THE EFFECT OF INTELLECTUAL CAPITAL, INSTITUTIONAL OWNERSHIP AND MANAGERIAL OWNERSHIP ON COMPANY’S PERFORMANCE

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Abstract
The purpose of this study is to examine the effect of intellectual capital, institutional ownership and managerial ownership on company’s performance. The population of this study are the companies listed in the LQ-45 index company during the period of 2015-2017. The independent variables in this study are intellectual capital with proxies (human capital, process capital), institutional ownership and managerial ownership and the dependent variable is company’s performance. The sampling technique used was purposive sampling which result for 33 companies. The analytical method used was multiple linear regression. The result of the study showed that process capital, institutional ownership and managerial ownership have a positive effect on the company’s performance while human capital has no effect on the company’s performance. The suggestion for further research is add another variable or indicator for further research.

Keywords: Intellectual Capital, Human Capital, Process Capital, Institutional Ownership, Managerial Ownership, Company Performance

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INTRODUCTION
The number of innovative that companies in the industry will increase competitive economic conditions. This situation requires every company should further improve their performance in order to survive in the industrial world. Company’s financial statement can be an indicator to show the performance of the company. The right analysis is needed in these financial statements to evaluate the financial position and results of the company's
operations in the present and the past. The main goal of analysis is to determine the most probable estimation and predictions on the condition and performance of the company in the future.

Higher demand of company performance always increase. This situation can cause a conflict in the company. This can be explained through agency theory. According to Jensen & Meckling (1976), the agency of conflict arises due to the separation between ownership and control of the company. This theory explained how the parties involved in the company, namely managers, shareholders and creditors will behave, because they have different interests.

Some approaches are used in the assessment and measurement of company performance. One of which is the intellectual capital. In today’s economy, intellectual capital has become a crucial resource for an organization. Companies are encouraged to put more effort and attention on their intellectual capital. According to JR & SR (2000), Intellectual capital is knowledge that can be converted into profit. The concern of Intellectual capital is not only the knowledge and skills of employees, but also includes the infrastructure of the company, relations with customers, information systems, technology, the ability to innovate, and be creativeness. The implementation of intellectual capital in Indonesia includes Human Capital and Process Capital. Intellectual capital includes human capital and process capital have become a new important resources in today’s economy replacing physical and financial capitals. Human Capital plays an important role in creating added value for the company. Traditionally for increased productivity, companies argue that employees can only reduce the output produced, so that it can reduce productivity. Meanwhile, Process Capital in practice includes practical knowledge of employee operations, techniques and programs in an effort to expand and improve manufacturing efficiency or the delivery of products and services for long-term value (Scafarto, Ricci, & Scafarto, 2016).

Company’s performance is also influenced by several other factors, including concentrated or not concentrated ownership, earnings manipulation, and disclosure of financial statements. The involvement of institutional and managerial share ownership will make managers motivated to improve their performance in managing the company and to careful in making decisions. Nurainina (2012) and Nilayanti & Suaryana (2019) state that there is an influence between institutional ownership on company performance.

According to Utami (2018), human capital affect the firm’s value, because the company has the best employees. The higher cost of employees issued by the company will increase the value added which will impact on the increase of the firm value. This is in line with the research of Herman & Subowo (2016) which states that intellectual capital has positive effect on the corporate performance. In contrast to the study, Rahayu & Ramadhanti (2019) states that intellectual capital has no effect on the company’s performance. This is in line with the research of Tarigan & Semuel (2014) which states human capital was found to have no correlation towards financial performance.

Several previous studies on the influence of institutional and managerial ownership have already been examined, but the results obtained differ. Afrifa & Padachi (2016) states that managerial ownership and institutional ownership have no influence on company performance. Meanwhile, according to Aziza, Wahono, & Salim (2017) institutional ownership and managerial ownership have a significant influence on company’s
performance. This is in line with the research of Aprianingsih & Yushita (2016) which states that managerial and institutional ownership have a negative and significant influence on company’s performance.

