or EBIT is always the same.

There are two sources of funding used by the company, which are sources of internal funding and external funding. Internal funding can be obtained from sources of retained earnings whereas external funding can be obtained from creditors or so-called debt. The mix in funding derived from self-capital and debt to meet funding needs is called the company's capital structure.

Decisions about funding encourage managers to consider the benefits and costs of the selected funding sources, as each source of funding will have different consequences. This means that in addition to taking into account the investment mix, the policy on corporate finance should also be taken into account. Capital structure is a funding mix that affects corporate value, and this occurs when capital costs can reach a minimum level, which is then known as optimal capital structure (Hanafi, 2005). The optimal capital structure is the best capital structure, and which enables maximum corporate value. Finance managers should pay attention to the funding mix to achieve minimal capital costs. Specifically, firms have a sequence of preferences in the use of funds. The sequential scenarios in Pecking Order Theory are: (1) The Company chooses internal funding. The internal funds are derived from profits generated from the activities of the company, (2) The Company calculates its target of payment ratio based on the estimated investment opportunity. The Company is trying to avoid sudden change of dividends. In other words, the dividend payout is kept constant or if changed it happens gradually and does not change significantly. (3) Since dividend policy is constant (sticky), combined with unpredictable fluctuations in profits and investment opportunities, this will all cause the cash flow received by the firm to be greater than the investment expenditure at certain times, and will be smaller in other times. If the cash flows are smaller, the company will use the cash held or sell the securities. (4) If external funding is required, the company will issue the safest securities first. The company will start with debt, then with mixed (hybrid) securities such as bonds, convertibles, and then stocks as a last resort (Hanafi, 2004).

In accordance with pecking order theory, it is stated that there is no target debt to equity ratio because companies prefer funds from internal capital, with the reason internal funds allow companies no longer need to open themselves to outside investors. Meanwhile trade-off theory is a model based on the trade-off between profit and loss of debt use. This trade-off is affected by the tax advantages of debt use, the risk of financial distress, and agency costs. So corporate value will increase with increasing debt, but the value will begin to decline at a certain point when the cost of bankruptcy plus agency costs will be higher than the present value of tax savings. This is supported by Bathala et al. (1994) who argued that excessively high levels of debt would make the company bear the higher agency costs, especially in the form of incentives to divert risk. This is due to the various interests that exist within the company, for example the cost to the individual's prosperity will be deducted from the profits while the owner suggests otherwise, such as the use of debt that would pose a risk to the company. According Brigham and Hosuton (2001) optimal capital structure is the capital structure that can minimize the average cost of capital. Therefore, management is not rigid in applying capital structure, but it is adjusted to the company's circumstances.

2.2. Trade-Off Theory

Another capital structure theory that discusses the relationship between capital structure and corporate value is trade-off theory. According to trade-off theory the company will owe to a certain extent where the tax savings from additional debt equal to the cost of financial distress can be formulated as follows:

$$VL = +TD - [PV \text{ of cost of financial distress}] - [PV \text{ of agency cost}] \dots\dots\dots (1)$$

The cost of financial distress is the bankruptcy cost or the cost of reorganization and agency costs increased due to the decline in the credibility of a company. Trade-off theory, in determining optimal capital structure, incorporates several factors which, among other things, include taxes, agency costs and financial distress costs, but retains market efficiency assumptions and symmetric information

as a counterpart, and the benefits of debt use. As far as benefits are greater, additional debt is still permitted. If the sacrifice due to the use of debt is greater, then the additional debt is not allowed.

2.3. Sales Growth

Sales growth becomes a proxy for measuring company growth, and this is what Arifin (2006) proposes. Sales growth reflects the manifestation of investment success in the past period and can serve as a predictor of future growth. Sales growth is also an indicator of the demand and competitiveness of firms in the industry.

High competitiveness will make the company have an efficient cost structure, which will impact on the increase in sales volume. When this happens then the company must maintain the investment and need to increase it so that sales growth can be maximized.

The results of research conducted Arifin (2006), and Sujoko and Soebiantoro (2007) indicate that there is a relationship between growth, profitability and dividends. Investment and growth can affect dividend policy. High corporate growth rates indicate high investment opportunities that require funding, so companies should consider dividend payouts, or have to seek external sources of funds; this also means that it will affect the company's capital structure.

