Analysis of the Effect of Institutional Ownership, Independent Commisioners, Dividend Policy, Debt Policy, and Company Size on Firm Value

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Abstract

Long-term goal to be achieved in this research is to analyze firm value using institutional ownership, independent commissioners, dividend policy, debt policy, and company size in the manufacturing companies in the food and beverage subsector that went public in 2012-2017. The firm value this study was measured by Tobins-Q. The results showed that institutional ownership, independent commissioners, dividend policy, debt policy, and company size jointly influence the value of the company. The results of this study prove that institutional ownership, debt policy, and firm size have a negative effect on firm value, while independent commissioners and dividend policy have no effect on firm value.

Key words

Institutional Ownership, Independent Commissioners, Dividend Policy, Debt Policy, Company Size, Firm Value

1. Introduction

Every company has both long and short term goals. In the short term, the company aims to maximize current profits, whereas in the long run it aims to increase the value of the company itself. Firm value summarizes the collective assessment of investors about how well the condition of a company, both current performance and future projections. Firm value can be seen through the company's stock price. If the share price increases, the value of the company will also increase, and vice versa (Setiawati, 2018). Optimizing firm value which is the company's goal can be achieved through the implementation of financial management functions, where one financial decision taken will affect other financial decisions and have an impact on the company's value.

Increasing firm value can be achieved if there is cooperation between company management and other parties including shareholders and stakeholders in making financial decisions with the aim of maximizing working capital. If the action between the manager and the other party goes accordingly, then problems between the two parties will not occur. In fact the unification of the interests of the two parties often creates problems. Problems between managers and shareholders are called agency problems. The existence of the agency problem will lead to not achieving the company's financial goals, which is to

increase the value of the company by maximizing shareholder wealth. This requires a control from outside parties where the role of monitoring and supervision will be well directed goals as they should (Sukirni, 2012).

Control from outside parties can be done by the company by implementing Good Corporate Governance (GCG). Good Corporate Governance is used as a control for companies to stay within the limits that should be (Syafitri, 2018). In achieving good corporate good governance, it takes the role of institutional ownership and independent commissioners. Institutional ownership is felt to reduce agency conflicts. Shleifer and Vishny (1997) argue that the company will be well controlled by the institution. Companies with large institutional ownership indicate their ability to monitor management. The greater the institutional ownership, the more efficient the use of company assets by management. Thus the proportion of institutional ownership acts as prevention against waste by management. Independent commissioners are the best position in carrying out the duties of monitoring or monitoring functions for the achievement of good corporate governance in the company (Saifi and Hidayat, 2017).

Firm value can also be influenced by dividend policy. Dividend policy is often regarded as a signal to investors in assessing the merits of a company; this is because dividend policy can have an effect on the company's stock price. The size of the company pays dividends to shareholders depending on the dividend policy of each company.

In addition, the company's value can also be influenced by debt policy. Sources of funding within the company can be obtained from the company's internal and external companies. From internal companies can be retained earnings and from external companies in the form of debt or the issuance of new shares. The use of debt (external financing) has a considerable risk of debt not being paid, so the use of debt needs to pay attention to the company's ability to generate profits. According to Sri Sofyaningsih (2011) debt policy can be used to create a company to create value. But debt policy depends on the size of the company. Large companies have the advantage that it is easy to meet the funds from debt on the capital market. So linking debt with company size and firm value is very relevant.

Another factor that influences firm value is company size. The relative market share shows the company's competitiveness is higher than its main competitors. Although not rule out the possibility of bankruptcy, but large companies are considered more robust in the face of shocks. According to Prasetyorini (2013) the size of the company is considered able to influence the value of the company because the larger the size or scale of the company, the easier it will be for companies to obtain funding sources both internal and external.