For the reference of previous research, the researcher will limit the research variables, namely intellectual capital, institutional ownership, and managerial ownership to company performance. The author choose these variables because there are contradictory results in previous studies. The sample used in this study is a manufacturing company listed on the Indonesia Stock Exchange and the sample year used is 2015 to 2017.

The aim of this study is to analyze and find empirical evidence of the influence of intellectual capital, institutional ownership and managerial ownership on company’s performance. This research is useful to provide input for companies that implement intellectual capital in making decisions to improve performance of the company and to understand the mechanism of corporate ownership.

**LITERATURE REVIEW**

**Agency Theory**

Agency theory described that the relationship arises when one or more persons (the principal) employ another person (the agent) to provide a service and then delegate decision-making authority to the agent (Jensen & Meckling, 1976). Agency theory suggests the relationship between the principal (owner) and the agent (manager) in terms of management of the company, where the principal is an entity that delegates authority to manage the company to the agent (management). Agency theory tries to explain how differences in behavior of the parties involved in the company because basically they have different interests (Rudyawan & Badera, 2009).

Agency theory may also explains the phenomenon of agency problems in Indonesia. The ownership structure in accordance with agency theory that the problem that causes a company's performance to decrease is an unfavorable relationship between shareholders and managers. When the relationship between shareholders and managers can be controlled, the company’s performance can improve.

**Company performance**

Company’s performance is the result of many individual decisions that are made continuously by management. Therefore, to assess the company's performance, it is necessary to involve an analysis of the cumulative and economic financial effects of the decision, and consider using a cumulative measure.

According to Irham (2011) company performance is an analysis carried out to see the extent to which a company has carried out using the rules of financial implementation properly and correctly. Financial performance is to assess the financial condition and achievements of a company, analysis requires a number of benchmarks used are ratios and indices, which connect two financial data between one another (Sawir, 2005).

**Intellectual Capital**

The initial intellectual capital development was explained by Ulum (2009) that intellectual capital a material that has been compiled, captured, and used to produce higher
asset values. Klein and Prusak stated what later became the standard for defining intellectual capital, which was then popularized by (Stewart, 1997). Stewart in Khidmat & Rehman (2014) defines intellectual capital as a knowledge and information that creates value added efficiency to generate corporate wealth. Pulic in Khidmat & Rehman (2014) concluded that intellectual capital is the ability of employees to create efficient value added.

In the classification of intellectual capital elements there are still many differences according to some researchers, but the view is that intellectual capital consists of three forms namely Human Capital (HC), Relational Capital, and Structure Capital which can be divided into Innovation Capital and Process Capital (Wang & Chang, 2005). According to Bontis et al., HC simply reflects individual knowledge stock of an organization represented by its employees.

**Human Capital (HC)**

Human Capital is a combination of knowledge, expertise, and capabilities possessed by employees in the company that can be used in completing their tasks. Human Capital is also a value, culture, philosophy and Human Capital also reflects the intellectual ability of an employee. Human Capital also reflects the company’s collective ability to produce the best solutions that are based on the experience possessed by people in the company (Widiatmoko, 2015).

Human Capital can be defined as a combination of investment values given by the company in the form of training and increasing employee competencies. According to Bontis (2010) states that Human Capital includes the collective knowledge, creativity, and inspiration of a person within an organization. Human Capital included in it is an employee can produce his own intellectual value through existing competencies, attitudes, and through intellectual intelligence possessed. Human Capital is a very important element in Intellectual Capital because it can be the main source of all innovation and renewal of company strategies. The sustainability of the company will not continue without Human Capital, as it Human Capital lies the sources of innovation and broad insights.

**Process Capital (PrC)**

Process Capital in practice includes practical knowledge about employee operations, techniques and programs in an effort to expand and improve manufacturing efficiency or the delivery of products and services for long-term value (Scafarto et al., 2016). Process Capital is a value for companies that comes from techniques, procedures, and programs that are implemented to improve the creation of goods and services. Process Capital is a procedure, system and technique adopted by an organization of quality and efficient operational processes. The quality of internal processes is an important indicator in assessing business seen by investors (Mavrinac and Siesfeld, 1998).

