Managerial Ownership, Investment Opportunity Set and Firm Value of the Family Companies Listed on Indonesia Stock Exchange

by Arista Hakiki

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Managerial Ownership, Investment Opportunity Set and Firm Value of the Family Companies Listed on Indonesia Stock Exchange

M Adam, Mukhtaruddin*, Arista Hakiki, Yulia Saftiana, Dewi Halimah

Faculty of Economics, Universitas Sriwijaya, Palembang Indonesia

*Corresponding Author: yuditz@yahoo.com

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Abstract: *The sole objective of this research study is to determine the effect of managerial ownership (MO) and investment opportunity set (IOS) on a firm's value (FV). The data used in carrying out this research was obtained from a list of family's companies listed on the Indonesia Stock Exchange (DX) for 2008-2016. 15 companies were drawn from the sample using the purposive sampling method. The method of analysis used in analyzing the data obtained is the multiple regression analysis. The results of this study revealed that managerial ownership (MO) has no effect on firm's value (FV) while investment opportunity set (IOS) has significantly effect on firm's value (FV). The limitation of this is research is only 15 companies and no definite to a particular sector. Future studies are expected use an increased sample and research on family's companies in a particular sector.*

Keywords: Managerial Ownership, Investment Opportunity Set, and Firm's Value

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1. Introduction

Background of Study

The main purpose of most companies, especially for the business-oriented companies is to optimize the value of their company. The increasing company value is what is expected by its shareholders. This is because it increases their prosperity. A decrease in FV could be caused by manager's apathy in making decision making in order to increase the shareholder profits (Hidayah, 2015).

The share ownership by family members in various countries is often found in a company. This statement is further proved following a research conducted by La Porta et al. (1999). According to this research, 68% of public companies in 27 countries are family owned companies. In addition, Shyu (2011) found that among the 2,980 public companies in East Asia, more than 50% were companies with family ownership held in the range of 10%.

The company's share ownership in Indonesia is still dominated by families. Family owned companies have a tendency of staying in business for generations. This tendency encourages family companies to have a long-term perspective and a strong commitment to producing better returns. Family companies that are likely to continue in the company business would prefer a non-risky investment. This builds a good corporate reputation in the eyes of investors (Kusumawati&Juniarti, 2014). The company's good reputation will increase its value (Sujoko&Soebiantoro, 2007).

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There are lots advantages as well as disadvantages associated with family companies performance in achieving the company's goals. Its disadvantage is the emotional connection created within the corporate management environment due to family relationships. The deep emotional relationships might lead to problems and nepotism (Kusumawati&Juniarti, 2014). In addition, with the family ownership, there is a high tendency that companies will employ people close to the family and who do not have enough competence, thereby, negatively affecting the value and production of the company. On the other hands, the advantage associated with family ownership is the dominance of ownership by the family which reduces agency disputes.

Based on the discussion above, the researcher chose a family company case study found on the IDX list, listed for 2008-2016. The family company was chosen by the researcher because they experienced rapid growth, and also as a result of its significant growth on the increasing Indonesian economy. From the data obtained from the IDX official website, there are currently 321 family companies from 558 companies listed on the IDX. This number certainly explains that almost all companies in Indonesia are family owned companies.

The agency theory states that family owned companies, is run based on the contract of several shareholders and managers. This is usually the case when there is a conflict of interest between shareholders and managers, especially in determining the FV (Jensen&Meckling, 1976). The founder of the company could also be a board of directors or commissioner. Furthermore, the conflicts within the company could occur between the managers and the owners and also between the majority and minority shareholders (Wiranata&Nugrahanti, 2013). In the situations where there is a high conflict of interest as is the case with developing countries in general, a supervisory mechanism which is not only able to minimize conflicts of interest but also requires an efficient mechanism is needed.

The managerial ownership could become the only mechanism needed to reduce the agency problems by aligning the interests of managers and the shareholders (Jensen&Meckling, 1976). The managerial share ownership is the proportion of the ordinary shares held by management. Siallagan&Machfoedz (2006) states that the greater the percentage of ownership management in a company, the more will the management tend to try to improve its performance for the benefit of her shareholders and for its own interests thereby ultimately increasing the value of the company.

