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Capital Ownership Structure and Decision on Financial Market Reaction and Corporate Value

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Abstract:- The study aims to investigate the relationship between stock ownership structure and financial decisions on market reaction and firm value. The number of samples in this study were 102 companies listed on the IDX. Research approach using explanatory. Test data analysis using a structural equation model.

The results of this study state that ownership structure has a significant negative effect on market reaction, financial decisions have a positive effect on market reaction. Capital ownership structure does not affect the value of the company, financial decisions have a positive effect on the value of the company. Market reaction has a positive effect on firm value.

The results of this study also confirm that ownership structure variables can stand alone to influence market reaction variables but ownership structure does not always affect the value of the company.

Keywords:- *Capital Ownership Structure, Financial Decision, Market Reaction, Corporate Value.*

I. INTRODUCTION

The development of the global economy makes companies as economic actors should be able to compete with other companies. The main purpose of a company is to increase the prosperity of the owner of the company (shareholders) indicated by the increased value of the company and is reflected in its share price(Perera, 1996). The company's goal is not only to maximize the wealth of shareholders (Lukas Setia Atmaja, 2018)but can also provide benefits to the wider community. (Weston and Copeland, 2010). In the subject matter of today's global economy, the ownership structure has become a major focus of modern enterprise theory. Since presented first by Berle and Means in 1932, and further discussion conducted(Motjba Rafie, 2014).

In schools the idea of industrial society, the necessary transformation of ownership to personal ownership impersonal. This means that stock ownership is not concentrated in any particular individual or family, but is formed through the capital markets, joint stock companies, pension funds, and ownership to spread. The spread of ownership occurs through the expansion of the number of small shareholders, either in the hands of individuals, corporations, foundations, cooperatives and other entities. (Liu *et al.*, 2018)explain that the transformation of the ownership of personal and impersonal ownership has important implications, namely, the emergence of the separation between "ownership" (legal ownership) and "control" (managerial control). This means that the shareholders simply be a legal symbol that does not run the company,

One conflict between managers and shareholders are shareholders of preferred dividend from the reinvested into the company. While on the contrary, managers are more likely to want dividends to be reinvested in order to increase the company's capital. This argument is closely related to the theory of agency (agency theory), where the manager as agent and principal shareholder as each has an interest. As a manager of the company, the manager knows more about information than shareholders. Shareholder difficult to obtain complete information about the company's operations that lead to information asymmetry(Kumar and Vaidya, 2017). This could potentially lead to the manager as an agent to perform acts of opportunistic,

Indonesia Stock Exchange is now a barometer of capital market activity in Indonesia. Among the various sectors of the company listed on the Stock Exchange, the company is one of the sectors manufacturing companies that are expected to have bright prospects in the future. The rapid population growth and economic development in the country of Indonesia will make the manufacturing enterprise sector as the most strategic land to earn high profits from investing. Overview of the company whose shares are listed on the Stock Exchange in 2017, explained that the owner of the largest is the average institutional ownership of 70%, managerial ownership in an average of 1%, and public ownership of an average of 29%. This data is the main motivation why the study was conducted with an emphasis on the ownership structure as the low ownership and public managers, emphasis on corporate ownership structure. The research result (Arioglu, 2015)suggests the need for the expansion of ownership, either through capital markets, joint stock companies, pension funds, and through employee and Management of stock option, resulting in the dispersion of ownership spread with the expansion of the shareholders of small, either in the hands of individuals, foundations, cooperatives pension funds, and other agencies and managers. Reducing the concentration of control of shares by certain family circles can reduce the practices that are unhealthy (moral hazard) which is detrimental to other shareholders. The research result (Arioglu, 2015)suggests the need for the expansion of ownership, either through capital markets, joint stock companies, pension funds, and through employee and Management of stock option, resulting in the dispersion of ownership spread with the expansion of the shareholders of small, either in the hands of individuals, foundations, cooperatives pension funds, and

