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Institutional Ownership and Intellectual Capital Determining Factors in the Value of Textile and Garment Companies

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Abstrak

Tujuan – *Penelitian ini meneliti dampak kepemilikan institusional dan modal intelektual terhadap nilai perusahaan dalam sektor manufaktur tekstil dan garmen yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2018 hingga 2022.*
Desain/Metodologi/Pendekatan – *Penelitian ini merupakan studi kuantitatif yang memanfaatkan data sekunder, yang dikumpulkan melalui kajian literatur dan dokumentasi. Data penelitian ini diperoleh dari situs resmi Bursa Efek Indonesia (BEI) serta situs web perusahaan-perusahaan yang terdaftar di BEI selama periode 2018 hingga 2022. Sampel penelitian mencakup 14 perusahaan, dengan total 70 titik data yang didapat melalui teknik purposive sampling. Analisis data dilakukan menggunakan beberapa metode statistik, termasuk pengujian asumsi klasik, analisis regresi linier berganda, analisis korelasi, koefisien determinasi, uji parsial, dan uji simultan. Teknik-teknik ini diterapkan dengan bantuan perangkat lunak IBM SPSS versi 26.*
Temuan – *Temuan penelitian menunjukkan bahwa kehadiran kepemilikan institusional memberikan pengaruh yang merugikan terhadap nilai perusahaan secara keseluruhan. Sebaliknya, modal intelektual mempunyai pengaruh yang menguntungkan terhadap nilai suatu perusahaan.*
Keterbatasan/Implikasi Penelitian – *Dampak dari adanya penelitian berikut yaitu dapat menjadi dasar dalam mengembangkan ilmu pengetahuan seputar nilai perusahaan sebagai tambahan informasi dan bahan pertimbangan dalam sebuah investasi. Namun, terbatasnya ketersediaan data, terutama ketika organisasi tidak menyediakan informasi yang komprehensif dan dapat diandalkan, mengurangi kekuatan statistik dari penelitian. Hal ini dapat mengurangi kemungkinan ditemukannya hubungan yang sebenarnya, sehingga sulit untuk membuat kesimpulan yang dapat digeneralisasikan.*

Kata Kunci: Kepemilikan Institusional, Intellectual Capital, Nilai Perusahaan

Abstract

Purpose – This study investigates the influence of institutional ownership and intellectual capital on the valuation of textile and garment manufacturing firms listed on the Indonesia Stock Exchange (BEI) between 2018 and 2022.
Design/Methodology/Approach - This research is a quantitative study that employs secondary data obtained from literature and documentation investigations. The data for this research was acquired from the IDX website and the official websites of each firm listed on the Indonesia Stock Exchange between 2018 and 2022. The research sample comprised 14 companies, from which a total of 70 data points were collected using purposive sampling. Data analysis encompasses several statistical techniques such as classical assumption testing, multiple linear regression, correlation, determination, partial tests, and simultaneous tests. These techniques are performed using IBM SPSS version 26 software.
Findings - The research findings indicate the presence of institutional ownership exerts a detrimental influence on the overall value of a company. Conversely, intellectual capital has a beneficial influence on the value of a corporation.
Research Limitations/Implications - The impact of the following research is that it can become a basis for developing knowledge about company value as additional information and consideration in an investment. However, the limited availability of data, particularly when organizations do not supply comprehensive and reliable information, diminishes the statistical power of research. This, in turn, decreases the likelihood of discovering a genuine association, making it difficult to make generalizable conclusions.

Keywords: Institutional Ownership, Intellectual Capital, Company Value

Introduction

Investment activities are something that investors often do. Investors will engage in investing activities based on the company's value progression. An increased company valuation will mitigate the likelihood of investors incurring financial losses. In competitive markets, companies need to increase value through optimized resources and strategies, thereby benefiting shareholders and stakeholders.

Share prices have a relationship with company value. Referring to this statement, it can be interpreted that company value is still influenced by the stock market (Santoso & Ardiansyah, 2022). Essentially, each company is required to enhance its value annually to remain competitive in the business environment. But in reality, there are several companies that cannot maintain the value of their company so that their company value falls.

