

The Effect of Institutional Ownership, Families' Ownership, Ownership Concentration and Dividend Policy Towards Firm Performance

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Article Info	Abstract
Received : 2020-06-30 Accepted : 2022-06-21 Published : 2022-06-21	This purposed of this study is to analyze the effect of institutional ownership, family's ownership, ownership concentration and dividend policy towards firm performance. This type of quantitative research, the data used secondary data. The population in this research were the manufacture companies listed in Indonesia Stock Exchange (BEI) during period 2015 until 2017. Sample selection method was using with technique purposive sampling, with certain proposals selected by 90 companies. Data collection methods in this research are literature study and internet access. The data was analysed by multiple linear regression. The results showed that institutional ownership has impact toward firm performance, family's ownership does not impact toward firm performance, ownership concertation has impact toward firm performance and dividend policy has impact toward firm performance.
Key words: institutional ownership; families' ownership; ownership concentration; dividend policy; firm performance	

INTRODUCTION

In the Era 4.0, the competition of market is getting more intense so then the company performance is an interesting topic to be discussed. Company performance is the main factor for the company to be maintained and improved. Decision made by managerin the field of marketing, operations, human resources and finance contribute toward company performance. Company performance reflects on work performance in a certain period thus it can be used to determine the company's success for achieving its corporate objective. Indicators in achieving corporate objectives are reflected in the increase of the company's stock price in the capital market (Margaretha and Afrianti, 2016). When the company is considered to perform well, then the investor will buy stock (investment) of the company which will ultimately it increases the stock price. Strategic sector companies in investing that developed in the Indonesia Stock Exchange (IDX) is manufacturing companies.

In 2017, IDX deleted the delisting of stock from four companies. The four companies were PT. Inovisi Infracom (INVS), PT. Berau Coal Energy, Tbk (BRAU), PT. Permata Prima Sakti, Tbk (TKGA), and PT. Citra Maharlika Nusantara Corpora Tbk (CPGT). The issue of the company is related to the decline of the company's performance so that it cannot meet all the obligations of the rules on the exchangeto submit financial report (Tribunnews, 2017). The better the company's performance, the profits generated by the company also increase. There is a concept used by company to improve the company performance, one of which is having good corporate governance. Al-Ghamdi and Rhodes (2015) assert that corporate governance is a term that is often used to describe the processes and structures used to direct and manage the company's business activities in order to increase the wealth of shareholder. Indonesia has undergone a prolonged crisis since 1998, this is due to the weak implementation of corporate governance. Corporate governance is one of the factors that affect the increase of company performance. Standards are needed in order to the implementation of corporate governance becomes effective and efficient.

The implementation of company's corporate governance in Indonesia is regulated by the National Committee on Governance Policy (KNKG). The implementation of effective corporate governance can give an important contribution in improving condition and avoiding failure in

future. According to Syafruddin (2006) a problem that often arises in corporate governance is the separation between owner and manager of the company in which it leads to conflict in agency, namely the existence of differences in interest between the principal (owner) and manager (manager / agent). The key to corporate governance covers the ownership structure. The institutional ownership has an essential role in minimizing conflict of agency that occurs between shareholders and managers (Jensen and Meckling, 1976). The greater the percentage of stock owned by institution, it causes supervision carried out more effectively because it can handle the opportunistic behaviour of manager (Candradewi and Sedana, 2016). Institutional parties are able to optimize oversight of management performance through monitoring every decision taken by management as the manager of the company in which it is intended to improve the company performance.

In addition to institutional ownership, family ownership becomes an essential part in improving company performance. Al-Ghamdi and Rhodes (2015) find out the positive relationship between family ownership and company performance. Besides to the owner, the size of the board of directors also has a relationship with company performance. It is due to the family ownership has a high concern for the company's reputation. Family members who are in management tend to convey information related to the company completely to the owner as a shareholder so that there is a little possibility of a interest conflict (Gunawan, 2014). Besides the institutional ownership and family ownership, other factors such as ownership concentration can also affect on the performance improvement of a company.