According to Barton et al. (1989: 41) the growth rate of the company will affect its ability to retain profits to fund future opportunities. High sales growth will lead to a decrease in debt usage, and sales growth reflects an increase in revenue so that dividend payouts tend to increase.

2.4. Institutional Ownership

The structure of stock ownership shows those who own shares in a company. Grouping of share ownership structure can be done in various ways. Sugiarto (2007) states that the share ownership structures are categorized into the families, management, and outsider of the company groups. While Brailsford, Moon, and Rao (in Arifin, 2006) state that in relation to monitoring activities on management policies, the share ownership structure is categorized into: institutional, individual and managerial shareholders.

According to Jansen and Mickeling in Sugiarto, (2009) the ownership structure can be used to show that important factors in capital structure are not only determined by debt and equity issues, but also shareholder percentage by internal and external shareholders. From this description can be extracted that the composition of stock ownership (managerial and institutional) can be a determinant of capital structure in order to reduce agency problems. Stock ownership by management will align the interests of managers and external interests so that managers will reduce the level of debt as the ownership of the company increases.

Managerial and institutional ownership may reduce fund-raising policies, whether through debt or rights issue (new share issuance prioritized to old shareholders). The institutional ownership is related to the level of debt funding and the level of managerial capital ownership in the company. So institutional investors will serve as effective monitoring agents and quite helpful in lowering agency costs. The presence of external monitors serves to limit opportunistic behavior of management. This is supported by Bhatala et al. (1994) who argue that institutional ownership can create more effective oversight to control the opportunistic behavior of insiders. Thus, institutional ownership holds a controlling role, which in turn causes the management to be cautious in carrying out its business and will choose a positive investment opportunity. This is in line with what was stated by Shelifer and Visny (1986) that the level of ownership in a substantial proportion affects the market value of the firm. The rationale in this argument is that the higher the level of stock ownership by the institution, the more effective the control mechanism on management performance. This opinion is supported by empirical evidence found by Krathanassis et al. (2004), Ming and Gee (2008), Abdelsalam, El-Masry, and Elsegini (2008) indicating a significant positive effect of a high degree of ownership by institutions on corporate value.

2.5. Firm Size

The firm is a collection of several factors of production for the purpose of obtaining profit, with some decisions to be enforced, inter alia, decisions on dividing earnings, and in this case related to the decision of dividend payout. The size of the firm will determine the amount of risk of payments made by the firm.

Based on empirical studies that have been done, it is found that this variable has a historical relationship with dividend payout ratio. The larger the size of the company, the higher the dividend payout ratio made by the firm.

Larger firm will have lower new share issuance costs. So, to control agency costs, corporate management will use less ownership and will use more dividends. In addition, large firms are more likely to gain large debts, so that the leverage of firms will be high (Barton et al., 1989; Chang Rhee, 1990).

2.6. Corporate Value

Corporate performance can be defined as achieving the objectives of different business units within the company, and its assessment can be done through measuring the financial magnitude of the impact of corporate decisions such as investment, operational and financial decisions. As Brigham and Davis (2001) point out, company performance is concerned with achieving value creation at various levels of a firm for the satisfaction of its customers.

Increased performance of the company will be felt by the owners and investors, namely through the concept of maximization of shareholder welfare. The achievement of goals will be greatly influenced by how the company allocates its resources in the appropriate way for efficient allocation to be achieved. According to Brigham and Davis (2004) shareholder welfare is the maximization of the difference between the market value of the firm and the capital already used, and this difference is known as market value added. In line with this, Weston and Copeland (1992) argue that the results of the value of shares can be used as an

appropriate index to measure the effectiveness of corporate value. This is supported by Hanafi (2005) which states that the market price of the company's shares reflects the corporate value set by the market participants.