The decline in the Composite Stock Price Index (IHSG) throughout 2022 illustrates the phenomenon of falling company values. The Indonesian stock market throughout 2022 grew lower than 2021. The Composite Stock Price Index (IHSG) this year grew by only 4.08%, compared to 10.08% in 2021. One of the shares that experienced a decline in price was in textile sector manufacturing companies at the end of 2022, as happened in the shares of PT Argo Pantes Tbk., whose value per share fell by 30 percent year on year. Quoted from (Redaksi, 2023) PT Trisula Textile Industries Tbk. (BELL) is

among the top losers.

One important factor in increasing or decreasing company value is share ownership by investors. High institutional share ownership can increase company value because institutional investors play a significant role in supervising and directing company activities aimed at increasing company value. This shows that the supervisory function carried out by the owner determines the increase in company performance, where the institutional ownership increases, supervision of the company will be strengthened so that management behavior can be easily regulated by the company owner, which will then increase management's work ethic in order to achieve company targets which will bring an increase in value company (Rahma & Sukarmanto, 2023).

According to Sudirgo & Dewi (2021) The study highlights that the primary objective of forming a firm is to earn profits and ultimately enhance the well-being of shareholders. However, simply making profits is not enough to get a favorable firm valuation. A strong corporate valuation is a key factor for investors when opting to invest capital in the company by buying shares, with the goal of ensuring returns and supporting the firm's growth.

Rahma & Sukarmanto (2023)'s research findings reveal that the presence of foreign institutional ownership does not exert an influence on valuation of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2013 to 2015 period. Moreover, an independent study titled "The Influence of Educational Background of the Board of Directors and Institutional Ownership on Company Value" demonstrates that institutional ownership has a significant impact on corporate valuation.

In addition to Institutional Ownership, there exist alternative factors that may influence company value, notably Intellectual Capital. Intellectual capital is typically categorized by scholars into three primary elements: human capital, structural capital, and customer capital. It is believed that these elements constitute intellectual capital, which holds the capacity to enhance the valuation of an enterprise if it is managed and utilized correctly. In this study, the VAIC (Value Added Intellectual Coefficient) is employed as the measuring tool to assess Intellectual Capital. According to W. W. R. Putri & Tartilla (2018) the method for calculating Intellectual Capital (IC) involves evaluating the efficacy of added value, which stems from the company's IC capabilities, commonly referred to as the Value Added Intellectual Coefficient (VAIC™).

Intellectual capital, in essence, refers to the difference between a company's market value and the value of its assets or financial capital as stated in its books. This includes a range of intangible assets, such as customer information technology, brand awareness, reputation, and organizational culture. These assets play a vital role in giving a company a competitive advantage. A high corporate valuation typically elicits increased investment from investors, motivating the company to further optimism in its management of intellectual capital. Efficiently managing intellectual capital is expected to offer investors useful data for more properly evaluating the company's capabilities (A. J. Putri et al., 2019).

Dewi & Husain (2020)'s research findings of this study indicate that Intellectual capital, as measured by the employee value added capital (VACA) approach, which encompasses valuable information, skills, and remuneration within an organization or firm, does not have a substantial direct impact on the value of the company.

Most research on institutional ownership and intellectual capital often focuses on other sectors such as banking, technology or manufacturing in general. Research that specifically examines the textile and garment industry is still limited, especially linking these two variables with

company value. Additionally, intellectual capital is often difficult to measure precisely, especially in the context of textile and garment companies. Only a few studies have used VAIC™ components, many studies still use simple proxies and may not fully represent the complexity of intellectual capital in this industry. In this research the value of intellectual capital will be measured by VAIC™.

Research on institutional ownership and intellectual capital on the value of textile and garment companies is very important in the context of increasingly tight business competition and dynamic industrial development. This is because the research results can provide insight for company management and institutional investors regarding effective strategies for increasing company value. This can also help companies formulate investment policies that focus more on developing intellectual capital. In addition, A more profound comprehension of the nexus between institutional ownership and intellectual capital and company value can encourage textile and garment companies to invest more in innovation and good governance. Thus, this research has high urgency because it can provide an important contribution to academic literature and business practices in the textile and garment industry.

Based on the aforementioned background, This study examines how institutional ownership and intellectual capital influence company valuation. The problem statement formulated is as follows:

1. What is the impact about institutional ownership on valuation of entities within the textile garment manufacturing subsector listed on IDX from 2018 to 2022?
2. How does Intellectual Capital influence the valuation of manufacturing enterprises in the textile garment subsector listed on IDX over the period from 2018 to 2022?
3. This study to scrutinizes the effect of Institutional Ownership and Intellectual Capital on the valuation of manufacturing entities within the textile garment subsector listed on IDX over the period from 2018 to 2022.