In connection with the dynamics of industry and technology, the development of Process Capital develops and interacts with environmental changes (Shang and Lin, 2010). Organizations must invest in information technology and organizations must change programs to build Process Capital to achieve business excellence that can be measured through customer satisfaction. Process Capital is very important for strategy development and implementation in a company.
Institutional Ownership

Institutional ownership is the ownership of a company that is majority owned by institutions and institutions (insurance companies, banks, investment companies, asset management, and ownership of other institutions). Institutional ownership has significance in monitoring especially monitoring actions. The existence of institutional ownership will encourage more optimal supervision. According to Dewi (2008), institutional ownership is the largest shareholder and is a means to monitor management.

Brous and Kini (1994) state that the tight supervision carried out by institutional investors is very dependent on the amount of capital invested. Bathala et al. (1994) also found that institutional ownership replaced managerial ownership in controlling the agency cost. The greater the capital invested by institutional investors will encourage them to oversee management and consequently will optimize the performance of the company so that the value of the company will also increase.

The influence of institutional investors on company management can be very important because it aligns the interests between management and shareholders. Pujiningsih (2011), states that in relation to monitor functions, institutional investors are believed to have the ability to monitor management actions better than individual investors.

Managerial ownership

Managerial ownership is the ownership in which manager owns the company's shares or in other words the manager of the company at the same time with the shareholders both own the company's shares. Managerial share ownership in a company can be seen as a way to harmonize the potential differences of interests between shareholders outside of management, so that agency problems can be assumed to be lost if a manager also participates as an owner (Jensen & Meckling, 1976). An increase in managerial ownership will make management wealth personally, increasingly tied to the wealth of the company so that management will try to reduce the risk of losing wealth. High managerial ownership results in low dividends paid to shareholders. This is due to the financing made by the management of the value of the investment in the future derived from internal costs (Rustiarini, 2011).

CONCEPTUAL FRAMEWORK

The purpose of this study to determine the effect of human capital, process capital, institutional ownership and managerial ownership on company performance. This conceptual framework picture aims to facilitate research in explaining the influence of each variable.

Based on the background and theoretical foundation that has been explained, the conceptual framework in this study can be described as follows:
Hypothesis Development

**Human Capital on Company performance**

Every organization needs knowledgeable individuals, with good skills in problem solving and the ability to make effective decisions, human capital is considered a competitive strategic source for sustainable benefits in today's rapidly changing environment (Wang & Chang, 2005). In line with resource-based theory, the company says that a company is a collection of resources, one of which is human capital, which is the most important element in the company. Human Capital is the most important aspect of Intellectual Capital, and companies that have realized the importance and investment of their employees tend to enjoy better operational performance (Wang & Chang, 2005). Olander et al. (2015) in Scafarto et al., (2016) that companies must really take care of employees who are the key to the company's success, because the departure of key employees can result in the loss of the company's intellectual ability and knowledge leakage, thus creating a risk for the company. Based on the description above, the first hypothesis that can be explained is:

H1: Human Capital has a positive effect on Company performance

**Process Capital on Company performance**

Process Capital focuses more on techniques or procedures carried out by employees to improve quality in creating products or services. Process Capital is more directed at customer satisfaction and improving customer relations (Wang & Chang, 2005). Good satisfaction for customers comes from process improvements that result in improved quality, cycle time, delivery time, delivery, and introduction of new products (Kaplan and Norton, 1992). Based on the explanation above, the next hypothesis in this study are:

H2: Process Capital has a positive effect on Company performance

**Institutional Ownership on Company performance**

Jensen & Meckling (1976) states that institutional ownership has an important role in minimizing agency conflicts that occur between shareholders and managers. With the presence of institutional investors can optimize management performance that affects the
profitability of the company because every decision that will be taken by the management will always be monitored. With institutional ownership in insurance companies, banks, investment companies, and ownership by other institutions, it will encourage an increase in more optimal supervision of the performance of managers (Listyani, 2003). The greater the institutional ownership, the more efficient the utilization of the company's assets and with effective supervision by the institution on the company, it is expected to act as a prevention of waste carried out by management that can harm shareholders.