From the description of the background of the research above, the main problems that will be discussed in this study can be formulated, namely: 1) *Does institutional ownership affect the value of the company?* 2) *Does the independent commissioner influence the value of the company?* 3) *Does the dividend policy affect the value of the company?* 4) *Does the debt policy affect the value of the company?* 5) *Does the size of the company affect the value of the company?*

2. Literature Review

2.1. Agency Theory

Agency theory is related to Good Corporate Governance (GCG) because it highlights the direct relationship between principals and agents (Lestari and Priyadi, 2017). The agency relationship perspective is the basis on which to understand corporate governance. Theoretic agency results in an asymmetrical relationship between the owner and manager, to avoid the asymmetry of the relationship a concept is needed, namely the concept of Good Corporate Governance which aims to make the company healthier (Windasari and Riharjo, 2018).

Agency theory encourages the emergence of the concept of Good Corporate Governance (GCG) in the management of a company's business, where Good Corporate Governance (GCG) is expected to minimize these things through monitoring the performance of agents. The application of corporate governance is based on agency theory, namely agency theory can be explained by the relationship between management and owner, management as an agent is morally responsible for optimizing the profits of the owner (principal) and in return will receive compensation in accordance with the contract (Windasari and Riharjo, 2018).

2.2. Signaling Theory

According to Brigham and Houston (2011) cues or signal is an action taken by the company to give instructions to investors about how management views the company's prospects. This signal is in the form of information that presents information, notes or images both for past, present and future circumstances for the survival of a company. Signal theory explains how the signals of management's success or failure are conveyed to the owner. In agency relations, managers have asymmetric information about the company's external parties including investors and creditors. Asymmetries occur when managers have more internal company information and information faster than external parties. In order to reduce information asymmetry, companies must disclose their information, both financial and non-financial information (Wijaya and Sumiati, 2017).

The more investors who buy shares, it will automatically increase the value of the company. The value of a company formed through the stock market value indicator is strongly influenced by investment opportunities. Investment opportunities can give a positive signal about the company's growth in the future, so that it will increase stock prices, with rising stock prices, the value of the company will increase (Rakimsyah and Gunawan, 2011).

2.3. Firm Value

According to Bagita and Tambun (2016) firm value is the company's performance in the past and future prospects that have the goal to be able to generate large profits in order to provide maximum luxury to shareholders if the value of a company's stock increases. The more the company's stock price increases, the higher its prosperity for shareholders. One alternative used in assessing firm value is to use Tobin's Q. Tobin's Q was developed by professors James Tobin (Weston and Copeland, 2004). This ratio is a very valuable concept because it shows the current financial market estimates of the return on each dollar of incremental investment. Tobin's Q is calculated by comparing the ratio of the company's stock market value with the book value of the company's equity. The formula is as follows:

$$Q = \frac{(EMV + D)}{(EBV + D)}$$

(1)

Where:
Q : firm value
EMV (equity market value): closing price of shares x amount outstanding shares
D (Debt) : book value of total debt
EBV: book value of total equity

In this study, the value of the company is measured using the approach using the Tobin's Q ratio. The reason for choosing the Tobin's Q ratio in this study to measure the company's value is because the calculation of the Tobin's Q ratio is more rational considering the liability elements are also included as a basis for calculation. Tobin's Q ratio provides an overview not only of the fundamental aspects, but also the extent to which the market evaluates the company from various aspects seen by a wide range of parties including investors. The measurement of Tobin's Q ratio as an indicator of company performance will be more meaningful if you look at the value of the ratio every year. A comparison will be known to improve the company's financial performance every year, so that investor expectations of investment growth will be higher. If the market value merely reflects the listed assets of a company, Tobin's Q will be equal to 1. If Tobin's Q is greater than 1, then the market value is greater than the value of the company's listed assets. This indicates that the stock is overvalued. If Tobin's Q is less than 1, the market value is less than the carrying value of the company's assets. This indicates that undervalued shares can also be interpreted as the growth potential of investments.

2.4. Institutional Ownership

Institutional Ownership is ownership of company shares owned by institutions or institutions such as insurance companies, banks, investment companies and ownership of other institutions (Thaharah, 2016). Institutional ownership is one of the main mechanisms of GCG that helps with agency problems. According to Jensen and Meckling (1976) institutional ownership has a very important role in minimizing agency conflicts that occur between managers and shareholders. The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by the manager. This is because institutional investors are involved in strategic decision making so it is not easy to believe in earnings manipulation actions (Berliani and Riduwan, 2017).