This research endeavors to collect data and derive insights into the effect of Institutional Ownership and Intellectual Capital on the valuation of manufacturing enterprises within the textile and garment subsector listed on the Indonesia Stock Exchange (BEI) during the 2018 to 2022 timeframe, in accordance with the previously articulated problem formulation.

Literature Review and Hypothesis

Agency Theory

This theory elucidates the contractual interrelation between two parties: principal and agent. This interrelation is defined by a contract between the shareholder (principal) and the corporate manager (agent). If an agency conflict occurs, it can disrupt the achievement of company value. If this happens, the company value will decrease (Ermanda & Puspa, 2022).

Agency relationships represent one of the most ancient types of social interactions and commonly occur when management functions are distinct from ownership functions. In such scenarios, an individual or entity (referred to as the agent) serves as a delegate of another party (known as the principal) in the decision-making process (Patrisia et al., 2019).

Based on the exposition, it can be inferred that Agent (company manager) was entrusted by the Principal (Shareholder) to manage the company so it can achieve the goal to align with the shareholders' objectives, including boosting the company's value through significant profit generation.

Based Resource Theory

The Resource-Based Theory states that organizations have resources that can

provide them a competitive edge and contribute to long-term success. Utilizing valuable and scarce resources can help develop a competitive advantage, ensuring their long-term viability and making them challenging to copy, transfer, or substitute (Ulum, 2022).

According to Melsia & Dewi (2021) based on Resource Based Theory (RBT), provide competitive edge and sustainable performance must meet the following "VRIN" criteria:

1. Valuable (V) is a resource that can provide strategic value to a company.
2. Rare (R) is a resource that is difficult to find among existing competitors so that it has potential for the company.
3. Imperfect Imitability (I) means that a resource can be a source of sustainable competitive edge only if a company that does not have the resource cannot obtain or cannot imitate the resource that the company has.
4. Non-Substitution (N) is a resource that cannot be substituted by a source

Resource Based Theory (RBT) suggests that a companiy's competitive edge is derived from distinct resources and abilities. Intellectual capital is widely recognized as a vital component of a company's resources, and its efficient administration can create a lasting and sustainable competitive advantage.

The purpose of the accounting information system according to Zamzami et al. (2021) is to provide support for the company's daily activities, assisting management in decision-making processes, to fulfill responsibilities related to liability, and to reduce the level of uncertainty in the company's operations and business decisions by providing accurate and relevant financial information.

Institutional Ownership

Institutional ownership refers to the ownership shares by a company or other institution, namely share ownership by parties formed by institutions such as government, private, domestic and foreign institutions. High institutional ownership of a company has an essential function to minimize problems between shareholders and managers. This is described as share ownership by institutions, such as investment corporations, corporate pension plans, banks, and other institutional ownership (Permatasari & Helliana, 2023).

Institutional ownership holds significant significance in overseeing management activities, as it can stimulate heightened supervision that is more effective (Ayu & Sumadi, 2022).

H1: Institutional Ownership has a positive impact on Company Value.

Intellectual Capital

Intellectual capital refers to knowledge within a company that can generate future profits if managed, preserved, and utilized effectively (Widijaya & Elita, 2023)**.**

Intellectual capital is acknowledged as a form of intangible asset articulated within the Resource-Based Theory (RBT). As per RBT, a company's performance will attain its zenith if it possesses a competitive edge, thereby facilitating the creation of value. (A. S. Putri & Miftah, 2021).

Intellectual capital has become a crucial asset in today's business environment. Companies must develop a strong strategy to stay competitive in the market. As intellectual capital continues to evolve, various definitions have emerged. According to one definition, Intellectual Capital refers to the entirety of knowledge obtained from current resources that provide value to a company's operations (Kustinah, 2022).

Intellectual Capital is often defined as the knowledge assets possessed by a company, which might include its people, customers, procedures, and technology. These assets are employed in the value

creation process for the enterprise (Santiani, 2019).

According to Stewart (1997) in Ulum (2022), intellectual capital encompasses all assets within a company that enable it to compete effectively in the market. This includes intellectual assets such as knowledge, information, and experience, as well as Intellectual Property which can be leveraged to generate prosperity. According to (Magdalena et al., 2022) HR competency is essential for effectively preparing, coordinating, and managing the individuals involved to reach work objectives. In this study, the Intellectual Capital measurement method used is Value Added Intellectual Coefficient (VAIC^{TM}). By measuring Intellectual Capital using VAIC^{TM}, it will be a solution for assessing and reporting Intellectual Capital using company financial report information as a measurement reference.