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other agencies and managers. Reducing the concentration of control of shares by certain family circles can reduce the practices that are unhealthy (moral hazard) which is detrimental to other shareholders. The research result (Arioglu, 2015)suggests the need for the expansion of ownership, either through capital markets, joint stock companies, pension funds, and through employee and Management of stock option, resulting in the dispersion of ownership spread with the expansion of the shareholders of small, either in the hands of individuals, foundations, cooperatives pension funds, and other agencies and managers(Ishibashi *et al.*, 2016). Reducing the concentration of control of shares by certain family circles can reduce the practices that are unhealthy (moral hazard) which is detrimental to other shareholders. resulting in the dispersion of ownership spread with the expansion of small shareholders, either in the hands of individuals, foundations, cooperatives pension funds, and other agencies and managers(He and Kyaw, 2017). Reducing the concentration of control of shares by certain family circles can reduce the practices that are unhealthy (moral hazard) which is detrimental to other shareholders. resulting in the dispersion of ownership spread with the expansion of small shareholders, either in the hands of individuals, foundations, cooperatives pension funds, and other agencies and managers. Reducing the concentration of control of shares by certain family circles can reduce the practices that are unhealthy (moral hazard) which is detrimental to other shareholders(Banerjee and Homroy, 2017).

Data in 2011 stating that the company listed on the Indonesia Stock Exchange until the end of 2017

No.	Name and Type of Company	amount	Company
A	Manufacturing company	3	Manufacture
1	Cement factory	6	Manufacture
2	Factory Ceramic, Porcelain & Glass	16	Manufacture
3	Industrial Metals & Ships	10	Manufacture
4	Chemical industry	11	Manufacture
5	Plastic And Packaging	4	Manufacture
6	Feed Mill	2	Manufacture
7	Wood & Processing Factory	8	Manufacture
8	Pulp & Paper Industry	12	Manufacture
9	Automotive & Components	17	Manufacture
10	Textile & Garment Factory	4	Manufacture
11	Factory Cosmetics & Purposes RT	3	Manufacture
12	RT Equipment Factory	2	Manufacture
13	Factory Footwear	6	Manufacture
14	Cable factory	1	Manufacture
15	industry Elektronika	14	Manufacture
16	Food & Beverage Industry	3	Manufacture
17	Cigarette Factory	9	Manufacture
18	Pharmaceutical industry		
	Number of Manufacturing	131	29.05%
B	Instead of Manufacturing	320	70.95%
A total of (A + B)		451	100.00%

Table 1. Public Company Listed in Indonesia Stock Exchange

Source:www.sahamok.com/pasar-modal/emiten,

While the public company delisted (omitted from BEI) and became the company goes private (companies open again) in 2011 is as follows:

No.	Company name	Information
1	PT Qynaplast Tbk (DYNA)	delisting
2	PTAqua Golden Mississipii Tbk (AeUA)	delisting
3	PT Alfa Retailindo Tbk	delisting
4	PT New Century Development Tbk (PTRA)	delisting
5	PT Anta Express Tour and Travel Service Tbk (ANTA)	delisting
6	PT Surya Intrindo Makmur Tbk (SIMM)	delisting
7	PT Znbn Nusantara Tbk (ZBRA)	delisting
8	PT Pelita Sejahtera Abadi Tbk (PSAB)	delisting
9	PT Gowa Makassar Tourism Development (GMTD)	delisting
10	Entertainment International Tbk PT (SMTT)	delisting
11	PT Wahana Phoenix Mandiri Tbk (wapo)	delisting
12	PT Katarina Utama Tbk (RINA)	delisting
13	PT Arpeni Pratama Ocean Line Tbk (APOL	delisting

Table 2. Company the Delisting on the Stock Exchange Year 2017

Source: www.sahamok.com/pasar-modal/emiten, Their company on the Stock Exchange delisting, indicating that the public company is facing financial difficulties. The stock price fluctuations in the stock that exceeded the limits set by the market authority. The phenomenon has prompted interest in investigating the financial aspects of a public company listed on the Stock Exchange, particularly manufacturing companies. There are several reasons why a public company (Going public) delisting (going private) according to the Decree of the Board of Directors of JSX No. Kep-308 / 8EJ / 07-2004 date. July 19, 2004 on the delisting (delisted) and relisting Shares on the Exchange: (a) because the issuer itself and approved by the investors in the GMS, (b) have the condition, or events, which significantly negative effect on the continuity of the company recorded, either financially or legally on the continuity of the company's status as a listed public company and listed company cannot show indications of recovery were adequate; (C) the parent company's open already listing on foreign exchanges. Relevantto research that is delisting due to financial difficulties force delisting (López-Gutiérrez, Sanfilippo-Azofra and Torre-Olmo, 2015)

Data in Sudarma study (2004) showed that the company whose shares are listed on the BEI in 2001, the largest owner is the average institutional ownership of 68.10%, the average public ownership,and managerial ownership 26.90% Average 4.55 % and the average corporate ownership 0.12. Research results show that the share ownership structure variable significant negative effect on the value of the company. These results indicate that the reduction in the composition of institutional ownership and managerial ownership and increased public ownership composition will affect the rising value of the company.