Several researchers who examined the managerial ownership and its influence on company value obtained inconsistent results. These include Wida&Suartana (2014) who stated that the managerial ownership has a negative and insignificant effect on the firm value; Rizqia et. al (2013) who found that the managerial ownership significantly affected Tobin's Q positively. The difference between this present study and the previous research conducted by Wida&Suartana (2014) is in terms of the research objects and independent variables used. The research conducted by Wida&Suartana (2014) and Rizqia et.al (2013) examined the manufacturing companies listed on IDX, while this study selected objects of family companies listed on the Indonesia Stock Exchange. Similarly, the research of Wida&Suartana (2014) used the independent variables of constitutional ownership while this study used the IOS independent variables.

Another indicator that could be used to assess a company is the investment decisions. The investment spending could provide a positive perspective about the company's growth in the future which could increase the price of shares (Syardiana et.al, 2015). Conducting the investment activities is the most difficult decision for company managements as it is likely to affect the value of the company. According to Abukosim et al, (2014), when a company lacks control by reducing the number of investors, it makes it easier to control the activities of the company (). The purpose of making an investment decision is to get a large profit not minding the risks involved with the hope of optimizing the value of the company (Afzal&Rohman, 2012).

The investment done by a company aims at making huge profits in the future. The investment decision is usually over a long period of time and with it's a long-term risk, therefore, it should be well considered. A wrong forecast or decision will result in losses for the company. In this study, the investment policy is measured using the IOS.

IOS is a choice for the future investment opportunities that could affect the growth of company assets or project. It plays a very important role for companies because IOS is an investment decision in the form of a combination of assets (assets in place) and investment options for the future. The IOS of a company could also affect the company's managers, owners, investors and creditors think towards the company. Companies with high growth opportunities are considered to be able to generate the high returns (Syardiana et al. 2015). Debby et al. (2014) stated that the value of a company is perceived by investors on the level of success of a company associated with stock prices. The higher the stock's price will lead of the higher its value.

The research on the influence of IOS on the corporate value has been widely carried out. It includes the research carried out by Syardiana et al. (2015) which proves that IOS has a positive effect on every firm's value. In addition, a research of Bemby et al. (2017) also proves that IOS has a positive effect on firm value. There is a significant difference between Syardiana et al. (2015) research study and this present study. The significant difference is in terms of the objective of the research and the time frame. While the study carried out by Syardiana et al. (2015) examines the manufacturing companies listed on the IDX, this study selecting its objects from family companies listed on the IDX. Furthermore, the time frame of the research of Syardiana et al. (2015) was 3 years (2012 to 2014), while this study made use of a 9 years' timeframe (2008 to 2016). Furthermore, the difference between this research and Bemby et al. (2017) research is in the measurement of IOS. Bemby et al. (2017) is measuring of IOS using MBVA, but in this study, using MBVE.

2. Literary Review

Agency Theory

In the business development, the company's owner is faced with the inconsistencies and problems related to the management of the company. The owner finds it difficult managing the business development section of the company and hence delegates the role to a second party (Nugrahanti&Wiranata, 2013). The agency relations occur when one or more principals hire individuals or other organizations known as agents, to carry out a number of services and delegate the act of making decisions on the agent. In the corporate context, the problem faced by investors is the difficulty in ensuring that their funds are not misused by the company management for frivolities.

Most times the cause of the conflict between the manager and shareholders includes in making decisions related to fund seeking activities and how it is invested. It is the

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responsibility of the company's owner to control the agency conflict to avoid problems that interferes with the company's progress in future. The developing agency theory refers to the fulfillment of the main objectives of financial management, to maximize the shareholder's wealth (Septriani&Ahmad, 2008).

In a family company, there is a tendency to employ the family members as a company agent. However, this could trigger conflict within the company. Most times the owner believes that a family member's involvement in the affairs of the company will be altruistic. It is because of the obligation of the family relationship which ties up the moral in various cultures (Chrisman et al. 2004). Based on the existing theories (Sculze et al. 2001, 2003), Chrisman et al. (2004) stated that the family relationships in family companies can create a unique agency problem. It could underlie the conflicts that commonly occur in family companies such as conflict as a result of the differences in ideas between the company founders as principals and younger generation as agents.

Family Company

Family companies are the companies that involve the family members directly in ownership, position or functions. La Porta et al. (1998) beams that family ownership is the ownership of an individual of a closed company share above 5%. The company involved isn't a public company, state, or a financial institution. The ownership structures concentrated on family usually could easily be seen from the presence of family members who have the company's top management position. Furthermore, the transfer of experience and knowledge usually occurs from generation to generation. If the next generation grows and has been in the company for a long time, it will create a trusting relationship with employees and a long-term oriented relationship with suppliers and other external parties. Andres (2008) stated that the family companies could create the trust and loyalty of the employee, thereby reducing the cost of recruitment and employee turnover in the company.