Institutional ownership is expressed as a percentage (%) measured by comparing the number of shares owned by institutional investors divided by the total number of shares outstanding (Santoso, 2017). The formula for calculating Institutional ownership:

$$KI = \frac{Jumlah\ saham\ institusional}{jumlah\ saham\ yang\ beredar} \times 100\%$$

(2)

2.5. Independent Commissioner

An Independent Commissioner is a commissioner who is not from an affiliated party or is associated with a controlling shareholder, an independent board of commissioners plays a very important role in the company, especially in implementing the mechanism of implementing corporate governance (Syafitri, 2018). The Independent Commissioner is the best position in carrying out functions in the aim of achieving and realizing companies that have good corporate governance.

The formula calculates an independent commissioner:

$$Independent\ Commissioner = \frac{\Sigma\ Komisaris\ independen}{\Sigma\ Anggota\ dewan\ komisaris}$$

(3)

2.6. Dividend Policy

According to Timothy Mahalang'ang'a Murekefu (2012) dividend policy is one of the most important decisions because it is able to increase the value of the company through the company's ability to pay dividends. According to (Sukirni, 2012) dividend policy is a policy that is associated with determining whether profits derived by the company will be distributed to shareholders or will be retained in the form of retained earnings. The amount of dividend distribution by the company to shareholders will make investors interested in investing in the company. The greater the value of shares distributed to shareholders, the more investors participate in investing.

According to Brigham and Gapenski (1996) in Sukirni (2012) dividend policy can be measured using the dividend payout ratio (DPR) indicator. The ratio of dividend payments is the percentage of profit paid to shareholders in cash. The DPR can be formulated as follows:

$$DPR = \frac{Dividend\ per\ share}{Earnings\ per\ share}\ x\ 100$$

(4)

2.7. Debt Policy

According to Rahmawati and Muid (2012) debt policy is a very important decision for every company because this policy is taken by the company's management in order to obtain sources of funding for the company to finance the company's operational activities. The concept of leverage is important for investors in making stock valuation considerations. Investors generally tend to avoid risk. Debt policy determination is proxied by Debt to Equity Ratio (DER). DER reflects the company's ability to meet all its obligations as indicated by several parts of its own capital used to pay debts (Nurminda et al.,2017). The formula is as follows:

$$DER = \frac{Total\ debt}{Total\ equity}\ x\ 100$$

(5)

2.8. Firm Size

In terms of firm size seen from the total assets owned by the company, which can be used for company operations. If the company has a large total assets, management is more flexible in using the assets in the company. The freedom that this management has is proportional to the worries that the owner has over his assets. A large amount of assets will reduce the value of the company if assessed from the owner's side. However, when viewed from the management side, the ease it has in controlling a company will increase the value of the company (Dewi and Wirajaya, 2013).

According to Maretha (2016) the size of the company is proxied by using the Natural Log Total Assets in order to reduce excess data fluctuations. By using a natural log, the amount of assets with a value of hundreds of billions or even trillions will be simplified, without changing the proportion of the actual amount of assets.

Firm size is measured using a log of total company assets.

$$SIZE = Ln\ (Total\ Asset) \tag{6}$$

2.9. The Effect of Institutional Ownership on Firm Value

With institutional ownership, management will get operational oversight of the company so that the company's decision making will be more effective, this will increase the company's value. This monitoring mechanism will guarantee the increase in prosperity of shareholders and prevent opportunistic actions taken by managers that can reduce the value of the company.

H_1: Institutional ownership influences firm value

2.10. The influence of Independent Commissioners on Firm Value

The more members of the board of independent commissioners, the higher the level of integrity of the supervision of the board of directors produced, so that it will increasingly represent the interests of other stakeholders other than the interests of the majority shareholders and the impact will be better for the company's value. The results of this study are in line with the results of research conducted by Suhartati *et al.*, (2011) stating that the number of independent commissioners has a significant effect on firm value and has a positive direction so that more boards will increase firm value.