2.7. Development of Hypotheses

2.7.1. Relation of Institutional Ownership with Corporate Value

The role that institutional ownership plays is important to control management in managing the company. Institutional investors may be substituted to carry out monitoring functions in order to discipline the use of debt or leverage policies within the capital structure of the firm. The greater the proportion of institutional ownership, the more effective the oversight function of management in the utilization of corporate assets and the prevention of waste by management. The empirical evidence for the influence of institutional ownership on corporate value comes from research conducted by Sujoko and Soebiantoro (2007), which indicates that institutional ownership has a positive effect on corporate value. Increasing institutional ownership will enable the monitoring function to run effectively and make management more cautious in obtaining and managing debt, as the increasing amount of debt will allow the company to experience financial distress. The occurrence of financial distress will result in a decrease in corporate value. Thus, the hypothesis can be formulated as follows:

→ H₁: Institutional ownership has a positive effect on corporate value.

2.7.2. Influence of Capital Structure on Corporate Value

Trade-off theory explains that if the position of capital structure is below the optimal point then any additional debt will increase corporate value. Conversely, if the position of capital structure is at the optimal point then any addition of debt will reduce corporate value. Testing of trade-off theory is inseparable from the target capital structure to be achieved by the company. Therefore, assuming that the optimal target point of capital structure has not been reached, and then trade-off theory predicts a positive relationship with corporate value. The results of research conducted by Arifin (2006) show that funding decisions have a positive effect on corporate value. Based on the above description, the hypothesis is formulated as follows:

→ H₂: Capital structure has a positive effect on corporate value

2.7.3. Influence of Firm Size on Corporate Value

One indication of a firm's performance measure is firm size. The growing size of the company reflects the company's high commitment to continuously improve its performance, so that the market will be willing to pay more for its shares because it believes a profitable return will be obtained from the company in the future. Large companies are easier to access the capital market to obtain funding. With this ease means that the company has the flexibility and the ability to raise funds. Itturiaga and Sanz (1998) stated that the larger the size of the company, the higher the value of the company. Based on the above description, the hypothesis is formulated as follows:

→ H₃: Company size has a positive influence on corporate value

2.7.4. Influence of Corporate Growth on Corporate Value

Asset growth shows that firms are able to manage resources to generate profits so as to increase their assets. The growth of corporate assets is expected by both internal and external parties of the company, because good growth is a sign that the company is progressing. With asset growth, big companies prove that their performance is improving to make a profit. From the investor's point of view, the growth of a company's assets suggests that the company has a favorable aspect. The results of research conducted by Syardiana, Rodoni dan Putri, (2015) show that asset growth can increase corporate value due to investors' expectations of the profits they will gain in the future. Based on the above description, the hypothesis can be formulated as follows:

→ H₄: Corporate growth has a positive effect on corporate value

3. Research Method

3.1. Population and Sample

The population in this study is all companies that have made an initial public offering until 2016 at the Indonesia Stock Exchange consisting of 151 companies. Meanwhile, for the period of observation conducted, checked the financial reports from 2014 to 2015. From that population 43 companies are selected for the sample by using purposive sampling method.

3.2. Data Source

The data used in this research is secondary data. Sources of data are the Indonesia Stock Exchange: Indonesian Capital Market Directory for the period 2015 and 2016, the Capital Market and Financial Institution Supervisory Agency, and other sources.

3.3. Identification of Variables

The variables used in this study are as follows:

3.3.1. Dependent Variable

Corporate value (Y) is the investor's perception of the company's success rate in managing the resources in year t which is reflected in the stock price in year t + 1. The measurement of the corporate value variable is the ratio of increase / decrease of the stock price t + 1 to the book value per share on the balance sheet at the end of year. This measurement is in accordance with the measurements used in research conducted by Sujiko and Soebiantoro (2007).

3.3.2. Independent Variables

1. Capital Structure (CS) is the ratio of the value of debt to its own capital value as reflected in the company's financial statements at the end of the year.
2. Asset growth (AG) is the growth of resources in the form of assets and is owned by the company, this is measured by using the ratio of total assets in period t less total assets in period t-1 to total asset in period t-1.
3. Institutional Ownership (IO) is the percentage of share ownership by an institution that is also a monitoring agent because of their large investment in the capital market.
4. Firm Size (FS) is a measure of a company measured using natural logarithm (ln) of sales.