H2: Intellectual Capital has a positive impact on Company Value.

H3: Institutional Ownership and Intellectual Capital simultaneously impact the Company Value.

Company Value

According to A. J. Putri et al. (2019) the valuation of a firm, commonly referred to as the Firm's Value, serves as a gauge of the extent of public trust and confidence bestowed upon the company. Fluctuations in the firm's valuation can be indicative of the financial well-being of its shareholders. Typically, there exists a positive correlation between the company's stock price and its aggregate value.

Another understanding of company value is according to Ermanda & Puspa (2022), company value serves as a reflection of how effectively management handles its resources, illustrating the proficiency of management in wealth management. This value elucidates the efficacy of management's wealth management practices, as evidenced by financial performance metrics.

According to W. W. R. Putri & Tartilla (2018), various metrics can be utilized to gauge company value, including Price-to-Book Value (P/B), Tobin's Q, Price-Earnings Ratio (P/E ratio), dividend yield ratio, Dividend Payout Ratio (DPR), and Market-to-Book Value of Equity (MBVE).

Annual Report

The annual report is a comprehensive document produced by the organization on a yearly basis to showcase the progress and accomplishments achieved by the organization over each year. Precise and reliable data and information will serve as the foundation for composing an annual report. The annual report will contain a comprehensive account of all actions conducted throughout the year. It will include a concise overview of the financial reports and management analysis relating to the company's financial state, along with the company's future intentions.

Meanwhile Otoritas Jasa Keuangan (2020) pursuant to Article 6 of Regulation Number 29/POJK.04/2016 promulgated by the Financial Services Authority, the annual report of issuers or public companies must include, at a minimum, the following information:

Summary of Principal Financial Metrics:

1. Equity Market Data
2. Report from the Directors
3. Report from the Supervisory Board
4. Profile of the Issuer or Listed Entity
5. Management's Analytical Commentary and Deliberation
6. Corporate Governance Protocols of the Issuer or Publicly Traded Entity
7. Social and Environmental Obligations of the Issuer or Publicly Traded Entity
8. Certified Financial Reports
9. Affirmation Letter from the Board of Directors and Board of Commissioners Concerning Their Accountability for the Annual Report.

Financial Report

As per PSAK No. 1, financial reports are a structured representation of an organization's financial status and achievements. Furthermore, they serve as a means to showcase management's obligation and liability for the effective use of entrusted resources.

The constituents of the Financial Report as per PSAK No.1 consist of:

1. Statement of financial condition as of the end of the reporting period
2. The financial statement that shows the company's income and comprehensive income for a specific period of time
3. The financial statement that shows the changes in the company's equity for a specific period of time
4. Cash flow statement for the specified time frame
5. The financial statement notes consist of a concise overview of significant accounting policies and additional explanatory information.

Research Method

Population and Sample

This study is classified as the associative descriptive quantitative research, aimed at examining the interplay between independent and dependent variables. The research focuses on textile and garment firms listed on Indonesia Stock Exchange (IDX) over the period from 2018 to 2022, utilizing audited financial statements. Purposive sampling, a non-random sampling technique, is employed to select the samples.

Table 1
Sample Criteria

No	Sample Criteria	Amount of Companies
1	Textile and Garment company listed on the Indonesia Stock Exchange (IDX) from 2018 – 2022.	22
2	Textile and Garment company that went public on the Indonesia Stock Exchange (IDX) after the 2018 – 2022 period.	(4)
3	Textile and Garment companies that have not published financial reports or annual reports consecutively from 2018 – 2022.	(2)
4	Textile and Garment company that have the potential to be delisted during 2018 – 2022.	(2)
Total Sample		14

Source: Data Processed (2023)

Operational Variable

Institutional Ownership

This research utilizes a formula to determine institutional ownership by quantifying the number of firm shares held by institutional entities or by computing the percentage of the institutional ownership share and comparing it to the total number of Issued and Shares in circulation owned by the company. Below is the formula used to calculate the company's institutional ownership.

$$INST = \frac{\sum \text{Institutional Share}}{\sum \text{Outstanding Share}} \text{ X } 100\%$$

Intellectual Capital

In this research, the methodology for measuring Intellectual Capital employed is the Value Added Intellectual Coefficient (VAICTM), as established by Pulic (1998).