The absence of a clear separation between ownership in and control of the companies listed in Jakarta Stock Exchange caused by most companies still controlled by certain family circles and manager positions are still taken control by the majority shareholder. As a result, the managers simply be representative of the majority shareholders, or in other words what is the opinion of the largest shareholder is also a manager of the opinion. the ownership structure is very important because it deals with the control of the company.

II. LITERATURE REVIEW

This study is an extension of previous research related to the influence of ownership structure on financial decisions and the value of the company. The difference in this study with previous studies is First In conjunction with testing the effect of financial decisions, previous studies such as that conducted by Baskin (1989), (Wan Sallha Yusoff, 2015)none of these studies relate to the ownership structure shares and the value of the company and Market reaction.

Second, previous research which uses variable shareholding structure partially tested against several financial decisions of the third financial decisions and does not relate to the value of the company, and the market reaction as conducted by(Hou, Kuo and Lee, 2012), (Choi, Sami and Zhou, 2010), (Sudana, 2015a), and(Mussa, Musová and Debnárová, 2015), which relates only to the decision the ownership structure of funding (debt policy) and the dividend decision.

Thirdly, previous studies do a partial test of each variable, in this study the variables that have been studied by previous researchers testing done integrally in a research model, this research linking Ownership Structure and Market Reaction Against Financial Decisions and Firm Value. To see the consistency of the results of previous research and the different objects based primarily on emerging capital market, the study aims to determine the effect of Ownership Structure and Financial Decisions and Market Reaction Against Corporate values(Kılınç, 2013).

To reduce the agency problem between managers and shareholders can be done in several ways. First, the monitoring conducted by institutional owners to reduce the agency (Normah Omar, Zulaikha Amirah Johari, no date). Monitoring is meant here is direct supervision by institutional owners to the policies that created the management company, such as dividend policy and debt policy. The goal is that the policy made by management in accordance with institutional interests. The institutional owner, in this case, is a limited liability company that has large shares. (Mussa, Musová and Debnárová, 2015)suggest that institutional shareholders have the opportunity, resources, and expertise in analyzing the performance and management actions. In other words, that the monitoring is done by institutional investors can limit the actions of managers that lead to short-term goals and actions oriented towards increasing the value of the company. Therefore, the monitoring conducted by institutional investors encourage managers to act in accordance with the interests of shareholders so as to reduce the agency problem that is happening within the company.

Secondly, it is not enough just institutional ownership course but need their activism to be done by the institutional to suppress the behavior of the manager so no action opportunistic (Wan Sallha Yusoff, 2015) Activism is meant here is not just monitoring or supervision only, but strictly control even if necessary to put pressure on managers to did not behaviors that deviate from those of shareholders or institutional owners.

Third, an increase in managerial ownership over the shares of the company(Vintilă and Gherghina, 2014). (Hou, Kuo and Lee, 2012)in the setting of the agency to prove that managers have tendency to engage in acts of excessive profits and other opportunistic actions. This was done because the managers reap the full benefits of their actions and only bear less risk than they should. Therefore, the necessary managerial ownership in the company that manages the company with good management, because management is also part of the company owner. With the ownership, the manager will seek to not act opportunistic that can cause losses to the company because it will bear part of the losses.

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Fourth, an increase in dividend payments to shareholders(Choi, Sami and Zhou, 2010). This dividend policy is done to encourage shareholders to reinvest dividends received into the company. Increased dividend payments are necessary to give a positive signal to shareholders and potential investors. Institutional that concentrated ownership makes managerial ownership to be down, on the contrary, their ownership of shares by managerial high enough to monitor the behavior of its own management in determining the policy of the company, as it will bear some losses incurred as a result of his actions. The substitution relationship between dividend policy with managerial ownership is a monitoring mechanism within the company.

Fifth, the policy of financing through debt(Rasa Kanapickiene, 2015). This debt policy can reduce the agency problem because management has the obligation to pay the principal and interest of the loan. Therefore, excess free cash flow in the company can be used for debt repayment. Companies can reduce their debt management to take an action opportunistic and inefficiencies in the company (www.sahamok.com, 2017)explains that the problem of agency (agency problem) occurs between shareholders and potential managers occur when management does not have a majority stake in the company. The shareholders would want managers to work with the objective of maximizing shareholder wealth.