3.4. Analytical Technique

The method of analysis used to analyze data is Multiple Linear Regression. Data processing is assisted by the use of Eviews 4.0 software. The linear regression formula is as follows:

$$VF = \beta_0 + \beta_1CS + \beta_2AG + \beta_3IO + \beta_4FS + \varepsilon \quad (1)$$

Where:

β_i = regression coefficient

ε = error term

β_0 = intercept

$\beta_1 \dots \beta_5$ = regression coefficients

To analyze the effect of capital structure, asset growth, institutional ownership, and firm size on corporate value, regression analysis with panel data model is used. The approach used in analyzing data panels is the Fixed Effect approach. Classic assumption test conducted in this research is normality test, multicollinearity test, test of autocorrelation, and heteroscedasticity test.

- **Multicollinearity Test:** Multicollinearity means the relationship of independent variables with each other in the regression model has a strong relationship. To detect whether the regression model is multicollinearity, the VIF is used to verify it. VIF stands for Variance Inflation Factor. The value of $VIF > 10$ means that there has been a serious multicollinearity in the regression model.
- **Test of Autocorrelation:** This test aims to analyze whether in the regression model there is a correlation between the confounding error in period t with the error in the previous period. The Durbin-Watson test (DW test) is used for this test, with the following criteria: (a) If the value of DW is smaller than -2 then there is positive autocorrelation, (b) If the value of DW is between -2 to + 2, means there is no positive autocorrelation, (c) If the value of DW is greater than +2, then there is negative autocorrelation.
- **Heteroscedasticity Test:** Heteroscedasticity means that there are unequal variances for different independent variables. This can be detected by observing the spatial dot on the scatter plot between the estimated value of Y and the residual value (the difference between the accrual dependent variable and its predictive value) versus its predictive value is dispersed or does not form a pattern.

4. Results and Discussion

The results of descriptive analysis of data for variables of firm performance, capital structure, asset growth, institutional ownership, and firm size over the period 2014-2015 to be included in the research model are summarized in table 1.

Variable	Means	St. Deviation	N
Firm Value	1.0489	0.9127	86
Capital Structure	55.3372	41.7399	86
Asset Growth	13.4117	18.8651	86
Institutional Ownership	68.5689	18.9709	86
Firm Size	27.3778	1.3529	86

Table 1: Deskriptif statistic

From table 1 above it appears that of 43 firms for the period 2014-2015 listed on the Indonesia Stock Exchange, the following figures are obtained: the average value of firms is 1.0489 with the standard deviation of 0.9127, the average capital structure 55,3372 percent with a standard deviation of 41,7399 percent, the average institutional ownership is 68.4117 percent with the standard deviation of 18.9709 percent, the average asset growth is 13.4117 with the standard deviation of 18,8651, and the average firm size is 27.3778 percent with the standard deviation of 1.3529 percent.

The analysis for hypothesis testing is summarized in table 2.

Dependent Variable: VF?				
Method: Pooled Least Squares				
Date: 12/29/09 Time: 23:35				
Sample: 2014 2015				
Included observations: 2				
Cross-sections included: 43				
Total pool (balanced) observations: 86				
White cross-section standard errors & covariance (d.f. corrected)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Firm Value?	2282.6950	23.0818	98.8958	0.0000
Capital Structure?	275.0025	15.6676	17.5523	0.0000
Asset Growth?	5016.1690	820.4710	6.1138	0.0000
Institutional Ownership	554.5299	248.6182	2.2304	0.0285
Firm Size?				
R-squared	0.8875	Durbin-Watson stat		0.24553
Adjusted R-squared	0.9208	F-statistic		20.2499
Log likelihood	-650.869	Prob(F-statistic)		0.0001

Table 2: Regression Analysis

4.1. Testing of Classical Assumptions

Based on the results of the analysis, the Durbin-Watson statistical value, $d = 0.24553$, is obtained. Meanwhile, for the number of samples $n = 86$, $k = 4$, and the level of significance of $\alpha = 5$ percent, then the value $d_l = 1.551$ and $d_u = 1.748$ is obtained. When compared, it turns out, the value of $d > d_u$. Thus, the processed data did not show any autocorrelation symptoms. One assumption must be satisfied that the parameter estimates in the regression model are BLUE then $\text{var}(v_i)$ must be equal to σ^2 (constant), or in other words, all residuals or errors have the same variance. Then this condition is called homoscedasticity. Whereas if the variance is not constant or variable, it is called heteroscedasticity. The ready-made programming facilities are available in Eviews 4.0 and by selecting cross section weight and White Heteroscedasticity Covariance, the heteroscedasticity problem can be overcome. Table 2 above shows the results of data processing after the classical assumption of heteroscedasticity assumptions is performed. The result of the detection of the VIF values of the independent variables used in table 3 below, each independent variable indicates a VIF of less than 5, thus the treated data indicates that the multicollinearity phenomenon is small.