By measuring Intellectual Capital using VAICTM which was developed by Pulic (1998), it will be a solution for measuring and reporting Intellectual Capital using company financial report information as a measurement reference (Ulum, 2022).

The following are some of the components that make up *VAIC™*:

Table 2
VAIC™ Formula

1. *VA*	=	*Output - Input*
2. *VACA*	=	$\frac{\textit{Value Added}}{\textit{Capital Employed}}$
3. *VAHU*	=	$\frac{\textit{Value Added}}{\textit{Human Capital}}$
4. *STVA*	=	$\frac{\textit{Structural Capital}}{\textit{Value Added}}$
5. *VAIC™*	=	*VACA + VAHU + STVA*

Dependent Variable
Company Value
In this research, the calculation of Company Value uses Tobin's Q measurement. The formula for calculating Company Value using Tobin's Q is as follows:

$$\text{Tobin's Q} = \frac{MVE + DEBT}{TA}$$

Information :
MVE = Number of Outstanding Shares
DEBT = Total Debt
TA = Total Assets
Tobin's Q = Company Value

Results and Discussion

Descriptive Statistic
Descriptive statistics involve analyzing data by presenting it in the form of tables, diagrams, graphs and other quantities to describe or depict the collected information (Sugiyono, 2022).

Data analysis and processing in this research used IBM SPSS 26.

Table 3
Descriptive Statictics

	N	Min	Max	Mean	Std. Dev
X1	70	.32	1.22	.73	.218
X2	70	-25.85	4.15	-.04	5.525
Y	70	.37	2.73	1.11	.566
Valid N	70				

Source: Data Processed (2024)

The elucidation of the descriptive statistical test results presented in Table 3 indicates that the mean value of institutional ownership is 0.73, indicating a high average institutional ownership in the textile and garment sector is high enough to become the majority shareholder.

The average intellectual capital is -.0.04 while the standard deviation at 5.52 exceeds the average value.

The average value company is 1.11, suggesting that, on average, companies in the textile and garment sector are overvalued.

Classical Assumption Test
Prior to hypothesis testing, it is imperative to carry out an analysis to identify any deviations from the classical assumptions in the model. This includes testing for normalcy, multicollinearity, heteroscedasticity, and autocorrelation.

Normality Test
Functions employed to ascertain whether the data conforms to a normal distribution. Normality test is the Kolmogorov – Smirnov test.

Table 4
Normality Test
One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
Asymp. Sig. (2-tailed)	.200[c,d]

Source: Data Processed (2024)

According to table 3, the two-sided asymptotic result has a significance level of

0.200, which has passed the predetermined a = 0.05. These results show that data has a normal distribution.

Multicollinearity Test

It is utilized to evaluate whether the regression model accurately detects relationships among the independent variables, as a properly developed regression model should not exhibit correlations among its independent variables.

Table 5
Multicollinearity Test
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	LAG X1	.999	1.001
	LAG X2	.999	1.001

Source: Data Processed (2024)

According to the data presented in Table 5, the tolerance limit surpasses 0.10 and the Variance Inflation Factor (VIF) is below 10. Therefore, the data meets the criteria for the multicollinearity assessment.

Heteroscedasticity Test

Employed to detect heteroscedasticity in the residuals across various observations within the regression framework.

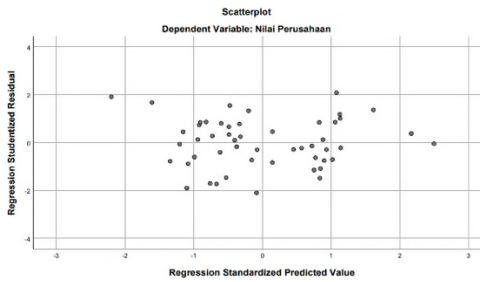

Figure 1
Heteroscedasticity test
Source Data Processed (2024)

Based on Figure 2, scatter plot graph displays dots scattered randomly, indicating heteroscedasticity does not occur

Autocorrelation Test

Examine the potential link between the residual errors at period t and period t-1 in a linear regression model. This study investigates autocorrelation by employing the Durbin-Watson test.