Shleifer and Vishny (1999) suggest that institutional ownership has incentives to monitor corporate decision making. This will have a positive effect on the company, both in terms of increasing company value and improving business performance. Institutional ownership can be seen from the high percentage of company-owned shares. The meaning of institutions is in the form of NGOs, insurance companies, banks, investment companies and private companies.

H3: Institutional ownership has a positive effect on company performance

Managerial Ownership on Company performance

According to Haruman (2008), differences in interests between management and shareholders result in management behaving fraudulently so as to harm shareholders. Therefore a control mechanism is needed that can align the differences of interests between management and shareholders so that management is motivated to increase the value of the company. This potential conflict of interest has caused the importance of an applied mechanism that is useful for protecting the interests of shareholders (Jensen & Meckling, 1976). One way to reduce this conflict is by increasing management ownership so that in making management decisions it can be more aligned to achieve good corporate performance.

Cruthley & Hansen (1989) and Bathala et al (1994) state that share ownership by managers will encourage the unification of interests between principals and agents so that managers act in accordance with the wishes of shareholders and can improve company performance. Managerial share ownership will encourage managers to be careful in making decisions because they share directly the benefits of the decisions taken and share the losses as a consequence of wrong decision making (Listyani, 2003). Management share ownership is the proportion of ordinary shares held by management (Suranta and Midiastuty, 2004).

H4: Managerial ownership has a positive effect on company performance.

METHOD

Variables and Measurements

Dependent Variable

Dependent variable in this study is the company performance, which is proxied using ROA. The proxy of this variable is based on calculations made by several researchers, namely Bontis et al., (2000), Chen et al., (2005) and (Wang & Chang, 2005).
ROA (Return on Assets)
According to Kasmir (2012), Return on Assets (ROA), often referred to as Return on Investment, is a measure of the company's overall ability to generate profits with the total assets available within the company. ROA is able to measure a company's ability to generate profits in the past to be projected in the future. According to Brigham and Houston (2001), returns on total assets (ROA) are calculated by comparing the net income available to ordinary shareholders with total assets.

\[
\text{Return On Assets} = \frac{\text{Net Profit}}{\text{Total Assets}}
\]

The greater the value of ROA, shows the company's performance is improving too, because the return on investment is increasingly. "This value reflects the return of the company from all assets (or funding) given to the company" (Wild, Subramanyam, and Halsey, 2005: 65).

Independent Variables
Human Capital
Human Capital (HC) includes the skills, experience, productivity, knowledge and suitability of employees at work. In the VAIC model, the HC level is defined as salary and wages at the time point (Pulic, 1998). Bontis (1998) argues that HC is important because it functions as a source of innovation and strategic renewal. So that the human capital proxy is seen from the employee's burden and related. These employee and related expenses include wages and salaries, social security, pension costs, and compensation for other employees. There is a causal relationship between HC and other IC elements. HC can influence other elements positively, which these elements in turn affect performance. HC, although it is definitely needed, is not sufficient to provide superior performance, but needs to be coordinated continuously with other IC components, this way, an organization can utilize its overall intangibles (Scafarto et al., 2016), and HC can be formulated as follows:

\[
HC = \frac{\text{Labour and Related Expense}}{\text{Total Asset}}
\]

Process Capital (PrC)
PrC is a procedure, system and technique within the organization to improve quality and operational efficiency. The quality of internal processes is an important indicator of business value seen by investors (Scafarto et al., 2016). More fundamentally, improvements in PrC lead to customer satisfaction and increased customer relations (Wang & Chang, 2005). Therefore, PrC is a leading IC element, which can affect a company's business performance not only through reducing operating costs but also through improving customer performance (Cheng et al., 2010). PrC also looks at total sales in a year compared to fixed assets. For this reason, Process Capital can be formulated as follows:
Institutional Ownership (IO)  
Institutional ownership is the proportion of share ownership by institutions such as NGOs, private companies, securities companies, pension funds, insurance companies, banks and investment companies for the number of shares held by companies. Institutional share ownership is measured by using a ratio between the number of shares held by the institution to the total number of outstanding shares of the company (Ujiyantho and Pramuka, 2007).