The aim of shareholders who invest funds in the capital market is to obtain a compensation or income from invested funds in the form of dividends or capital gains. Dividends represent income received each period during the stock still owned, while capital gains are income is obtained for a stock price higher than the purchase price, this revenue will be obtained if the stock is sold. The investors who aim at getting capital gains also need information about dividends, as the dividend is one of the important factors that could affect the stock price. Therefore, companies that have gone public have an obligation to provide information regarding the company's performance to investors. The announcement of dividends is often considered to have the information content and the market will react at the time of the announcement. Positive reactions often occur when the information in the announcement of the dividend above market expectations cause a response rate of profit in the future. Instead, it will cause a negative reaction if the information in the dividend announcement contains information on worsening outlook for future business development manager for the parties be unable to manage earnings for the company's long-term interests. Dividend policy depends on the decision of the General Meeting of Shareholders. Instead, it will cause a negative reaction if the information in the dividend announcement contains information on worsening outlook for future business development manager for the parties be unable to manage earnings for the company's long-term interests. Dividend policy depends on the decision of the General Meeting of Shareholders. Instead, it will cause a negative reaction if the information in the dividend announcement contains information on worsening outlook for future business development manager for the parties be unable to manage earnings for the company's long-term interests. Dividend policy depends on the decision of the General Meeting of Shareholders.

The market reaction shown by the change in stock price is concerned. The market reaction can be measured by using stock returns as the value of changes in prices or by using abnormal return. If the abnormal return is used as a measure of market reaction, then the announcement of the dividend change is said to contain abnormal information when it provides a significant return to the market. Instead, the announcement of dividend changes does not have any say when the information content does not provide a significant abnormal return to the market. (Vintilă and Gherghina, 2014)states that the market reacted strongly to the announcement of a dividend by a public utility because of differences in stock prices before and after the dividend announcement. This is supported by research (Motjba Rafie, 2014)that the cash dividend announcements affecting the stock price. Authority (2006) found that the dividend announcement did not have a significant influence in terms of abnormal returns, or in other words, the dividend announcement does not contain information that is not immediately followed by a reaction of the market at the time the information was announced. Dividend announcement was not enough to provide relevant information for investors in the Indonesia Stock Exchange.

III. RESEARCH METHOD

This research uses explanatory research, using a sample of 102 companies grouped into 19 types of industrial. The sampling method is purposive sampling. The sample selection criteria are as follows:

Information	number of companies
• Companies that listing until the end of 2016	343
• A public company is not manufacturing	201
• Public companies including manufacturing	142
• The public company manufacturing group incomplete data (negative equity)	40
Public companies included in the sample selection	102

Table 3. Criteria Sample

Methods of data collection by Number of outstanding shares, the stock's closing price, total public ownership and manager, Total Equity, Total Assets, Total Current Assets, Total Debt, Earnings per share (EPS), Inventory. Measurement of variables-based investment decisions is measured by ROI, Funding Decisions as measured by DER (Debt Equity Ratio) and Market Debt Equity Ratio (MDE). Dividend policy and the market reaction is measured by Return stock, trading volume, the earnings information. The company's value is measured by the Market to book value of equity (MBV), Book-to-market value to assets (BMVA), Tobin's Q (TBQ), price-to-earnings ratio (PER). Stock ownership structure is measured by indicators of manager ownership (MOW), Public Ownership (POW) and institutional ownership (IOW). Methods of data analysis using path analysis (SEM) were analyzed using AMOS. The conceptual frame works in this study are as follows:

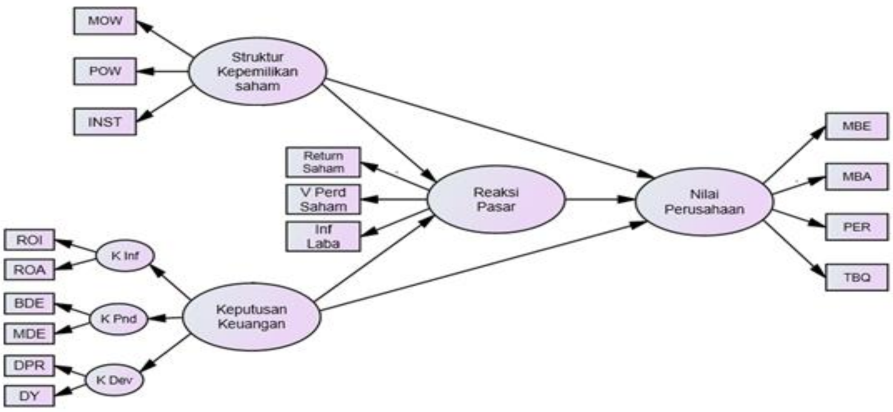

Fig 1:- Research Framework

IV. RESULT OF ANALYSIS

A. Data Description

➢ *Variable Share Ownership Structure*

The ownership structure (X1) is the distribution of a company's stock ownership, ownership structure variables measured by the indicators: 1) managerial ownership, 2) public ownership and 3) institutional ownership. The data from each indicator that have been obtained are described in the table below:

No.	Indicator	2016	2017	mean
1	Managerial ownership	3.34	5.3	4.32
2	Public ownership	26.4	24.8	25.6
3	Institutional ownership	70.1	70.1	70.1

Table 4. The share ownership structure variables

➢ *Variable financial decisions*

The decision variables finance companies in this study consisted of Decisions Investment (ROI AND ROA), Funding Decisions (BDE, MDE), dividend policy (DY).

No.	Indicator	2016	2017	mean
1	ROI	-0.12	0.27	0.07
2	ROA	8.20	8.82	8.52
3	BDE	1.01	0.97	0.99
4	MDE	3.39	3.872	3.64
5	DPR	200.87	168.7	184.7
6	DY	2,78	2.85	2,81

Table 5. Variables Financial decisions

➢ *Variable market reaction*

The market reaction is a study of the market reaction to an event (event) that information is published as an announcement. Indicators of market reaction variables in this study were (Return Stocks, Stock Trading Volume and Earnings Information)

No.	Indicator	2016	2017	Average
1	Stock returns	-0.12	0.263	0,071
2	V. Perd.Saham	922.4	14.69	11.96
3	Earnings information	14.13	16.46	15.31

Table 6 Description of market reaction variables

- *Variable value of the company*

The company's value is the present value of the assets owned by the company, some have assumed that the value of a company is reflected in the value of investments that will be issued in the future. The indicators used for the variable value of the company is (MBE, MBA, PER,and TBQ).

No.	Indicator	2015	2016	Average
1	MBE	40.73	43.96	42.34
2	MBA	91.75	92.48	92.11
3	PER	62.71	16.518	39.62
4	TBQ	20.13	20.71	20.43

Table 10. Company Values 2015

B. Linearity Assumption Test

The independent variable	Dependent variable	R2	F	Sig	knot
Ownership structure	The market's reaction	0,037	3,345	0,071	linear
financial decisions	The market's reaction	0,217	24,340	<0.001	linear
Ownership structure	The value of the company	0,160	16,556	<0.001	linear
financial decisions	The value of the company	0,075	71,33	0,009	linear
The market's reaction	The value of the company	0,212	23,733	<0.001	linear

C. Convergent Test Validity

Variables	Indicator	Loading	Type (a	SE	P value
Ownership structure	Mow	0,467	Reflect	0,080	<0.001
	Pow	0,943	Reflect	0,092	<0.001
	inst	0,846	Reflect	0,083	<0.001
Financial Decisions	ROI	0,943	Reflect	0,080	<0.001
	ROA	0,905	Reflect	0,081	<0.001
	BDE	0,953	Reflect	0,080	<0.001
	MDE	0,422	Reflect	0,093	<0.001
	DPR	0,441	Reflect	0,093	<0.001
	DY	0,139	Reflect	0,101	0,087
Market reaction	RetSa	-0,074	Reflect	0,103	0,239
	VPShm	0,854	Reflect	0,083	<0.001
	InfLaba	0862	Reflect	0082	<0.001
The value of the company	MBE	0929	Reflect	0081	<0.001
	MBA	0779	Reflect	0084	<0.001
	PER	-0314	Reflect	0096	<0.001
	TBQ	0906	Reflect	0081	<0.001

Therefore, loading is identical to the correlation between the indicators with factors (latent variables), the greater the loading, the better the indicator in measuring latent variables. Loading highest value indicates that the most representative indicator of the latent variable. For latent variables strictures of ownership, highest loading indicator and the lowest Pow Mow. Financial decisions for latent variables, the value of the highest loading is an indicator that the lowest BDE is DY. Market reaction to the latent variable, the value is the highest loading indicator is the lowest Earnings Information Return Shares. As for the latent variable value of the company, the value of the highest loading is the lowest MBE is PER