Companies which concentrated in family ownership have a tendency to continue the company in the next and subsequent generations. It encourages the company to have a long-term perspective and strong commitment to generate better profits. A family company is a company whose ownership structure is continuously focused on a family, so that the company is run and managed by that family (Gunawan&Juniarti, 2014).

The ownership structure in Indonesia is different consists of features different to other countries. Most companies in Indonesia have a concentrated tendency and are owned by families. Therefore, the founder could also play the role of board of directors or commissioners. In addition to this, agency conflicts could occur between managers and owners and also between the majority and minority shareholders. The level of family ownership shows the level of the ability of the family to determine the composition of the board of directors at a general meeting of shareholders (Hartini, 2011). The number of shares owned by the family shows the number of the family voting rights in the GMS which can affect the selection process of the board of directors.

Managerial Ownership (MO)

The managerial ownership (MO) is the ownership of the largest shareholder of the company management measured by the percentage of shares owned by the management. The managerial party is defined as the party in charge of the company. In the company's financial statements, the managerial ownership is indicated by the percentage of the company's share

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of ownership. The information of the share of ownership is disclosed in the notes on the financial statements (Hidayah, 2015).

Through managerial ownership, the policies and decisions of a company tend to differ from the laid town rules of the companies. When there is no managerial ownership in a company, the shareholders will tend to align their interests as both managers and shareholders. This will totally be different in such a way that it will seem like the manager is total different from the shareholder. The manager would only be concerned and interested with managerial duties. The managerial share ownership will help unify the interests between the managers and shareholders. Therefore, managers will directly benefit from the profits based on their decisions and also bear the loses associated with making wrong decisions (Hidayah, 2015).

Investment Opportunity Set (IOS)
Myers (1977) beamed that investment opportunities are a combination of assets owned by a company with investment choices and the use of positive current value or NPV (Net Present Value). The company's value component which is the result obtained from making choices used for future investments is IOS. Companies with a high IOS tend to positively attract more investors because they have more prospects for future profits. This will increase the value of the company as more investors are interested in investing to obtain a more significant return in the future. Myers (1977) further beams that company policy is a combination of real asset value (asset in place) policies and future investment choices. The investment choices are an opportunity to be developed, though the companies might end up not carrying out all investment opportunities in the future. Companies that could not use the investment opportunity will experience a higher expenditure compared to the value of the opportunity lost. In general, it could be said that the IOS describes the extent of opportunities or investment opportunities for a company. However, it is very dependent on the company's future expenditure choices. This happens to be one of the numerous reasons why IOS is not observable leading to the need for a proxy needs to be selected. Proxies that could be used are (1) price-based IOS proxy, (2) investment-based IOS proxy, and (3) variant-based IOS proxy.

Firm Value
Firm value can be defined as the selling value of a company in the capital market. It is a form of maximizing the company's goals through increasing its shareholders prosperity. Maximizing the shareholder prosperity is maximizing the present value of expected shareholder profits in investment. The present value is the expected future benefits by shareholders. The shareholder prosperity increases if the share price increases. The value of the company is one of the benchmarks investors use in investing in the company, which is associated with the stock prices (Gwenda & Juniarti, 2013).

Hidayah (2015) stated that there are several concepts that can be used to explain a firm's value. These are nominal value, intrinsic value, liquidation value, book value and market value. The nominal value is the value that is formally stated in the company's association articles or journals. The market value is the price obtained from the bargaining process on the stock market. Book value is the company's value which is calculated on the basis of accounting concepts. Liquidation value is the selling value of all company assets after deducting all expenses. The concept used to determine the firm value is known as an intrinsic concept. The firm value in the concept of intrinsic is not just the price of a set of asset values, but the value of the company as a business entity that has the ability to generate profits in the future. The firm value in the concept of intrinsic value refers to the estimated real value of a company.