The ownership concentration can act as a mechanism of corporate governance in reducing the problem of agency. The concentration of ownership creates majority and minority shareholder with diverse goal and interest. This is in line with the theory (Shleifer and Vishny, 1997). Hastori et al (2015) point out that the more concentrated of share ownership, the larger shareholders can have incentives to supervise management performance, so that management and policy that are not in line with the company's objectives can be directly identified and prevented. The enhancement of company performance can also be determined by the company's decision by dividing how much share of profits are entitled to shareholders mentioned the dividend policy. Dividend policy deals with making decisions on how a dividend is paid and how a dividend is paid. Dividend policy requires the company to consider how to manage the benefits obtained, whether it is used to pay dividend or conduct investment. This research also uses control variables namely the size of company, leverage, and the ratio of intangible assets. The purposed if this study to analyze the effect of institutional ownership, family's ownership, ownership concentration and dividend policy on firm performance.

LITERATURE REVIEW

Theory of Agency

Agency theory was first stated by Jensen and Meckling (1976). The theory refers to the manager of a company as an "agent" and shareholder "principal". Shareholders who are principal who delegate to make a business decision toward managers who are representatives or agents of shareholders in the company in order to optimize the welfare of shareholders. Issue that arises as a result of a company ownership system in which the agents do not always make decision aimed to meet the best interest of principal.

Corporate Governance

According to the Forum for Corporate Governance in Indonesia (FCGI, 2006) corporate governance is a set of regulations that establish relationship between shareholder, manager (manager) of company, creditor, government, employees and other internal and external stakeholder related to their right and obligation, or in other words a system that regulates and handles the company. Corporate governance is one of the key elements to improve economic efficiency, which includes a series of relationship between company management, the board of commissioner, shareholder, and another stakeholder.

Theory of Bird in the Hand

One of the theories used considering with dividend policy is the theory of Bird in the Hand. According to theory of the bird in the hand proposed by Myron J. Gordon and John Lintner (1956), dividend policy has a positive effect on stock market prices. If the dividends distributed by the company increase, the market price of the company's stock will be higher and vice versa. This is due to the investors prefer dividend yields compared to capital gains. The value of a company can be maximized by determining a high dividend distribution. Shareholders prefer to dividends currently and there is a direct relationship between dividend policy and market value. The rationale is the investor generally avoids the risk and dividends received currently, it leads to carry much less risk compared to dividends received in the future. Dividend payments are now believed to reduce uncertainty of investor. The lack uncertainty of investor can maximize the value of company. On the other side, if dividends are reduced or not paid, the level uncertainty of investor will increase and cause an increase in desired to return and reduce the value of the stock. Thereby, according to this theory, each company must develop a dividend policy to grab the confidence of investor in the company.

The performance of Company

Company performance relatively is a summary of a company's financial condition which seen through cash flow statement, income statement, and the company's balance sheet (Gitman et al, 2015). According to the research of Putri and Lestari (2014) that company performance is a measurement of achievement that has been achieved by a company and it shows good conditions for a certain period of time. The purpose of measuring performance is to gain useful information related to the flow of funds, use of funds, effectiveness, and efficiency. In general, a company's performance measurement is divided into two, namely measurement of financial performance and measurement of non-financial performance. Measurement of financial performance is the use of financial information in measuring a company's performance. Company performance can also be measured in three specific areas of company outcomes, namely 1) financial performance, such as earnings, ROA, ROI and others); 2) product market performance, such as sales and market share; and 3) shareholder returns, such as ROE, EVA, Tobin's q and others (Richard et al, 2009). Based on the research of Al-Saidi and Al-Shammari (2015), they point out that company performance is measured through ROA and Tobin's Q. This study uses Tobin's Q as the fundamental for measuring company performance. Researcher uses Tobin's Q as the measurement of the performance of manufacturing companies because Tobin's Q can provide good information by including all elements of the company's assets, debt and capital stock of the company both ordinary shares and company equity.