\[
IO = \frac{\text{the number of institutional shares}}{\text{outstanding shares}} \times 100\%
\]

Managerial Ownership (MO)  
Managerial ownership is in the form of company shares that are also owned by management in the company. Research conducted by Alif (2014) uses this calculation to determine the influence of managerial ownership. The greater managerial ownership in food companies management will tend to strive to improve their performance so that the interests of shareholders and their personalities are fulfilled (Setiawan, 2015).

\[
MO = \frac{\text{the number of board of directors and commissioners}}{\text{outstanding shares}} \times 100\%
\]

Data And Sample  
The data used in this study is secondary data which is obtained from the Indonesia Stock Exchange (IDX). The study uses 99 sample firms that meet below:
2. Companies that are not included in the LQ45 list for at least 3 (three) consecutive years.
3. The company does not present financial statements in rupiah
4. Companies that publish / present complete financial and annual report data.

Data Analysis Method  
This research testing performed by multiple linear regression analysis, a method that is associated with the independent variable to dependent variable. Regression model used:

\[
CP = \alpha + \beta_1 \ HC + \beta_2 \ PrC + \beta_3 \ IO + \beta_4 \ MO + \varepsilon
\]

Where :
- CP : Company performance
- \( \alpha \) : Constants
Descriptive statistics

Table 1
Number of Company and the Study’s Sample Classification

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Companies included in the class LQ45 Indonesian Stock Exchange listing in the period 2015-2017.</td>
<td>65</td>
</tr>
<tr>
<td>2</td>
<td>Companies that are not included in the LQ45 list for at least 3 (three) consecutive years.</td>
<td>(30)</td>
</tr>
<tr>
<td>4</td>
<td>The company does not present financial statements in rupiah</td>
<td>(2)</td>
</tr>
<tr>
<td>5</td>
<td>Companies that publish / present complete financial and annual report data.</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Amount of data (33x5)</td>
<td>99</td>
</tr>
</tbody>
</table>

Descriptive statistics relate to grouping, summarizing, presenting, and interpreting data so that it is presented more informative. These data are used as the basis for decision making so that they must be summarized well and regularly. Descriptive statistics are presented by displaying descriptive statistical tables and providing an overview or description of data that is seen from the mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Ghozali, 2016).

Classical Assumption Test

The classic assumption test is a test of statistical assumptions that must be fulfilled in multiple linear regression analysis. When assumptions are fulfilled various solutions, they are made so that the assumptions can be fulfilled. In general, the classic assumption test consists of normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

Normality test

Normal test is the first step that must be done for each multivariate analysis. According to Ghozali (2016) shows that the purpose of the normality test is to test whether in the regression model, independent variables or dependent variables or both are normally distributed or not. Testing the data in this study was carried out using the Kolmogorov-Smirnov test (K-S) with the hypothesis

Ho: residual values are normally distributed
Ha: residual values are not normally distributed
The basis of decision making on one sampolmogorov-smirnov test (K-S) is carried out using testing criteria $\alpha = 0.05$ where:

- If $\text{sig} > \alpha$ means the residual is normally distributed
- If $\text{sig} < \alpha$ means it is not normally distributed

**Autocorrelation Test**

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period $t$ and the interfering errors in the $t-1$ period (before). Autocorrelation arises because sequential observations over time are related to each other. (Ghozali, 2016).

**Multicollinearity Test**

To determine the presence or absence of multicollinearity, we can calculate the value of tolerance value and VIF (Variance Inflation Factor). The multicollinearity test criteria is if the VIF value is not more than 10 and the tolerance value is not less than 0.10, it can be said to be free from multicollinearity (Gunawan, 2013: 60).

**Heteroscedasticity Test**

According to Ghozali (2013: 139) heteroscedasticity test aims to test whether in the regression model variance occurs from the residual inequality an observation to other observations. If the residual variance from one observation to another observation remains, then it is called homoskedasticity and if it is different it is called heteroscedasticity. A good regression model is that homoskedasticity or heteroscedasticity that does not occur. Tests are performed using Glacier Test, which is a regression between absolute residuals with each individual variable. Decision Making Heteroscedasticity Test, if the significant value is $> 0.05$ then there is no heteroscedasticity.