H_2: Independent Commissioners influence firm value.

2.11. Effect of Dividend Policy on Firm Value

Dividend policy determines how much profit a shareholder will get. The profits to be gained by these shareholders will determine the welfare of the shareholders which is the company's main goal. The greater the dividends distributed to shareholders, the performance of the issuer or company will be considered better as well and ultimately a company that has good managerial performance is considered profitable and of course the assessment of the company will be better too, which is usually reflected through the level of the company's stock price.

If the company increases dividend payments, it might be interpreted by investors as a signal of management's expectations about the company's improved performance in the future. So the dividend policy has an influence on the value of the company. Triani and Tarmidi (2019) found that result that the company dividend policy can increase firm value because investors like and expect to dividend as a return.

H_3: Dividend policy influences firm value.

2.12. Effect of Debt Policy on Firm Value

According to Sutama and Lisa (2018) leverage can increase firm value when leverage is high and conversely leverage can decrease firm value when company leverage is low, this indicates that high leverage will give an indication of a good company prospect that triggers investors to participate increase stock demand. The demand for shares that will increase will cause the value of the company to increase.

This is proven by research conducted by Bernandhi and Muid (2014) which states that there is a positive influence between leverage and firm value. The following hypotheses are proposed:

H_4: debt policy influences Firm Value.

2.13. Effect of Company Size on Firm Value

The large size of the company indicates that the company has a relatively good growth. With the increase along with good company growth later in entering the capital market will get smooth, because investors get a good sign on companies that have high growth so that the company gets a positive response from investors (Prasetyorini, 2013). Signal theory is related to company size, which is that a company can influence the extent of company information disclosure. In general, large companies will disclose more information than small companies. In research Prasetyorini (2013) shows that company size has a positive effect on firm value.

H_5: *Firm size influences firm value.*

2.14. Hypothesis

Based on the above thought framework, a hypothesis can be stated as follows:

H_1: Institutional ownership influences firm value.
H_2: Independent Commissioners influence firm value.
H_3: Dividend policy influences firm value.
H_4: Debt policy influences firm value
H_5: Firm size influences firm value.

2.1.5. Framework

Based on the theoretical foundation and previous studies, the researchers developed a research framework that was tested as shown in the figure 1.
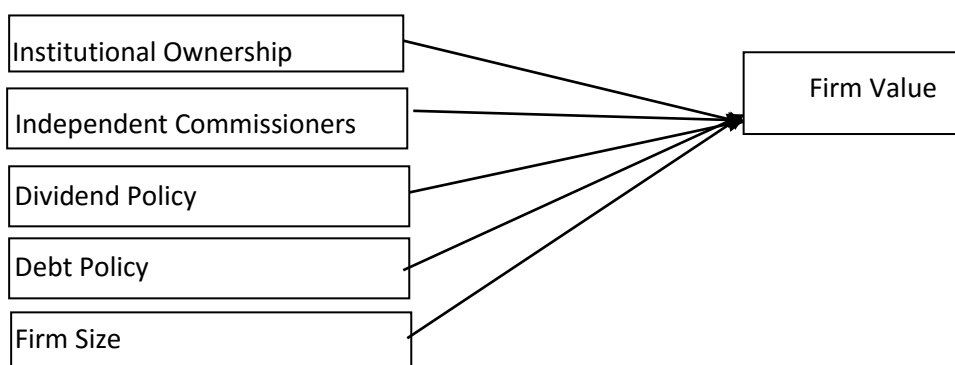

Figure 1. Framework for Thinking

3. Methodology of research

3.1. Types of Research

In this study the type of research used is causal research that explains the effect of an independent variable on the dependent variable. The independent variables in this study include institutional ownership, independent commissioners, dividend policy, debt policy, and company size, while the dependent variable is firm value.

3.2. Population and Research Samples

The population of this study is the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2012-2017. Sampling in this study was conducted using purposive sampling technique. The criteria used for sampling in this study include the following:

1.   Manufacturing companies, especially in the food and beverage sub-sector which are listed on the Indonesia Stock Exchange from 2012 - 2017 consistently.