Institutional Ownership

Institutional ownership is the condition of an institution owning stock in a company. These institutions can be government institutions, private institutions, domestic and foreign (Wahyu, 2010). According to Marselina et al (2013), institutional ownership is ownership by external institutions. Institutional investors often become the majority in ownership of stock. In this regard, it is due to the institutional investors have more resources compared to other shareholders so then they are considered capable of carrying out good supervision. The effect of institutional ownership as a supervisory agent is suppressed through their sizable investment in the capital market. A high level of institutional ownership will lead to greater oversight efforts by institutional investors so that it can hinder the opportunistic behaviour of manager (Kusumawati, 2011). The more the institutional ownership, the more efficient the use of company asset. Thus, the proportion of institutional ownership has a role as a prevention toward the waste conducted by management.

Family Ownership

Family ownership is the ownership of stock owned by individual and company that are not public (Faccio and Lang, 2002). Meanwhile, according to La Porta et al (1998) family ownership is the ownership of individual and ownership of private company (above 5%) that are not public company, state, or financial institution. Considering with this definition, companies

with family ownership are not only limited to companies that place family members in the position of owner, commissioner or other management positions.

Ownership Concentration

The concentration of ownership (Ownership Concentration) illustrates how and who has handle in the whole or most of the ownership of a company as well as the whole or most of the holder of control over business activities in a company (Parks and Billy, 2011). Ownership Concentration is a shareholder who has a share ownership of more than 5% (Al-Saidi and Al-Shammari, 2015). The ownership concentration creates majority and minority shareholder with diverse purpose and interest.

Dividend Policy

PSAK (2009) defines dividend as follows: "Dividends are the distribution of earning to equity investment holder in accordance with the proportion of their ownership of certain capital groups." Dividends are distributions by companies to shareholder based on company profit. Shareholders have the right to a proportionate share of each dividend in which shares in a certain class will receive the same dividend (Harrison Jr. W.T. 2015). Dividends will be distributed in the same amount for each stock and the amount depends on the remaining profits after reduced with the discount that has been determined in the certificate of establishment and also depends on the decision of the General Meeting of Shareholder (GMS) (Soemarso S. R, 2005). Based on the various definitions of the dividend above, it can be concluded that the dividend is the distribution of profits to shareholders determined in the certificate of establishment and depends on the decision of the General Meeting of Shareholder.

Hypothesis Development

The Effect of Institutional Ownership on Company Performance

Based on agency theory, the difference of interest between manager and shareholder result in agency conflicts. This conflict occurs when there is an unfavourable relationship between institutional shareholder and the company's manager, due to the assumption of the international parties that the company manager has selfish interests, which results in the emergence of suboptimal supervision costs.

However, if there is a good relationship between institutional shareholder and manager, it will improve company performance. Institutional parties who are able to optimize management performance monitoring by monitoring every decision taken by management as the manager of the company in the hope of improving company performance. The existence of such monitoring mechanism will guarantee the increase of shareholders' prosperity (Ardianingsih and Ardiyani, 2010). This is supported by (Jensen and Meckling, 1976) in agency theory. In the theory, it is asserted that with tighter supervision the interests between shareholder and equal manager so then it can reduce the conflict of agency. The results of the study indicate that the higher the level of proportion of institutional ownership, it will increase company performance. Further, Khamis research (2015) also proposes similar result, namely a positive relationship between institutional ownership and company performance. Based on the description above, the hypotheses proposed in this study are:

H₁: Institutional ownership effects on the company performance.

The Effect of Family Ownership on Company Performance

Families' ownership is the ownership of stock which is owned by executive director, non-executive director, owner, and manager of large shareholder families (Al-Saidi and Al-Shammari, 2015). Companies with family ownership have unique characteristics that differentiate their capital structure decisions from companies that do not have family stock. The company has a stronger desire to control and reduce the risk of bankruptcy because of their desire to transfer the business to their grandchildren, in order to maintain the family name. With family ownership in the company, family members will tend to take more personal benefits from the company. The more levels of family ownership in the company, the easier for shareholders to control the company. When there is a risk of mistake in the company,

shareholders prefer to save their investment. Warsini and Rossieta (2013) reveal that business strategy effects on the company performance. Exploration of business strategies in companies that still have relationships that are controlled by family companies, it proves that these companies tend to carry out a wide variety of businesses. Based on the description above, the hypotheses proposed in this study are:

H₂: Family ownership effects on the company's performance

The Effect of Ownership Concentration on Company Performance

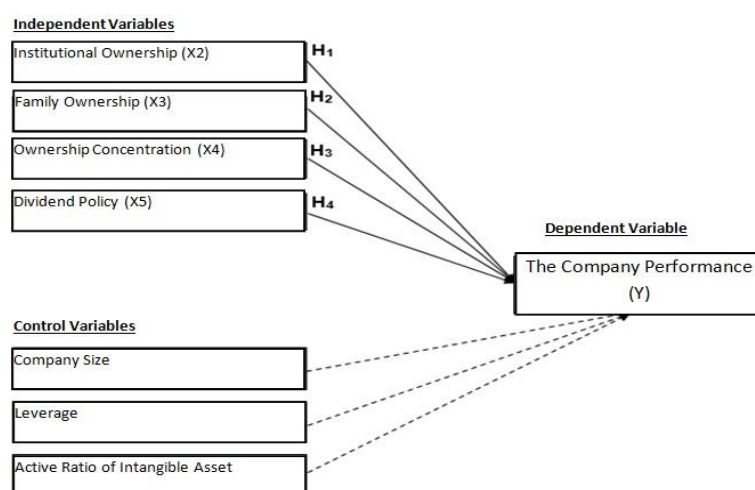
The concentration of ownership can have a role as a mechanism of corporate governance in reducing agency problems. Agency problems emerge due to the separation between the ownership function and company management. Al Ghamdi and Rhodes (2015) research shows that ownership concentration has a significant positive effect on company performance. Hastori et al. (2015) argues that with the more concentrated ownership of stock, the large shareholders can have more incentives to supervise the performance of executives, so that the action and policy of manager who is not in line with the company's objectives can be discovered and prevented. The concentrated ownership structure raises the potential for controlling shareholders to be deeply involved in managing the company, as well as gaining power and incentives to be able to negotiate and encourage company contracts with manager (Dyer, 2006). Based on the description above, the hypotheses proposed in this study are:

H₃: Ownership concentration effects on company performance

The Effect of Dividend Policy on Company Performance

PSAK (2009) defines dividends as follows: "Dividends are the distribution of earning to equity investment holders according to the proportion of their ownership of certain capital groups." Dividends are distributions by companies to shareholders based on company profits. Shareholders have the right to a proportionate stock of each dividend in which the stock in a certain class will receive the same dividend (Harrison Jr. W.T, 2015). According to the bird in the hand theory proposed by Myron J. Gordon and John Lintner (1956), dividend policy has a positive effect on stock market prices. If the dividends distributed by the company get greater the market price of the company's shares will be higher and vice versa. This is because investors prefer dividend yields compared to capital gains. Meanwhile, if the company's policy does not pay the dividend so then it will affect on the company's performance to be worse than the companies that make dividend payment (Sukendro and Pujiharjanto 2012). Based on the description above, the hypotheses proposed in this study are:

H₄: Dividend Policy effects on company performance.



RESEARCH METHOD

The population in this study was all manufacturing companies listed on the Indonesia Stock Exchange during the period 2015-2017. Based on data obtained through the website

www.idx.co.id, the companies that became the population in this study were 141 companies. Determination of the research sample used nonprobability sampling method, with a purposive sampling technique and obtained a sample of 90 manufacturing companies with a number of years of observation for 3 years. The criteria for selecting samples in this study were as follows: (1) Manufacturing companies that publish about financial statements as of the 31 on the December. (2) Manufacturing companies that publish audited financial statements and present financial statements in rupiah with the financial year ending on December 31. (3) Manufacturing companies that present financial statement with available financial data.