Table 6
Autocorrelation
Model Summary[b]

Model	Durbin-Watson
1	2.116

Source: Data Processed (2024)

The Durbin-Watson (D-W) statistic is calculated to be 2.116 based on the available data. The given value is compared to the D-W table using a significance level of $\alpha = 5\%$. The sample size is 51 and there are 2 independent variables. This comparison yields a critical value (dU) of 1.628.

$= dU < d < 4 - dU$

$= 1.6283 < 2.116 < (4-1.6283)$

$= 1.6283 < 2.116 < 2.3717$

Based on the D-W table, it can be inferred that there is neither negative or positive autocorrelation with the decision not being rejected.

Multiple Linear Regression Test

This study utilizes multiple linear regression analysis in order to investigate the influence of Institutional Ownership and Intellectual Capital on Company Value.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Y = Dependent Variable Value (Y)
a = Constant
β_1, β_2 = Multiple regression coefficient between each variable
X_1 = Institutional Ownership
X_2 = Intellectual Capital
ε = Standard error

Table 7
Multiple Linear Regression Coefficients[a]

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.387	.022
	LAG_X1	-.199	.058
	LAG_X2	.039	.013

Source: Data Processed (2024)

From table 6, the following regression equation is obtained:

$$Y = 0.387 – 0.199X1 + 0.039X2 + Ɛ$$

The explanation of the influence of each variable:

a. The constant value of 0.387 shows the magnitude of the company value affected by the independent variables. This shows that without an independent variable, the dependent variable will change.
b. The coefficient value for X1 is -0.199, indicating that the variable X1 negatively impacts the company's value. If X1 experiences an increase of 1%, the coefficient decreases by -0.199, assuming other variables are not considered in this research
c. The coefficient value for X2 is 0.039, indicating that the variable X2 positively influences the company's value. If X2 experiences an increase of 1%, the coefficient increases by 0.039, assuming that other variables are not considered in this research.

Correlation Analysis Test

Correlation analysis seeks to assess the degree of linear relationship between two variables. It does not differentiate between the dependent and independent variables (Ghozali, 2021).

Table 8
Correlation Coefficient Analysis Test Correlation

		LAG_X1	LAG_X2	LAG_Y
LAG X1	Pearson Correlation	1	-.024	-.425**
			.867	.002
LAG X2	Pearson Correlation	-.024	1	.366**
		.867		.009
LAG Y	Pearson Correlation	-.425**	.366**	1
		.002	,009	

Source: Data Processed (2024)

Tabel 9
Correlation Test Interpretation

Variable	Correlation Coefficient	Coefficient Interval	Interpretation
LAG_X1	-.425	0.00 – 0.199	Very Low
LAG_X2	.366	0.20 – 0.399	Low

Source: Data Processed (2024)

According to the table, the partial correlation results between Institutional Ownership and Company Value are -.0.425, indicating a very weak association between the two variables. The correlation value shows a negative which means every increase in X1 will be accompanied by a decrease Y. The partial correlation result of Intellectual Capital with Company Value is 0.366, suggesting a weak relationship between these variables. The positive correlation suggests that an increase in X2 corresponds to an increase in Y.

Coefficient of Determination Analysis Test Results

The coefficient of determination (R^2) measures the extent to which the model can explain variations in the dependent variable, with values ranging from zero to one (Ghozali, 2021).

$$Kd = r^2 \times 100\%$$

Kd : Coefficient Determination
r^2 : Correlation Coefficient
100% : Stated in the presentation

Table 10
Coefficient Determination Analysis
Model Summary[b]

Model	R	R Square	Adj R Square	Std. Error
1	.554[a]	.307	.278	.06548

Source: Data Processed (2024)

According to table 9, Adjusted R Square is 27.8%. Indicates that these two research variables have an influence on the closeness of the relationship of 27.8%, the remainder is impacted by other variables.

Result of the t-test

Table 11
t-test Result
Coefficient

Model	t	Sig.	Information
(Constant)	17.756	.000	
LAG_X1	-3.432	.001	Rejected
LAG_X2	2.930	.005	Accepted

Source: Data Processed (2024)

Institutional Ownership

The significance level between institutional ownership and company value is 0.001, less than 0.05. The score for institutional ownership is -3.432 which is lower than 1.996.

This indicates that institutional ownership has a negative significant influence on company value. As a result, H_0 will be accepted and H_a will be rejected.

Intellectual Capital

The significance level between intellectual capital and company value is 0.005, less than 0.05. The score for institutional ownership is 2.930 which is higher than 1.996.