The main objective of any company is to increase its value by increasing the prosperity of its owners or shareholders (Gwenda&Juniarti, 2013, Almikyala&Andayani, 2017). The financial ratios are used by investors to find out the market value of the company. Several ratios are used to measure the company's market value one of which is Tobin's Q. Sukamulja (2004) said that this ratio is considered one of the best techniques used to provide the best information, because it comprises of all elements of debt and share capital of the company. It is not only made up of ordinary shares and company equity all company assets. Tobin’s Q is a measurement tool considered to be more accurate for measuring a firms’ value. Sudiyatno&Puspitasari (2010) beamed that Tobin's Q is an indicator to measure company performance related to company value.

By entering all company assets, it means that the company is not only focused on one type of investor, but also focused on investors for creditors. It is because the company's operational financing sources are not only from its equity but also from the loans provided by creditors. If the Tobin's Q ratio is greater than 1, it indicates that the investment in assets yields profit that gives a higher value than investment expenditure. This will stimulate the new investment. However, if Tobin's Q ratios or value is below 1, it means that investing in the company’s assets is not attractive. Therefore, if the value of Tobin’s Q is greater than 1 the, it means that the company has a good growth prospect. It could happen because the market value is greater than the book value of the company's assets, and the greater the urge for investors to make more sacrifices to own the company.

Hypothesis Development

The Influence of Managerial Ownership (MO) on Form Value (FV)

The portion of shares owned by the managerial sector of the company will influence the company's policy to fulfill the company's goal of gaining profit for the shareholders' prosperity. Therefore, the manager should be able to avoid taking risks that could lead to the shareholders incredibility. Mukhtaruddin et al (2014) stated that managerial ownership has a significant positive effect on firm value. The first hypothesis proposed is:

H1 Managerial ownership has a positive effect on the firm value.

The Effect of Investment Opportunity Set (IOS) on Firm Value (FV)

IOS provides a broader clue where the value of the company depends on the company's future expenses. Therefore, the company prospects could be estimated from IOS. IOS is defined as a combination of the current assets and investment choices to be made in future with a positive net present value. Hence, the relationship between IOS and firm value could be formulated through the second hypothesis, namely:

H2: Investment Opportunity Set (IOS) has a positive effect on Firm Value.

3. Research Methodology

Population and Sample

The population in this study was obtained from all 321 family companies listed on IDX for 2008-2016. The samples of this research study were 15 family companies listed on IDX for 2008-2016. The research sample was obtained using purposive sampling method which was based on several criteria, namely (1) family companies listed on IDX in the period 2008-2016

(2) family companies excluding banks and other non-bank financial institutions; (3) family companies that disclose audited financial statements for the period 2008-2016; (4) family companies with positive equity; this is to avoid bias in calculating the ratio; (5) a family company that provides information on the variables used.

Definition of Operational Variable and Variable Measurement

The Firm Value

In this study, the firm value which denotes the dependent variable referred to as Y. It is measured using Tobin's Q as stated by Wida& Suartana in their 2014 research formula:

Q = (MVE + D) / (BVE + D)

Where:

Q = Tobin's Q, MVE = Market Value of Equity, BVE = Book Value of Equity, D = Book Value of Debt

Managerial Ownership (MO)

The Independent Variable (X1) in this study is MO. MO is described as the ownership of shares by the company management which is measured by the percentage of ownership by management (Darwis, 2009, Mukhtaruddin et. al, 2014). In companies with managerial ownership, the shareholders tend to align their interests as managers and shareholders. This will be different if the manager is not the shareholder. The manager would only be concerned with his interests as a manager. MO will help unify the interests between managers and shareholders. Therefore, the managers would directly feel the benefits and also bear the losses as a consequence of wrong decisions (Hidayah, 2015).

Investment Opportunity Set (IOS)

The independent variable X2 used in this study is IOS. In this study, IOS was measured using a stock market value indicator (Syardiana et al, 2015). The stock market value indicator used MVBVE proxies, as follows:

MVBVE = (Number of Stock Circulating x (closing price)/Total equity

Data Analysis Technique

Multiple Linear Analysis Test

The multiple linear regression analysis is performed to predict the relationship between the dependent and independent variables. It is as follows:

FV = a + b1FO + b2IOS + e

t Statistics Test

The t test or partial test is used to show the level of distance an independent could go in explaining the variation of the dependent variable independently. The t test could also be seen from the test of the t significance of each variable in the output of the regression results. If the significance value is greater than α, then the hypothesis is rejected. On the contrary, if the significance value is smaller than α, then the hypothesis could be accepted.