The Operational Definition and Variable Measurement

Dependent Variable

The dependent variable in this study is Company Performance. The company performance relatively is a summary of a company's financial condition seen through cash flow statements, income statements, and the company's balance sheet (Gitman et al, 2015). The measurement used is Tobin's Q (Rathnayake et al, 2018) by using the closing price as of December 31, using the following formula:

$$\text{Tobin's Q} = \frac{\text{Market Value of Share} + \text{Total Debt}}{\text{Book Value of Total Assets}}$$

Independent Variable

Institutional Ownership

Institutional ownership is the proportion of stock ownership measured in percentage of stock owned by institutional investor in a company. Institutional ownership is calculated using the following formula (Al-Saidi and Al-Shammari, 2015)

$$\text{INST} = \frac{\text{Total stocks owned by institution}}{\text{Total circulated stocks}}$$

Family Ownership

Family ownership is ownership owned by the board of directors and the board of commissioners by looking at the names and family relationships. Family ownership according to Al-Saidi and Al-Shammari (2015) can be measured using the following formula:

$$\text{Family Ownership} = \frac{\text{Total Family Stocks}}{\text{Total Circulated Stocks}}$$

Ownership Concentration

The Ownership Concentration illustrates how and who has control over the whole or most of the ownership of a company and all or most of the control holder of business activities in a company (Parks and Billy, 2011). The ownership concentration according to Rathnayake, et al (2018) can be measured through the proportion of shares held by the largest shareholder in the company.

$$\text{Ownership Concentration} = \frac{\text{The proportion of shares held by the largest shareholder}}{\text{shareholder}}$$

Dividend policy

Dividend policy is a decision has been taken by company management to share cash dividend by considering the amount of retained earnings and the cash availability of company. Dividend policy is proxied by the Dividend Payout Ratio (DPR) which can be formulated by dividend per

share comparison with earnings per share in percentage unit (Yendrawati and Feby 2013) can be measured using the following formula:

$$\text{Dividen Policy} = \frac{\text{Dividen of The Stock Per Sheet}}{\text{Profit of The Stock Per Sheet}} \times 100\%$$

Control Variable

Company Size

The size of the company reflects on how much total assets owned by the company. According to Rathnayake, et al (2018) the size of the company is showing the standard size of production that can be used as a reference in discovering the scale of a company. The total assets owned by the company illustrate the capital, as well as the rights and obligation that they have. The larger the size of the company, it can be ascertained that the greater the funds managed will lead to the more complex of the management. Company size is proxied by natural log of total asset. The formula used to measure variable size is (Rathnayake, et al, 2018):

$$\text{The Company Size} = \log \text{ natural (total asset)}$$

Leverage

The company with a high degree of leverage means that it has greater utility compared to its assets, this will lead to greater risk and pressure on the company. The leverage variable is the level of obligation for the company's total assets. The measurement of leverage variable is $LEV = \text{Total Debt} / \text{Total Asset}$ (Rathnayake et al, 2018).

$$\text{Leverage} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

The Ratio of Intangible Asset

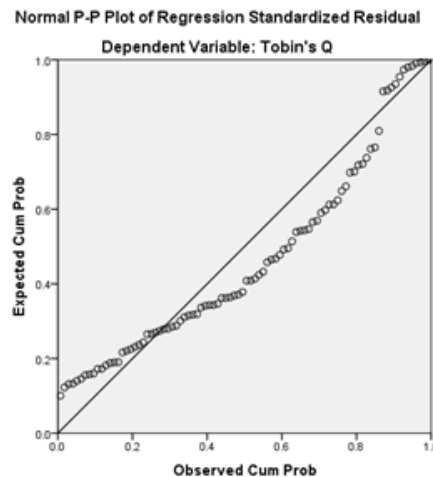
The ratio of intangible asset evaluates the effect of research development (R and D) and advertising. The companies with higher endowments in R&D investments can have high performance because they are longer to view and have more resources for profitable innovation. Company performance can be improved through advertising because goods can be traded at a higher price compared to other companies. Measurement of the variable ratio of intangible asset is $INTNG = \text{Intangible Asset} / \text{Total Asset}$ (Rathnayake et al, 2018).

$$\text{Active Ratio of Intangible Asset} = \frac{\text{Intangible Asset}}{\text{Total Asset}}$$

RESULTS

Normality Test

Based on the picture, it can be seen on the picture measured by Tobin's Q above, there is points spread around and it follows a diagonal line. The basis for the development if the data spreads around the diagonal line and follows or the diagonal line, the regression follows the normality line, whereas if the data spreads far from the diagonal line or it does not follow the direction of the diagonal line, the regression does not meet the assumption of normality. Thus, it can be concluded that the residual data in this study is normally distributed.