2.   Food and beverage companies that distribute dividends in the period 2012 - 2017.

4. Research results and discussions

4.1. Description of Research Data

The following are presented the results of descriptive statistics about the research variables as follows:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TOBINS	36	.24669	5.93414	1.9083144	1.35235257
KI	36	.32958	.96091	.6954299	.19050295
KOM_IND	36	.25000	.60000	.3958333	.07323316
DPR	35	.01010	.88482	.3753703	.21131914
DER	36	.17100	1.70629	.8795012	.40934746
SIZE	36	26.24371	32.15098	29.2834867	1.89461832

Below this is the translation of research variables from descriptive statistical results:

1. The Company's Value Variable has a minimum value of 24.666% produced by PT Indofood CBP Sukses Makmur Tbk in 2012, this means the stock market price has a value of 24.669% compared to the book value of its equity and a maximum value of 593.414% generated by PT Delta Jakarta Tbk in 2013, this means the value of the stock market price has a value of 593.414% compared to the book value of its equity. The Company's value is proxied by Tobins_Q which has an average or means value of 1.9083144 and has a standard deviation value of 1.35235257. This shows that the value of the company has a good average or mean because the mean value is greater than the standard deviation value. Standard deviations reflect deviations, so that data distribution shows normal results and does not cause bias. The higher Tobin's Q will attract investors to buy shares because it shows that the company has good growth prospects.

2. The percentage of institutional ownership is measured by comparing the number of shares owned by institutional investors divided by the total number of shares outstanding (Santoso, 2017). In the descriptive statistical test the minimum value for the institutional ownership variable is 32.958% in PT.Mayora Indah Tbk in 2012, this means that the ownership of PT.Mayora Indah Tbk in 2012 amounted to 32.995% of the total shares outstanding. The maximum value for institutional ownership variable is 96,091% at PT.Sekar Bumi Tbk in 2012-2015; this means that the institutional ownership of PT. Sekar Bumi Tbk in 2012-2015 amounted to 96.091% of the total shares outstanding. The mean (mean) of 69.543%.

3. Proportion of Independent Commissioners. According to the Limited Liability Company Law No. 40 of 2007, Article 108 paragraph (5) explains that for a company in the form of a Limited Liability company, it must have at least 2 (two) members of the Board of Commissioners. The table above shows that the mean (mean) of 39.58%, which means the proportion of independent commissioners, have met the provisions of the FSA at least 30%. The maximum value of 60% is owned by PT Indofood Sukses Makmur Tbk in 2012. The minimum value of 25% is owned by PT Indofood Sukses Makmur Tbk in 2017.

4. Dividend payout ratio (DPR) related to the use of profits which are the rights of the shareholders and the profits can be divided into dividends or retained earnings for reinvestment. In the descriptive statistical test the minimum value for the variable dividend payout ratio is 1.01% at PT.Delta Jakarta Tbk in 2015, this means dividends per share given to investors amounted to 1.01% of earnings per share. The maximum value for the variable dividend payout ratio is 88.48% at PT.Delta Jakarta Tbk in 2012, this means that dividends per share given to investors amounted to 88.48% of the profit per share. The mean (mean) of 37.537%.

5. Debt to Equity Ratio (DER) is a ratio used to measure the level of debt use to total shareholder's equity owned by a company. DER is also a tool to measure how much a company depends on creditors in financing company assets (Hari and Andri, 2011). In the descriptive statistical test the minimum value for the variable debt to equity ratio is 17.1% at PT.Delta Jakarta Tbk in 2017, this means the total debt of PT. Delta Jakarta Tbk in 2017 amounted to 17.1% of total own capital. The maximum value for the variable debt to equity ratio is 170.63% at PT.Mayora Indah Tbk in 2012, meaning the total debt of PT.Mayora Indah Tbk in 2012 amounted to 170.63% of the total own capital. The average (mean) of 87.95%.