Model	Variable	Collinearity Statistics	
		Tolerance	VIF
1	Firm Value	0.834512591	1.198304
	Capital Structure	0.876333199	1.141118
	Asset Growth	0.979725125	1.020694
	Institutional Ownership	0.953255436	1.049037
	Firm Size	0.867154839	1.153197

Dependent Variable: Nilai Perusahaan

Table 3: Multicollinearity test

From table 2 it appears that: together capital structure, asset growth, institutional ownership, and firm size have a significant effect on corporate value at $\alpha = 5$ percent. The four variables above can explain 88.75 percent variance of corporate value, while the remaining 11.25 percent is explained by other variables. Institutional ownership has a significant positive effect on corporate value at $\alpha = 5$ percent this means that the first hypothesis is acceptable. This indicates that the presence of institutional investors in Indonesia will directly have adequate information about the issuer companies, so as to monitor the behavior of corporate managers effectively, so that management/managers will work for the benefit of shareholders. The significance of institutional investors as monitors may be due to their large investments in stock ownership, and they have large economic interests to make a profit. Stock ownership by institutional investors makes them an important monitoring agency that plays an active and consistent role to protect stock investments at stake in the company. This monitoring mechanism will ensure an increase in shareholder value. These results support the studies undertaken by Krathanassis et al. (2004), Sujoko and Soebiantoro (2007), Ming and Gee (2008), Abdelsalam, El-Masry, and Elsegini (2008).

The capital structure has a significant positive effect on corporate value at $\alpha = 5$ percent, this means that the second hypothesis is acceptable. The results of this study support the theory of capital structure of the Trade-off model which states that up to the optimal debt level, the increase in debt will increase corporate value, and its value decreases at some point (Hanafi, 2005). The results of this study are in line with the results of research conducted by Sujoko and Soebintoro (2007) and Chou, Wu, and Chen (2007) i.e. that the management can invest in the company's capital, because it has good prospects in the future. Investors will also more easily provide guarantee. In this case the company tends to increase leverage as it grows larger. Large companies can easily access the capital

market, this ease is because large companies have greater flexibility and the ability to obtain sources of funds in a relatively fast time. Positioned in such companies' managers will rely more on leverage to maximize corporate value.

Asset growth has a significant positive effect on corporate value at $\alpha = 5$ percent, this means that the third hypothesis is acceptable. This indicates that asset growth will increase asset assurance more and more so as to reduce the risk of bankruptcy. Investors will also be easier to lend, because with the guarantee, so if the company uses debt for higher guarantees, it will reduce the risk of financial difficulties because asset growth increases, due to the value of the company's assets (Arifin, 2006; Chou, Wu, and Chen, 2007). Firm size has a significant positive effect on company performance at $\alpha = 5$ percent this means that the fourth hypothesis is acceptable. Companies that have large sizes typically have relatively large net profits compared to small size firms. Large companies have the ability to choose and select high-quality management teams with more selective. Companies can choose the management team of experienced people in the business field that the company needs. As compensation, the company pays them with a large salary. Relatively high salary payments to these managements are expected to allow the management to work more maximally in delivering maximum profit to the company. Large salaries and complete facilities, in turn, will make the management more concentrated in its work so that the opportunistic nature can be reduced.

5. Conclusions

This study concludes that the capital structure, firm size, institutional ownership, and corporate growth together and partially have a significant positive effect on corporate value. Thus, an increase in capital structure, firm size, institutional ownership, and corporate growth will enhance corporate value.

The results of this study could be a reference material for other researchers related to managerial ownership, institutional stock selection, capital structure, firm size, and growth of the company and its relationship with corporate value. In addition, for investors and creditors, the results of this study can be used as a reference or basis for making investment decisions.

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