Multicollinearity Test

Table 1. Multicollinearity Test

	Tolerance	VIF	Conclusion
Institutional Ownership	0,699	1,431	Free Multicollinearity
Family Ownership	0,556	1,800	Free Multicollinearity
Ownership Concertation	0,836	1,197	Free Multicollinearity
Dividend Policy	0,951	1,052	Free Multicollinearity
Company Size	0,722	1,385	Free Multicollinearity
Leverage	0,650	1,539	Free Multicollinearity
Active Ratio of Intangible Asset	0,708	1,413	Free Multicollinearity

Source: The Result of Data Processing, 2019

From the table above, it is obtained VIF value <10 and tolerance > 0.10 . It can be interpreted that the regression model is free from multicollinearity.

Autocorrelation Test

Table 2. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.575a	.331	.274	.72864	2.129

Source: The Result of Data Processing, 2019

The Durbin-Watson value of the regression model is 2.129 and the dU obtained from the Durbin-Watson table is 1.8. Because the Durbin Watson value is located between dU and (4-dU) it implies that there is no positive or negative autocorrelation.

Heteroscedasticity Test

Table 3. Heteroscedasticity Test

	t	Sig	Conclusion
Institutional Ownership	-0,540	0,591	Doesn't heteroscedasticity
Family Ownership	-1,135	0,260	Doesn't heteroscedasticity
Ownership Concertation	1,887	0,063	Doesn't heteroscedasticity
Dividend Policy	1,361	0,177	Doesn't heteroscedasticity
Company Size	0,379	0,706	Doesn't heteroscedasticity
Leverage	-0,760	0,449	Doesn't heteroscedasticity
Active Ratio of Intangible Asset	-0,845	0,401	Doesn't heteroscedasticity

Source: Data Processing Results, 2019

Based on the table above, it proves that heteroscedasticity does not occur if the significance value is obtained > 0.050 . Thus, the regression model in this study does not occur heteroscedasticity.

The Result of Determination Coefficient Test

Table 4. Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Model
1	.575a	.331	.274	.72864	1

Source: Data Processing Results, 2019

The coefficient of determination (R square) of 0.331, so that the amount of the effect given by the independent variable on the dependent variable is 33.1%. The coefficient of determination (R square) of 0.331, so that the amount of the effect given by the independent variable on the dependent variable is 33.1%. Thus, institutional ownership, family ownership, ownership concentration, dividend policy, company size, leverage and intangible asset ratios can only explain the company's performance variable as measured by Tobin's Q by the remaining 33.1% by 66.9% explained by other variables which are not included in this study.

Hypothesis Testing

The Result of Multiple Linear Analysis

Table 5. Multiple Linear Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig
(Constant)	-4.145		-2.748	.000
Institutional Ownership	.011	.292	2.701	.001
Family Ownership	.002	.055	.453	.020
Ownership Concertation	.012	.245	2.476	.017
Dividend Policy	.002	.215	2.326	.028
Company Size	.154	.320	3.005	.002
Leverage	-.282	-.074	-.658	.010
Active Ratio of Intangible Asset	.016	.018	.166	.869

Source: Data Processing Results, 2019

Multiple regression equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 \text{SIZE} + \beta_6 \text{LEV} + \beta_7 \text{INTNG} + e$$

$$Y = 4.145 + 0.011 X_1 + 0.002 X_2 + 0.012 X_3 + 0.002 X_4 + 0.154 \text{SIZE} - 0.282 \text{LEV} + 0.016 \text{INTNG} + e$$

The meaning of the regression equation in table 3 above is as follows: This equation indicates that if there is no change in the independent variable, the company's performance as measured by Tobin's Q will be worth 4,145. In other words, if the independent variable is assumed to be zero (0), then the magnitude of the dependent variable is 4.145. Institutional ownership variables are positive, this indicates that the institutional ownership variable has a direct relationship to company performance as measured by Tobin's Q, it implies that every the enhancement in institutional ownership by 1 unit will increase company performance is 0.011. The variable of family ownership is positive, it indicates that the family ownership variable has a direct relationship to company performance as measured by Tobin's Q, it implies that every enhancement of family ownership by 1 unit will increase company performance is 0.002.