6. In the descriptive statistical test the minimum value for variable size is 26.2437 at PT Sekar Laut

Tbk in 2012, this means that the asset value of PT Sekar Laut Tbk in 2012 is Rp249,746,467,756, the maximum value for variable size is 32 , 15097 at PT Indofood Sukses Makmur Tbk in 2015, this means the value of the assets of PT Indofood Sukses Makmur Tbk in 2015 amounted to Rp91,831,526,000,000, the average (mean) was 29,2834.

4.2. Classic assumption test

Normality test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. The normality test can be done with the Kolmogorov-Smirnov test, if the probability is greater than the alpha (α = 0.05) then the assumption of normality is fulfilled (Ghozali, 2016). Following are the results of the normality test using Kolmogorov-Smirnov:

Table 2. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.95754534
	Absolute	.066
Most Extreme Differences	Positive	.066
	Negative	-.056
Kolmogorov-Smirnov Z		.399
Asymp. Sig. (2-tailed)		.997

a. Test distribution is Normal.
b. Calculated from data.

Based on the table above shows that Asymp.Sig. (2-tailed) of 0.997 which means the value is greater than 0.05 or 0.997> 0.05. Then it can be concluded that the data in this study are normally distributed. The data in this study have met the assumptions of normality and can be further analyzed using regression analysis.

Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not occur correlation between independent variables. To detect the presence or absence of multicollinearity in the regret model can be seen from the value of tolerance and variance inflation factor (VIP). For decision making in determining the presence or absence of multicollinearity, with the following criteria:

1. If the VIF value> 10 or if the tolerance value <0.1 then there is multicollinearity in the regression model.

2. If the VIF value <10 or if the tolerance value> 0.1 then there is no multicollinearity in the regression model (Ghozali, 2016).

Following are the results of the multicollinearity test:

Table 3. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	16.703	4.837			
	KI	-3.429	1.485	-.483	.382	2.619
	KOM_IND	3.634	2.922	.197	.668	1.498
	DPR	-.371	.802	-.070	.735	1.361
	DER	-2.472	.598	-.748	.510	1.961
	SIZE	-.394	.147	-.551	.394	2.537

a. Dependent Variable: TOBINSQ

Based on the results of the analysis using the multicollinearity test in table 5.3 shows that the value of the variance inflation factor (VIF) of the five variables is smaller than 10, and the tolerance value is above 0.10, so it can be assumed that there is no multicollinearity between independent variables.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the error of the intruder in the t period and the error of the intruder in the t-1 period. A good regression model is a regression that is free from autocorrelation. In this research Runs Test is used.

Table 4. Runs Test

	Unstandardized Residual
Test Value[a]	-.05233
Cases < Test Value	18
Cases >= Test Value	18
Total Cases	36
Number of Runs	22
Z	.845
Asymp. Sig. (2-tailed)	.398

a. Median

Based on the table above, the Asymp.Sig value is obtained. (2-tailed) of 0.398 which means the value is greater than 0.05 or 0.398> 0.05. Asymp.sig values of more than 5% indicate the data do not contain autocorrelation problems.

Heteroscedasticity Test Results

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. A good regression model is homoscedasticity or heteroscedasticity does not occur. Heteroscedasticity testing in this study was performed with a Scatterplot chart and the resulting Glejser test. To see the symptoms of heterokedasticity from the plot graph, it can be done by looking at the presence or absence of certain patterns on the scatter plot graph between the predicted value of the dependent variable (ZPRED) and the residual (SRESID). The basis for decision making heterokedastisitas data to be processed is as follows:

1. If there are certain patterns, such as the points that form a regular pattern (wavy, widened and then narrowed), then it indicates that heteroscedasticity has occurred (Ghozali, 2016).

2. If there is no clear pattern, and the points that spread above and below the number 0 on the Y axis, then there is no heteroscedasticity.