**Hypothesis Test**

**Goodness of Fit Model Test (R2)**

This test measures how far the model's ability to explain variations in the dependent variable. The value of the determinant coefficient is between 0 and 1. The small value of $R^2$ means the ability of the independent variables in explaining the variation of the dependent variable is very limited. While the value that approaches one variable means that the independent variables provide almost all the information needed to predict variations in the dependent variable (Ghozali, 2016).

**Simultaneous Significance Test (F Test)**

This is done to test whether the independent variables together have a significant effect on the dependent variable. Decision making is performed:

- If $\text{sig}$ of $F < 0.05$ $H_0$ is rejected
- If $\text{sig}$ from $F > 0.05$ $H_0$ is accepted
Individual Significance Test (t Test)
The t statistic test basically shows how far the influence of one explanatory variable
independent individually in explaining the variation of the dependent variable. The
decision will be set by:

- If sig of t count < 0.05 Ho is rejected
- If sig of t count > 0.05 Ho is accepted

RESULTS AND DISCUSSIONS

Descriptive Statistics Test

Table 2
The result of Descriptive Statistics

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP</td>
<td>99</td>
<td>0.01</td>
<td>1.20</td>
<td>0.318</td>
<td>0.289</td>
</tr>
<tr>
<td>HC</td>
<td>99</td>
<td>0.01</td>
<td>0.84</td>
<td>0.155</td>
<td>0.174</td>
</tr>
<tr>
<td>PrC</td>
<td>99</td>
<td>0.00</td>
<td>1.01</td>
<td>0.160</td>
<td>0.211</td>
</tr>
<tr>
<td>IO</td>
<td>99</td>
<td>0.00</td>
<td>0.15</td>
<td>0.036</td>
<td>0.062</td>
</tr>
<tr>
<td>MO</td>
<td>99</td>
<td>0.17</td>
<td>0.98</td>
<td>0.626</td>
<td>0.154</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 presents that the number of samples (N) used in this study is as
many as 99 valid samples entered into the data entirely without missing value. The
variables used are four variables with interpretations as follows:

- In Company performance (CP) Variables, the statistical results show a
  minimum value of 0.01 and a maximum value of 1.20. Then, the average value
  (mean) is 0.318 and the standard deviation value of 0.289 smaller than 1 means
  that the spread of Company performance (CP) data is good and homogeneous
- In the Variable Human Capital (HC), the statistical results show a minimum
  value of 0.01 and a maximum value of 0.84. Then, the average value of 0.155
  and the standard deviation value of 0.174 smaller than 1 means that the spread
  of Human Capital (HC) data is good and homogeneous
- In Process Capital (PrC) Variables, the statistical results show a minimum
  value of 0.00 and a maximum value of 1.01. Then, the average value (mean) is 0.160
  and the standard deviation value of 0.211 smaller than 1 means that the spread
  of Process Capital (PrC) data is good and homogeneous
- In Institutional Ownership Variables (IO), the statistical results show a
  minimum value of 0.00 and a maximum value of 0.15. Then, the average value
  (mean) is 0.036 and the standard deviation value of 0.062 smaller than 1 means
  that the distribution of Institutional Ownership (IO) data is good and homogeneous
- In Managerial Ownership (MO) Variables, the statistical results show a minimum value of 0.17 and a maximum value of 0.98. Then, the average value of 0.626 and the standard deviation value of 0.154 smaller than 1 means that the distribution of Managerial Ownership (MO) data is good and homogeneous.

**Classical Assumption Test**

**Normality Test**

On the normality test we use the measuring tool of Kolmogorov smirnov, which obtains the following results:

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized Residual</td>
</tr>
</tbody>
</table>

| N | 99 |

Table 3 presents that the residual regression equation model has an Exact value of 0.081 > alpha 0.05. So Ho is accepted, meaning that the distribution of residual values in the regression equation model is stated as normal distributed error.