The ownership concentration variable is positive, this indicates that the ownership concentration variable has a direct relationship to company performance as measured by Tobin's Q, it implies that each enhancement of ownership concentration by 1 unit will increase company performance is 0.012. Dividend policy variables are positive, this indicates that the dividend policy variable has a in line with the company's performance as measured by Tobin's Q, it means that each increase in dividend policy by 1 unit will increase company performance is 0.002. The board size variable is positive, this indicates that the board size variable has a direct relationship to company performance as measured by Tobin's Q, meaning that each enhancement in board size by 1 unit will increase company performance is 0.154.

Leverage variable is negative, this reveals that the leverage variable has the opposite relationship to the company's performance as measured by Tobin's Q, it implies that every enhancement in leverage by 1 unit will reduce the company's performance is 0.282. Variable ratio of intangible assets is positive, this shows that the variable ratio of assets is not tangible has a direct relationship to company performance as measured by Tobin's Q, it implies that every enhancement of the ratio of intangible assets by 1 unit will increase company performance is 0.016.

DISCUSSION

The Effect of Institutional Ownership on Company Performance.

Regarding with the result of testing the first hypothesis in this study indicates that the variable institutional ownership has an effect on company performance. This means that institutional ownership can provide impetus to optimize the company's improved performance and provide benefits to the company. Based on descriptive statistics from 90 samples of manufacturing companies that have institutional ownership above 50% as many as 69 companies. This indicates that the presence of institutional ownership in larger manufacturing companies can strengthen the voice, monitoring and encouragement of institutions in overseeing management. The monitoring mechanism can guarantee the increase of shareholders' prosperity, so that it will give more encouragement on the management to optimize the performance of manufacturing companies as measured by Tobin's Q.

Institutional ownership is a condition in which external institutions or institutions that have stock in the company. Institutional ownership has an essential role in minimizing agency conflicts that occur between manager and shareholder. The existence of institutional investor is considered capable of being an effective monitoring mechanism in every decision taken by manager. It is due to institutional investors involved in making strategic companies (Jensen and Meckling, 1976). It is in line with the research of Leech and Leahy (1991), Xu and Wang (1997), and Faisal (2005) point out that there is an effect between institutional ownership on firm performance. Companies with large institutional ownership indicate the company's ability to monitor the performance of company management. The greater institutional ownership will lead to efficiency in the use of company assets; thus, it can reduce the waste made by manager in carrying out company operations. However, this is not in line with research conducted by Ardianingsih and Ardiyani (2010) who assert that institutional ownership does not affect on company performance.

The Effect of Family Ownership on Company Performance

Based on the result of testing on the second hypothesis in this study shows that the variable family ownership has no effect on company performance. This means that family ownership in a company has little motivation or tends to make mandatory disclosures regulated in regulations. From 90 samples of manufacturing companies have been observed. There are 79 manufacturing companies that have family ownership below 50%. This means that investors have understood that manufacturing companies that have high family ownership will dominate decisions taken by managers so that it will lead to the gap between family shareholders and non-family shareholders. The gap such as information disclosure to the public are relatively weak. The reason is that family members, both board members and company shareholders, have direct access to the company's financial and non-financial information.

Therefore, family shareholders need less disclosure. The companies who handled by family have weaknesses that cause new issue for the company, namely the condition of a family/family member who is no longer competent, which is still maintained and difficult to exclude in the company's top management. It is in line with research conducted by Amalia, et al (2016) and Wiranata and Nugrahanti (2013) states that family ownership has no effect on company performance. This is due to the family ownership tends to convey information in the whole related to the company only to family owner as shareholder. However, this is not in line with research conducted by Al-saidi and Al-shammari (2015) who argue that family ownership effects on company performance.