Variables	AVE	AVE (Srt)	Correlation matrix SK	KK	RP	NP
The ownership structure	.607	0779	**0.779**	0.162	-0.203	-0.027
financial decisions	0.501	0.708	0.162	**0.708**	0.060	0.629
The market's reaction	0.492	0,702	-0.203	0.060	**0.702**	0.183
The value of the company	0.597	.773	-0.027	0.629	0.183	**0.773**

Table 11. Average Variance Extracted (AVE) and the correlation between Latent Variables

Variables	composite Reliability	Cronbach's alpha
The ownership structure	0.604	0.608
financial decisions	0.829	0.752
The market's reaction	0.639	0.636
The value of the company	0.766	0.667

Table 12 Composite Reliability

D. The Goodness of Fit Models

	Free variable	Dependent variables	R-square
1	Stricture of ownership, financial Decisions	The market's reaction	0.124
2	Stricture of ownership, financial Decisions,and the market reaction	The value of the company	0.456

Model fit	Quality indices	Results Model *	Ket
APC	-	0269, P = 0.002	Good
ARS	-	0.290, P <0.001	Good
Aars	-	0.270, P <0.001	Good
AVIF	acceptable if <= 5, ideally <= 3.3	1,033	Ideal
AFVIF	acceptable if <= 5, ideally <= 3.3	1,418	Ideal
GoF	small> = 0.1, medium> = 0:25, large> = 0:36	0399	Big
SPR	acceptable if> = 0.7, ideally = 1	1,000	Ideal
RSCR	acceptable if> = 0.9, ideally = 1	1,000	Ideal
SSR	acceptable if> = 0.7	1,000	Good
NLBCDR	acceptable if> = 0.7	0700	Good

E. Hypothesis testing

Independent variables	Dependent variables	Direct Effect path coefficients	SE	*p-value*	Information
Ownership structure	Market reaction	-0.322	0.096	<0.001	Significant negative
Financial Decisions	Market reaction	0.161	0.101	0.037	Significant positive
Ownership structure	The value of the company	-0.076	0.103	0.232	Not significant
Financial Decisions	The value of the company	0.599	0.089	<0.001	Significant positive
Market reaction	The value of the company	0.190	0.100	0.030	Significant positive

Indirect effects for paths	Coefisients	P Value	Information
Ownership Structure ---> Market Reaction -> Company Values	0.061	0.203	Not significant
Financial decision --->Market reaction ->The value of the company	0.031	0.341	Not significant

V. DISCUSSION

* *Ownership Structure indirect effect on Market Reaction*

Referring to the results of the study, the results of the analysis of the first hypothesis (H1) as shown in the table shows that the ownership structure of significant negative effect on the market reaction. These results suggest that the ownership structure does not have a direct influence on the market reaction. These findings support the results of the study (Motjba Rafie, 2014) which found that the structure of managerial ownership, institutional and public significant negative effect on the market reaction. Large public ownership is the majority owner of which the majority owners have tendency to compromise or siding with management and ignores the interests of minority shareholders. The presumption that management often takes any action or non-optimal policy and tend to lead to personal interests lead to a strategic alliance between the majority owner with management responded negatively by the market. Results loading factors indicate that the indicator has loading highest of the ownership structure is an indicator of ownership of public (Pow) with loading factor 0943 higher compared with other indicators while the indicators of managerial ownership (MOW) is indicator of the value of the loading factor of the lowest of 0,467

* *Financial Decision positive and significant effect on the Market Reaction*

Financial decision making plays an important role in the company. The managerial concept of public companies has a goal to maximize the wealth of shareholders or stakeholders(Huang, Kabir and Zhang, 2017). Those goals are often only be achieved if shareholders turn over management of the company to the professional

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(managerial) or often called agents. Therefore, the company's managers are expected to act in the best for the company to maximize the value of the company so that prosperity can be achieved,(Thi, Nhan and Ha, 2016). The professional manager will be responsible for 1) the decision of allocation of funds from within the company or outside the company for investment. 2) the funding decision. 3) The dividend decision. Referring to the results of the second hypothesis testing analysis as a result of financial decisions studied stated that significant positive effect on the market reaction. this means that a good financial decision will lead to a positive market reaction. This finding agrees with the results of this study support the results of the study (Agustia, 2013)which found that the structure of managerial ownership, institutional and public influence on market reaction. The results showed that the indicator loading factor that has the highest loading of financial decisions is an indicator variable Debt Equity Book value amounted to 0.953 seen loading factor is higher than the loading factor other indicators, this proves that the indicators Book Equity Ratio is an indicator of the most dominant influence the market reaction. While the lowest indicator is the dividend yield with a loading factor 0139 value is the lowest indicator affects the market reaction.