This indicates that intellectual capital has a positive significant impact on company value. As a result, H_0 will be rejected and H_a will accepted.

Result of the F-test

Table 12
F-test Result
ANOVA[α]

Model	Sum of Squares	df	Mean Square	F	Sig.
1	.089	2	.045	10.430	.000[b]
Regression Residual	.202	47	.004		
Total	.291	49			

Source: Data Processed (2024)

The F test value is 10.430 higher than F table 2.167, and a significance level is 0.000 which is smaller than 0.05.

This suggests that all independent variables simultaneously have a significant positive impact on company value. As a result, H_0 will be rejected and H_a will be accepted.

Discussion

Institutional Ownership to Firm Value

The Institutional Ownership variable exhibits a t_{count} value of -3.432, while the t_{table} value is 1.996, indicating that $t_{count} < t_{table}$. This outcome denotes the refutation of the alternative hypothesis (H_a) and corroboration of the null hypothesis (H_0). With a significance level of 0.001, which falls below the 0.05, which means the institutional ownership variable exerts a negative and statistically significant impact on the company's valuation. A negative t value suggests that the relationship between institutional ownership and the company's value is inversely related. This result is in line with research by Permatasari & Helliana (2023)and Ayu & Sumadi (2022). Their research findings indicate that institutional ownership does not exert an influence on the company's valuation.

The imbalance of interests between shareholders and management can occur in various situations, especially when institutional ownership is not strong enough or not active enough to strengthen shareholder control over management decisions and actions.

Intellectual Capital to Firm Value

The Intellectual Capital variable presents a Tcount of 2.930, whereas the t_{table} value is 1.996, indicating that $t_{count} > t_{table}$. Consequently, this result leads to the rejection of the null hypothesis (H_0) and the acceptance of the alternative hypothesis (H_a). With a significance level of 0.005, which is below the 0.05 threshold, it can be inferred that the Intellectual Capital variable exerts a positive and statistically significant impact on the company's valuation. A positive t value implies that Intellectual Capital is positively correlated with the company's value. This finding is consistent with the research conducted by Halim (2021) and Melsia & Dewi (2021). Their research results show that intellectual capital influences on company value.

Intellectual capital drives innovation, increases competitiveness, operational efficiency, and product quality. Enhanced innovation and competitiveness will positively influence the company's financial performance, leading to higher revenue and profitability. Consequently, the firm's value, indicative of its overall health and future potential, will see a substantial rise. Strong intellectual capital, including employee knowledge, skills, and experience, as well as intellectual property such as patents and trademarks, are invaluable assets that support the company's long-term growth and success.

Conclusion and Recommendation

Conclusion

Based on findings from the research, it can be inferred that it identifies the relationship or influence of institutional ownership and intellectual capital on the value of textile and garment companies from 2018 - 2022. Data analysis indicates that institutional ownership does not affect a company's value. An imbalance of interests between shareholders and management can occur when institutional ownership is not strong enough or active enough to strengthen shareholder control over management. Additionally, many institutions maintain a passive ownership, meaning they are not active in managing the company. Institutional ownership within textile garment firms listed in IDX during the period from 2018 to 2022 has exhibited a relatively favorable condition, where the average institutional ownership in textile and garment companies is at 73%, which means that these companies are more careful in their share ownership in order to maintain the value of the shares so that the company's share price is easy to control.

The study also demonstrates that intellectual capital exerts a significant positive effect on company valuation. Intellectual capital fosters innovation, thereby enhancing competitiveness and market share, which ultimately contributes to an increase in company value. However, the status of Intellectual Capital in textile and garment firms listed on the Indonesia Stock Exchange during the 2018-2022 period is notably suboptimal. The average value of intellectual capital across these companies is merely -0.04, suggesting that intellectual capital performance is deficient, as this value is below 1. This indicates that these companies encounter challenges in effectively managing their intellectual capital, which hampers their ability to generate additional value for the company.

Recommendation

Future research should delve into additional independent variables that could influence company value, such as managerial ownership or public ownership across various sectors. Moreover, conducting case studies on leading companies listed on IDX to elucidate the strategies they employ to enhance company value is highly recommended. Such an approach should emphasize best practices that can be emulated by other firms. Lastly, given the limited scope of the current study, which spans only five years, it is advisable for future researchers to extend the research

period to garner more precise and comprehensive results.

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