Following are the scatter plot results generated by the regression model:
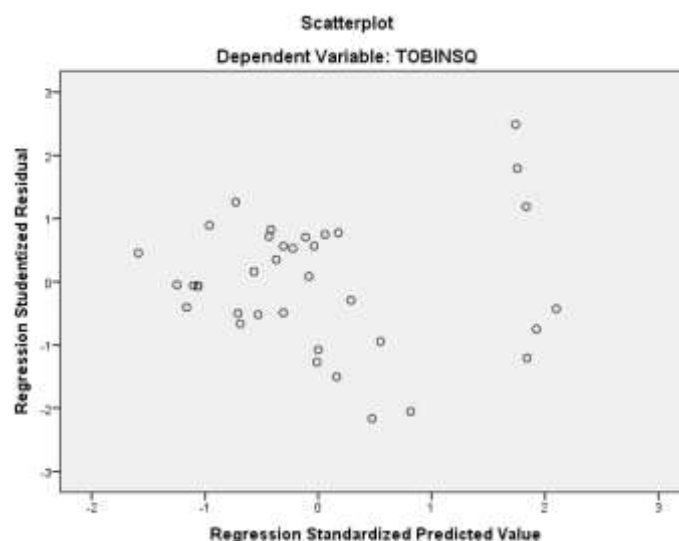

Figure 2. Regression model

Based on the picture above, there is no clear pattern, and the points that spread above and below the number 0 on the Y axis, it can be said that the regression model used is feasible to be examined because there is no heteroscedasticity in this regression model.

Hypothesis testing

Table 5. Determination Coefficient Test (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.706[a]	.499	.415	1.03426718	2.037

a. Predictors: (Constant), SIZE, DER, DPR, KOM_IND, KI
b. Dependent Variable: TOBINSQ

In the table above shows that the coefficient of determination that shows the R-square value of 0.499. This means that 49.90% of the company's value can be explained significantly by institutional ownership, independent commissioners, dividend policy, debt policy, and company size. While (100% - 49.90%) = 50.10% the value of the company can be explained by other variables.

Test Statistic F

The F test or ANOVA test aims to test all independent or independent variables simultaneously affecting the dependent or dependent variable. In this test using the size freely with significance of 0.05.

1. If the probability value <0.05, it can be said that there is a significant influence together between the independent variables on the dependent variable.

2. If the significance value> 0.05 then there is no significant influence together between the independent variables on the dependent variable.

Table 6. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	31.919	5	6.384	5.968	.001[b]
1	Residual	32.091	30	1.070		
	Total	64.010	35			

a. Dependent Variable: TOBINSQ
b. Predictors: (Constant), SIZE, DER, DPR, KOM_IND, KI

Based on the table above, it can be concluded that the variable of institutional ownership, independent commissioners, dividend policy, debt policy, and company size jointly influence the value of the company, which means that the model is suitable for use in research that is seen with a sig value of 0.001 <0.05

T test

The t statistical test shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable basic decision making.

a. Probability> 0.05, then H0 is accepted
b. Probability <0.05 then H0 is rejected

Table 7. Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	16.703	4.837		3.453	.002
KI	-3.429	1.485	-.483	-2.309	.028
KOM_IND	3.634	2.922	.197	1.244	.223
DPR	-.371	.802	-.070	-.462	.648
DER	-2.472	.598	-.748	-4.134	.000
SIZE	-.394	.147	-.551	-2.678	.012

a. Dependent Variable: TOBINSQ

Based on the table above the Statistical Test Results t each independent variable on the dependent variable can be explained as follows:

1. Institutional ownership variable has a calculated value of -2,309 and sig value of 0.028 <0.05. This shows that the variable institutional ownership has a negative effect on firm value. In making hypotheses, H1 is accepted, which means institutional ownership influences firm value.

2. The independent commissioner variable has a t value of 1.244 and a sig value of 0.223> 0.05. This shows that the independent commissioner variable does not affect the value of the company. In making a hypothesis, H2 is rejected, which means that the independent commissioner has no effect on the company's value.

3. The dividend policy variable which is proxied by the dividend payout ratio has a t value of -0.462 and a sig value of 0.648> 0.05. This shows that the dividend policy variable has no effect on firm value. In making a hypothesis, H3 is rejected, which means dividend policy has no effect on firm value.