F Statistics Test

F test also known as simultaneous test is carried out to examine the significance of the influence of all independent variables on the independent variable. F test could also be done by looking at the significant value of F in the regression output. If the significance value is greater than α, then the hypothesis is rejected. It therefore, means that the regression model is not fit. However, if the significance value is smaller than α, then the hypothesis is accepted. It means that the regression model is fit.

The Determination Coefficient Test (R2)

The determination coefficient test aims at measuring the models ability in explaining the variation of the dependent variable. Its value is between 0 and 1. If the R2 value approaches 1, then it could be said that the independent variable in the regression model explains the variation of the dependent variable. Conversely, if R2 is close to zero, then the weaker variations of the independent variables explain the variation of independent variables (Ghozali, 2013).

4. Finding and Discussion

Test Result

The hypotheses of this study are tested using multiple regression analysis. The regression test is used to measure the strength and the direction of the relationship between the independent and dependent variable. It is done using the multiple regression analysis method in a bid to determine the effect between the dependent and independent variables.
The hypotheses of this study were examined using three tests, namely the significance test of individual parameters, the simultaneous significance test and the determination coefficient test (R^2).

t Statistical Test

The t statistical test is used to individually determine the effect of one independent variable and in explaining the variation of the dependent variable. The results of the t statistical test are as follows:

Table 1: t Statistical Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,546	0,030		18,413	0,000
	MO	-0,004	0,004	-0,028	-1,161	0,248
	IOS	0,452	0,012	0,958	39,281	0,000

a. Dependent Variable: FV
Source: Data Processing, 2018

According to table 1, then the regression equation obtained is:

$$FV = 0{,}546 - 0{,}004MO + 0{,}452IOS$$

The results obtained from the t statistical tests showed that MO has not significant affected on FV (0.248> 0.05) while IOS the effect of IOS has significant effected on FV (0.000 <0.05). The direction of the effect of MO is negative on FV. Increasing of MO will lead the decreasing of FV. IOS is positive on FV. The increasing of IOS will lead the increasing of FV.

F Statistical Test

F statistic test is used to examine the effect of all independent variables simultaneously on the dependent variable. If the profitability value of significance is less than 0.005, then the independent variables together affect the dependent variable.

Table 2: F Statistical Test Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57,646	2	28,823	779,224	,000[b]
	Residual	4,883	132	,037		
	Total	62,528	134			

a. Dependent Variable: FV
b. Predictors: (Constant), IOS, MO
Source: Data Processing, 2018

Based on table 2, the calculated F value is 779,224 with a significant profitability of 0,000. Owing to the fact that the profitability of significance is less than 0.05, the regression model could be used to predict the firm value (NP). Therefore, it could be said that the independent variables, namely managerial ownership and IOS together influence the firm value (FV).

Determination Coefficient Test

The determination coefficient test is used to measure the distance used in the model's ability to explain the variation of the dependent variable. The coefficient of determination is between 0 and 1. An insignificant R2 value less than 1, means that the ability of independent variables to explain the dependent variable is very limited. While a value close to 1 means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

Table 3: Determination Coefficient Test Result (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,960[a]	,922	,921	,19233	2,152

a. Predictors: (Constant), IOS, MO
b. Dependent Variable: FV
Source: Data Processing, 2018

From the test results of the determination coefficient in table 3, it can be deduced that the coefficient of determination (R Square) is 0.922 (the value of 0.922 is the square of the correlation coefficient is 0.960. The magnitude of the coefficient of determination 0.922 is equal to 92.2%. This result showed that MO and IOS have affected on FV as 92.2%. Meanwhile the rest (100% - 92.2% = 7.8%) is influenced by other variables outside this regression model.

Discussion of Research Results

Managerial Ownership has effect on the Firm Value

The managerial ownership in this study is assumed to have a positive effect on the firm value. Based on the results obtained from the t test, which gave us a regression coefficient value of -0.028 and a significance value of 0.248 (0.248>0.05), it could be concluded that managerial ownership does not significantly influence the firm value. Furthermore, the negative regression coefficient shows that the greater MO, the lower the company's value and vice versa. Therefore, the changes in managerial ownership will affect the company's value by 0.028. This, therefore, means that the higher the proportion of MO, the lower the market value. This decline in market value is as the result of the egocentric attitudes of MO. Therefore, it be concluded that the level of MO will not affect the public opinion about the FV.