**Multicollinearity Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
</tr>
<tr>
<td>HC</td>
<td>.928</td>
</tr>
<tr>
<td>PrC</td>
<td>.983</td>
</tr>
<tr>
<td>IO</td>
<td>.744</td>
</tr>
<tr>
<td>MO</td>
<td>.777</td>
</tr>
</tbody>
</table>

Table 4 presents that all independent variables have VIF values <10. So Ho is accepted, meaning that there are no symptoms of colinearity between independent variables. Thus it can be concluded that the multiple regression model used, avoids the problem of multicollinearity.
The Effect of Intellectual Capital

Autocorrelation Test

Table 5
Autocorrelation Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.432*</td>
<td>.187</td>
<td>.152</td>
<td>.26630</td>
<td>1.680</td>
</tr>
</tbody>
</table>

The autocorrelation test performed with the Durbin-Watson Test can be stated with the following picture:

Testing of Multiple Regression Autocorrelation

![Diagram showing autocorrelation test result]

Table 6
Run-Test Result

<table>
<thead>
<tr>
<th>Runs Test</th>
<th>ABRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test Value*</td>
<td>.17</td>
</tr>
<tr>
<td>Cases &lt; Test Value</td>
<td>49</td>
</tr>
<tr>
<td>Cases &gt;= Test Value</td>
<td>50</td>
</tr>
<tr>
<td>Total Cases</td>
<td>99</td>
</tr>
<tr>
<td>Number of Runs</td>
<td>44</td>
</tr>
<tr>
<td>Z</td>
<td>-1.312</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.189</td>
</tr>
</tbody>
</table>

a. Median

Based on the run test the sig 2-tailed value is as big as it means that the value is greater than 0.05 so it can be concluded that there is no autocorrelation in the tested variable
Heteroscedasticity Test

**Table 7**

**Heteroscedasticity Test Result**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.134</td>
<td>.073</td>
<td>1.839</td>
</tr>
<tr>
<td>HC</td>
<td>-.135</td>
<td>.097</td>
<td>-.145</td>
<td>-1.394</td>
</tr>
<tr>
<td>PrC</td>
<td>.049</td>
<td>.078</td>
<td>.063</td>
<td>.625</td>
</tr>
<tr>
<td>IO</td>
<td>.253</td>
<td>.301</td>
<td>.097</td>
<td>.840</td>
</tr>
<tr>
<td>MO</td>
<td>.116</td>
<td>.120</td>
<td>.110</td>
<td>.967</td>
</tr>
</tbody>
</table>

Dependent Variable: ABRES

Table 7 presents that there is no discrepancy of heteroscedasticity because all independent variables have a significance level of > 0.05. Testing can be continued to test the research hypothesis using a multiple regression analysis tool.

**Hypothesis Test**

**Determination Coefficient Test (R2)**

**Table 8**

**Determination Coefficient Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.432a</td>
<td>.186</td>
<td>.152</td>
<td>.26630</td>
<td>1.680</td>
</tr>
</tbody>
</table>

Predictors: (Constant), MO, HC, PrC, IO
Dependent Variable: CP

From the results of multiple regression processing it is known that the coefficient of determination seen from the Adjusted R2 value is 0.152. This means that all independent variables (Human Capital, Process Capital, Institutional Ownership and Managerial Ownership) are able to explain the variation of the dependent variable, namely company performance by 15.2% while the rest (100% - 15.2% = 84.8%) is explained by other factors outside the model.
The Effect of Intellectual Capital

Test F (Simultaneous Test)

Table 9
Simultaneous Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.530</td>
<td>4</td>
<td>.383</td>
<td>5.394</td>
<td>.001b</td>
</tr>
<tr>
<td>Residual</td>
<td>6.666</td>
<td>94</td>
<td>.071</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8.196</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: CP
Predictors: (Constant), MO, HC, PrC, IO

From regression testing by looking at the ANOVA table, it can be seen that F count is 5.394 with a significant value of 0.001 < 0.05. So Ho is rejected, which means that simultaneously Human Capital, Process Capital, Institutional Ownership and Managerial Ownership influence the company's performance.