The Effect of Ownership Concentration on Company Performance

Dealing with the result of testing on the third hypothesis in this study proves that the ownership concentration variable has an effect on company performance. This means that the concentration of ownership will increase the ability of shareholders to supervise management and prevent decision making that has an impact on decreasing company performance. Ownership Concentration is a shareholder who has a share ownership of more than 5% (Al-Saidi and Al-Shammari, 2015). The concentration of ownership creates majority and minority shareholders with diverse purpose and interest. The greater shareholders with a percentage of share ownership of more than 5%, then, this will have an impact on company management in carrying out operations that are more in accordance with the wishes of shareholders so that it will reduce conflict (Amalia and Matusin, 2016).

All manufacturing companies in this study have a concentration of ownership more than 5%. The more concentrated share of ownership, it causes shareholders to have the power to monitor and control the activities carried out by company management so that the performance of manufacturing companies is improved as measured by Tobin's Q. A concentrated ownership structure raises the potential for shareholders to be deeply involved in managing the company, so as to encourage decisions taken by management aim to improve performance in manufacturing companies and their shareholders. It is in line with research conducted by Berle and Means (1932), Meckling and Jensen (1976), Amalia and Matusin (2016) and Rathnayake et al. (2018) find out that ownership concentration has an effect on firm performance. The concentration of ownership plays a role in reducing agency problems by placing the shareholder in a strong position to better oversee management. However, it is not in line with research by Leech and Leahy (1991) which states that ownership concentration has no effect on company performance.

The Effect of Divident Policy on Company Performance

Dealing with the result of testing on the fourth hypothesis in this study proves that the dividend policy variable has an effect on company performance. This means that dividend policy to shareholder can effect on the decision has been taken. Dividend policy requires companies to consider how to manage profits to improve company performance. In the manufacturing companies studied, all companies have distributed dividends to shareholder. The dividend is responded by investors or shareholder because this case shows the ability of manufacturing companies to manage retained earnings properly so that management is considered that it has

improved the performance of manufacturing companies. Dividend payments can provide investor with confidence or shareholder economically.

The results of this study support the theory of Bird in the Hand, Shareholders prefer to dividends now and there is a direct relationship between dividend policy and market value. The rationale is that investors generally avoid risk and dividends have been received recently, it will carry much less risk compared to dividends received in the future. Dividend payments are recently believed to reduce the uncertainty of the investor. The results of this study are in line with research conducted by Sukendro and Pujiharjanto (2012), Resti, et al (2018) and Nuzil (2017) find out that there is an effect of dividend policy on company performance. However, it is not in line with research conducted by Kristiana (2014) which reveals that dividend policy does not affect on company performance.

CONCLUSION AND SUGGESTION

Conclusion

The results of this study find out that institutional ownership, family ownership, ownership concentration and dividend policy effect on the performance of companies in manufacturing companies listed on the Indonesia Stock Exchange during the observation period in the 2015-2017. Institutional ownership is able to affect on the company performance, it is due to the greater institutional ownership in the company manufacturing, it will provide encouragement for more optimal management in making decisions aimed to improve the company performance and provide benefits for investor and shareholder. Family ownership does not effect on the company performance, it is due to the greater of family ownership in manufacturing companies, it is considered to have little motivation or tends to convey information related to the condition of company completely only to the family owner as the shareholder.

The concentration of ownership is able to effect on the company performance, it is due to the more concentrated ownership in manufacturing companies, it will increase the ability of shareholders to supervise management so then it can prevent decision making that has an impact on decreasing company performance. Dividend policy can affect on the company performance, it is due to the decision of manufacturing companies that distributes dividend to shareholders who give a trust to investors or shareholder economically. In this regard, it shows that the ability of manufacturing companies to manage retained earning properly. The limitations in this study are:

- (1) The object of this study is Manufacturing Companies Listed on the Indonesia Stock Exchange are merely 3 years, namely 2015 - 2017.
- (2) Variables used to test company performance are merely limited to institutional ownership, family ownership, concentration of ownership and dividend policy on company performance.

Suggestion

Future studies are expected to add other variables as factors that effect on the company performance such as managerial ownership, foreign ownership, public ownership, and government ownership. Suggestions for further research:

- (1) Further research can be carried out by adding other variables that are estimated that it can be affected by company performance and expanding the scope of the population and the sample used.
- (2) The next researcher can utilize the variables other than family ownership.

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