- *Ownership structure does not affect the value of the Company.*

Referring to the results of the study, the results of the third hypothesis testing analysis (H3) as the results of the study stated that the financial decisions not significant effect on the value of the company. This means that the difference in the ownership structure does not necessarily affect the value of the company. The results showed that the indicator loading factor that has the highest loading of the ownership structure is an indicator of public ownership (Pow) with loading factor 0943 higher than the other indicators. Large public ownership is the majority owner of which the majority owners have tendency to compromise or siding with management and ignores the interests of minority shareholders. The presumption that management often takes any action or non-optimal policy and tend to lead to personal interests lead to a strategic alliance between the majority owner with management responded negatively by the market. This is certainly an impact on the company's stock price decline in the capital market so that the public ownership has not been able to be a mechanism that can enhance shareholder value. The results of this study make it clear that the public seems to be the owner of the companies listed in Indonesia Stock Exchange less strict supervision of the management in reporting their performance. This is certainly an impact on the company's stock price decline in the capital market so that the public ownership has not been able to be a mechanism that can enhance shareholder value. The results of this study make it clear that the public seems to be the owner of the companies listed in Indonesia Stock Exchange less strict supervision of the management in reporting their performance. This is certainly an impact on the company's stock price decline in the capital market so that the public ownership has not been able to be a mechanism that can enhance shareholder value. The results of this study make it clear that the public seems to be the owner of the companies listed in Indonesia Stock Exchange less strict supervision of the management in reporting their performance.

These findings are not in accordance with the results of this study support the results of the study (Vintilă and Gherghina, 2014), (Wan Sallha Yusoff, 2015), (Vintilă and Gherghina, 2014). Stated that the ownership structure affects the value of the company. Values can be formed with the good company along with the increased performance of the company and is an important concept for investors because it is an indicator for the market to assess the company as a whole as well as a reflection of the company's equity by increasing the number of corporate debt. One part that plays a role in enhancing the value of the company is the management(Sudana, 2015b).

Indicators of managerial ownership are an indicator of the value of the lowest loading factor of 0467. These results are presumably because the low shares held by management of manufacturing firms that became the object of research resulting in the management of the company has no sensed of belonging because not all of the advantages enjoyed by the management that led to the management is motivated to maximize his utility to the detriment of shareholders. In addition to the lack of stock ownership by management to make the management performance also tend to be low so it does not affect the value of the company. Accordingly, management ownership has not been able to be a mechanism to enhance shareholder value. It can also occur due to the conditions in Indonesia, wherein the proportion of managerial ownership in the company is still very low, so the application of managerial ownership to help the pooling of interest between the manager and owner in order to motivate managers to take actions to improve the company's performance has not been able to run effectively. These results are consistent with research (Choi, Sami and Zhou, 2010)who found that managerial ownership has no correlation to the value of the company.

- *Financial decisions significantly influence the value of the Company.*

Referring to the results of the study, the results of the fourth hypothesis testing analysis as the results of studies suggest that financial decisions significant positive effect on firm value. These results imply that the better financial decisions then the value of the company will increase. This finding agrees with the results of this study support the results of the study(Müller, 2014) found that financial decisions affect the value of the company. The implication for investors is the investor will invest in companies that can generate optimal profits through the introduction of new products or old products. The results of this study do not support the research conducted (Wan Sallha Yusoff, 2015)

Implications for companies are the company should plan to take funding decisions through equity because, with funding through equity more, to increase the company's value. The implication for investors is the investor will invest in companies that have a small proportion of the debt. Dividend policy has a positive effect on firm value. The dividend policy is to distribute profits from the company to shareholders in the form of dividends rather than restrain profits in the form of capital gains due to the profits distributed to shareholders in the form of dividend can increase the value of the company. This situation means that with the increasing investments made by the company, it will affect the increased value of the company. Results loading factor shows that the indicator has a loading highest of variable financial decisions is an indicator Book Debt Equity with a value loading factor of 0,953 looks better value than the loading factor other indicators, this proves that the indicators Book Equity Ratio is an indicator of the most dominant influence on the value of the company, while the lowest indicator is the dividend yield with a loading factor 0,139 value is the lowest indicator affect the value of the company. This proves that the indicators Book Equity Ratio is an indicator of the most dominant influence the value of the company. While the lowest indicator is the dividend yield with a loading factor 0,139 value is the lowest indicator affects the value of the company. This proves that the indicators Book Equity Ratio is an indicator of the most dominant influence the value of the company. While the lowest indicator is the dividend yield with a loading factor 0,139 value is the lowest indicator affects the value of the company.