Partial Test (T)

Table 10
Partial Test Result

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Constant)</td>
<td>-.025</td>
<td>.120</td>
<td>-.208</td>
<td>.836</td>
</tr>
<tr>
<td></td>
<td>HC</td>
<td>.218</td>
<td>.160</td>
<td>1.366</td>
<td>.175</td>
</tr>
<tr>
<td></td>
<td>PrC</td>
<td>.273</td>
<td>.128</td>
<td>.200</td>
<td>.035</td>
</tr>
<tr>
<td></td>
<td>IO</td>
<td>.998</td>
<td>.496</td>
<td>2.013</td>
<td>.047</td>
</tr>
<tr>
<td></td>
<td>MO</td>
<td>.366</td>
<td>.198</td>
<td>1.847</td>
<td>.068</td>
</tr>
</tbody>
</table>

Dependent Variable: CP

The equations that can be formed are as follows:

\[ CP = -0.25 + 0.218 \text{HC} + 0.273 \text{PrC} + 0.998 \text{IO} + 0.366 \text{MO} + \epsilon \]

1. Human Capital has a positive effect on Company Performance

In testing of the first hypothesis (H1) which examines Human Capital on the performance of companies, having B1 of 0.218 a significant level of 0.0875 (0.175 / 2 = 0.0875). The decision obtained by H1 is rejected. The Human Capital variable has no influence on Company Performance. It means that many organization in Indonesia still do not needs knowledgeable individuals, with good skills in problem solving and the ability to make effective decisions, human capital is considered a competitive strategic source for sustainable benefits in today's rapidly changing environment. This is in line with the research of Tarigan & Semuel (2014) and Rahayu & Ramadhanti (2019) which states that intellectual capital has no effect on the company’s performance.
2. Process Capital has a positive effect on Company Performance

In testing of the second hypothesis (H2) which examines Process Capital towards company performance, B2 has 0.273 with a significant level of 0.0175 (0.0.35 / 2 = 0.0175). The decisions obtained by H2 are accepted. The Process Capital variable has a positive influence on company performance. It means that Process Capital which is more directed at customer satisfaction and improving customer relations in which good satisfaction for customers comes from process improvements that result in improved quality, cycle time, delivery time, delivery, and introduction of new products, then it will increase company performance.

3. Institutional Ownership has a positive effect on company performance

In testing of the third hypothesis (H3) which examines Institutional Ownership of the performance of the company has B3 of 0.998 with a significant level of 0.0235 (0.047 / 2 = 0.0235). The decisions obtained by H3 are accepted. The variable Institutional Ownership has a positive influence on Company Performance. It means that greater the institutional ownership, the more efficient the utilization of the company's assets and with effective supervision by the institution on the company, it is expected to act as a prevention of waste carried out by management that can harm shareholders so that it will increase the company performance. This is in line with the research of Aziza et al., (2017) and Aprianingsih & Yushita (2016) which states that institutional ownership and managerial ownership have a significant influence on company performance.

4. Managerial Ownership has a positive effect on Corporate Performance

In testing of the fourth hypothesis (H4) which examines Managerial Ownership of the performance of the company has B4 of 0.366 with a significant level of 0.034 (0.068 = 0.0.34). The decisions obtained by H4 are accepted. The variable Managerial Ownership has a positive influence on Company Performance. It means that managerial ownership as a control mechanism that can align the differences of interests between management and shareholders so that management is motivated to increase the value of the company. This is in line with the research of Aziza et al., (2017) and Aprianingsih & Yushita (2016) which states that institutional ownership and managerial ownership have a significant influence on company performance.

**Conclusion**

From the results of statistical analysis using the panel data regression method, the conclusions are as follows:

1. The Human Capital variable does not have an effect on the company's performance on companies.
2. The Process Capital variable has a positive effect on company performance on companies.
3. Institutional ownership variables have a positive effect on company performance on companies.
4. Managerial ownership variables have a positive effect on company performance on companies.
Implication
As the results of this research find that The Process Capital, Institutional ownership, Managerial ownership variables has a positive effect on company performance on companies, the company should consider these three variables. For improvement in next research, sample and period of research should be extended.

REFERENCES