4. The debt policy variable which is proxied by a debt to equity ratio has a t value of -4.134 and a sig value of 0,000 <0.05. This shows that the debt policy variable has a negative effect on firm value. In making hypotheses, H4 is accepted, which means that debt policy influences firm value.

5. The company size variable has a t value of -2,678 and a sig value of 0.012 <0.05. This shows that the firm size variable has a negative effect on firm value. In making hypotheses, H5 is accepted, which means that company size influences firm value.

5. Discussions

Based on the results of the multiple linear regression tests described previously, the discussion in this study concerning

1. Effect of Institutional Ownership on firm value

The results of this study found that the variable institutional ownership had a negative effect on the value of the company. This means that high institutional ownership will reduce the value of the company. This condition can occur because the institutional ownership of the sample companies, there is a constant every year and some are not stable, which is decreasing and increasing.

Institutional investors with majority share ownership are more likely to side with and cooperate with management to put their personal interests before the interests of minority shareholders. This is a negative signal to outsiders because the institutional investor alliance strategy with management tends to take company policies that are not optimal. This action is detrimental to the company's operations. As a result, investors will not be interested in investing their capital, trading volume decreases, the company's stock price and the value of the company will also decline. The results of this study are in line with research conducted by Rahmawati (2014) which states that institutional ownership has a negative effect on firm value.

2. The influence of independent commissioners on firm value

The results of this study found that the independent commissioner variable had no effect on the value of the company. This is because the existence of an independent board of commissioners in a company is deemed not effective enough to monitor or monitor company managers and market participants do not fully trust the performance of the independent board of commissioners in the company, resulting in the lack of investor interest to invest in the company which also affects the declining value company. The results of this study are in line with research conducted by Fiadicha *et al*. (2016), which states that the independent board of commissioners has no effect on the value of the company.

3. The effect of dividend policy on firm value

The results of this study found that the dividend policy variable did not affect the firm value. These results indicate that the high and low dividends distributed to shareholders are not related to the high or low value of the company. Dividend policy does not affect the value of the company because according to them the ratio of dividend payments is only a breakdown and does not affect the welfare of shareholders. The increase in the value of dividends is not always followed by an increase in the value of the company. Because the value of the company is determined only by the company's ability to generate profits from company assets or investment policies. According Kusumastuti (2013) added the reason that dividend policy does not affect the value of the company because shareholders only want to take profits (capital

gains). Investors consider that the current small dividend income is not more profitable compared to future capital gains.

The results of this study support the research conducted by Wibowo and Aisjah (2013) with the results of the study that the dividend policy which is proxied through a dividend payout ratio (DPR) has no effect on firm value.

4. Effect of debt policy on firm value

The results of this study found that debt policy variables negatively affect the value of the company. This shows the lower level of debt of a company, the value of the company will increase because the company's obligation to pay debts to creditors decreases so that the profit generated by the company increases and causes the company's stock price to increase so that the value of the company will increase both in the eyes of prospective creditors and for the market.

5. Effect of firm size on firm value

The results of this study found that firm size variables had a negative effect on firm value. This is because in small companies, although investments are not large enough, small companies can also provide optimal profits. And vice versa in large companies, companies with large total assets with a dominant component in receivables and inventories may not be able to pay dividends (retained earnings) because assets accumulate in receivables and inventories. The company maintains profits rather than distributing them as dividends, which can affect stock prices and firm value. Referring to these findings, it can be stated that a company that has a large total assets does not necessarily give investors' confidence in managing the company in order to increase the value of the company.

6. Conclusions

Based on data processing, it can be concluded:
1. Institutional ownership negatively affects the value of the company.
2. Independent commissioners do not affect the value of the company.
3. Dividend policy does not affect the value of the company.
4. Debt policies negatively affect the value of the company.
5. Firm size negatively affects the value of the company.

7. Suggestions

1. Changing the company sample, because the total sample does not reflect the actual conditions.
2. For good corporate governance mechanism variables plus other elements of the structure of managerial stock ownership, the board of directors, and the audit committee.
3. Use other measurements for firm value.

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