- *Market Reaction a significant effect on the value of the Company.*

Referring to the results of the study, the results of the analysis of the fifth hypothesis (H5) research states that the market reaction to the significant positive effect on firm value. This study has shown that the better reaction to market the value of the company will increase. These findings are not consistent with the results of the study (Yildiz, Karan and Pirgaip, 2017)found that the structure of managerial ownership, institutional and public did not affect the market reaction. Results loading factors indicate that the indicator has loading highest of variable market reaction is indicator of earnings information with the value of the loading factor of 0,862 that looks higher than with other indicators, this proves that the earnings information is an indicator of the most dominant influence on the enterprise value while indicators verandah is returned stock with a value amounting loading factor (-0,074), which means that the indicator of stock returns is an indicator of the least effect on firm value.

- *Capital ownership Structure has no effect on the value of the company by making the market reaction variable as an intervening variable*

Referring to the results of the study, the results of the analysis of the sixth hypothesis testing (H6) as shown in Table 18 that the ownership structure did not significantly affect the value of the company through market reaction. Owners were great is the majority owner of which the majority owners have tendency to compromise or siding with management and ignores the interests of minority shareholders. The presumption that management often takes any action or non-optimal policy and tend to lead to personal interests lead to a strategic alliance between the majority owner with management responded negatively by the market. This is certainly an impact on the company's stock price decline in the capital market so that the institutional ownership has not been able to be a mechanism that can enhance shareholder value. The findings of this study support (He and Kyaw, 2017)and (Kurov and Stan, 2017)which states that the ownership structure does not affect the value of the company. In addition,(Ishibashi *et al.*, 2016)found that although the ownership structure was high but does not affect the value of the company. However, contrary to the results of these tests(Choi, Sami and Zhou, 2010), who found that the ownership structure of a significant positive effect on firm value. The concentration of institutional ownership increase public confidence in the company in the form of increased trading volume and stock price increase is reflection of increasing public confidence in the company. These results indicate that the ownership structure cannot be used as a basis for measuring the value of the company. The results of this study also found that the market reaction is not able to mediate the relationship between ownership structures on firm value.

- *The financial decision does not affect the value of the company by making the reaction of the market as an intervening variable*

Referring to the results of the study, the results of the analysis of the seventh hypothesis (H7) as the result of studies suggest that financial decision did not significantly affect the value of the company through market reaction. The results of this study indicate that the market reaction is able to mediate the relationship between financial decisions on firm value. these results illustrate that investors will react and invest in companies that can generate optimal profits through the introduction of new products or old products. The results also illustrate that the company had planned to take a good funding decision in order to enhance shareholder value. Dividend policy in the form of distribution of profits from the company to the shareholders in the form of dividends rather than restrain profits in the form of capital gains due to the profits distributed to shareholders in the form of dividend can increase the value of the company. The implication for investors is the investor will invest in companies that distribute profits in dividends consistently. Investors will also invest in companies that distribute dividends in large numbers with the consequences of the investor must pay high taxes on the dividends received implication for investors is the investor will invest in companies that distribute profits in dividends consistently. Investors will also invest in companies that distribute dividends in large numbers with the consequences of the investor must pay high taxes on the dividends received implication for investors is the investor will invest in companies that distribute profits in dividends consistently. Investors will also invest in companies that distribute dividends in large numbers with the consequences of the investor must pay high taxes on the dividends received

VI. CONCLUSION

Theoretically, implications of this research are adding to the intellectual property of knowledge of the financial aspects. The results of this study also confirm that the variables controlling interest in the structure can stand alone to influence the market reaction will be variable but the ownership structure does not always have an impact on the value of the company.

In the managerial implications of this research could be expected that manufacturing companies listed on the Stock Exchange were more concerned with the market reaction as a result of financial decisions because this will also impact positively or negatively on the value of the company. The right financial decision will make the passion market is certainly getting better. Financial decisions also affect the level of trust of stakeholders so that the company's value becomes higher.

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