From the results obtained above, it can be deduced that H1 was rejected. The rejection of this hypothesis might be due to the limited share of MO. From a total of 15 sample companies obtained, only 7 companies (47%) have MO with an average ownership of 3.74%. The limited share ownership by the management in the family company makes the manager's performance in managing the company less optimal. The manager as a minority shareholder has not also been able to actively participate in the decision making process of the company. Therefore, it does not affect the firm value. Having a manager over the company as a shareholder is not enough to make a difference in performance achievement compared to having a paid professional manager (Christiawan&Tarigan, 2007).

This research is in line with Dian&Lidyah (2013) research studies which states that the higher the managerial ownership of a company the higher the increase in value of the company. It also shows that the smaller the investors influence on the company, the lower the value of the company. A high of MO, it is possible to increase management to commit fraud.

On the other hands, this research is contrary to Abukosim et. al (2014) stated that the proportion of managers and shareholders will influence a company's policy meaning that both interests will unite to increase the shareholder value. This result is different possibly because there are several things that differentiate it from this study. It is where this research focuses on family companies which basically held the MO by the owner as the shareholder. Therefore, it could lead to the existence of management actions in a family company which is not carrying out a purpose for mutual benefit. In this study showed that MO in Indonesia is still low so it does not effect on FV. Thus MO cannot yet be a benchmark in its influence on the firm value.

Investment Opportunity Set has effect on the Firm Value

The IOS in this research study is assumed to have a positive effect on FV. Based on the t test analysis which resulted to a regression coefficient of 0.958, a significance value of 0.248 and with a significance value greater than 0.05 (0.248> 0.05), it could be concluded that the IOS proxy obtained by MBVE has a positive and significant effect on FV. The regression coefficient value in this study is positive which indicates that a decline in the IOS level will reduce the FV, and vice versa. Therefore, the change in IOS will affect the company value of 0.958 thereby meaning that companies with the habit of investing a lot tend to be able to manage their capital properly. The more the company could manage its capital properly, the more the opportunity it has to grow. They could attract investors and make them to provide funds for the company. This indicates that companies with higher market value are considered good by investors because they could provide good returns through high stock prices. For that reason, H2 is accepted.

This research is in line with Hidayah (2015) research study which stated that the ratio of MBVE could reflect the existence of IOS for a company. The results of his study concluded that the IOS proxy provided by the MBVE has a significant effect on FV. The higher the MBVE ratio will increase of FV.

Using this analysis, it can be said that a family company has the tendency to continue being in existence till the next generation. This trend encourages the company to have a long-term perspective and strong commitment to generate better profit for the company. By investing, the family companies could continue to grow, and develop. This IOS could help in making investment decisions. In this study, IOS experienced a large influence on the value of the company/firm value in the family company. The ratio of MVBVE could reflect an investment opportunity for a company. It also could reduce the errors in forecasting which could lead to the company loss.

5. Conclusion and Remark

Conclusion

This study aims at examining the effect of MO and IOS on firm value. This research was conducted on family owned companies listed on IDX for 2008 - 2016. Based on the tests result obtained and analysis made, it could be concluded that MO has no effect on FV. The results showed that MO has not been able to increase values to family companies. Meanwhile, the IOS has a significant positive effect on FV. It shows that the investment made by the company produces a positive NPV therefore; it could increase the FV of a family company.

Limitations and Implications

There are several limitations associated with the present research. There are: (1) the number of samples used was relatively small, it is only of 15 companies from 311 family companies in Indonesia. This was owing to the difficulties in obtaining annual report data that are in accordance with the variables in this study. With regards to this, further research is expected to increase the number of samples. (2) The sample used is a family company listed on the IDX for 2008-2016 without specifying the sector used, thereby, making this study to make use of family companies in all sectors. It is expected that further research would specify the sample of each sector of the company. (3) Only two variables were used to examine the influence of family company values in this study, namely MO and IOS. It is expected that further research would add other variables, such as capital structure, institutional ownership or others.

The limitations associated with this study resulted to the following implications: (1) for investors and potential investors, it is advisable to pay attention to IOS which has a positive and significant effect on seeing the value of the company, (2) based on research results, a high investment opportunity set will increase the value of the company; companies should increase IOS to increase the value of the company, and (3) for further research, several variables are expected to be added to see the value of the company. The use of purposive sampling in carrying out the research sample, led to the use of only 15 companies for 2008-2016. This number is very little compared to the total number of companies listed on the IDX. For further research, it is recommended that more attention be paid to the criteria used.

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