



The Effect of Institutional Ownership and Capital Structure on Firm Value with Financial Distress as Moderated Variables in Non-Bank Companies Registered in IDX LQ45 2016 – 2018

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Abstract

This study aims to examine the effect of institutional, capital structure, firm value with financial distress as moderation. In this study, external secondary data is used, namely data obtained from the financial statements of non-bank companies listed on the LQ 45 Indonesia Stock Exchange 2016-2018. The sampling technique in this study was purposive sampling method. The analytical method used is path analysis. The results showed that institutional ownership has an effect on firm value. Even though the contribution is very small, it still contributes to changes in firm value. The institutional ownership variable moderated by the financial distress variable shows that institutional ownership moderated by financial distress has no effect on firm value, meaning financial distress cannot moderate the effect of institutional ownership on firm value, meaning that if institutional ownership increases and increased financial distress will have an impact on the decline in stock performance so that the value of the company will decrease, and vice versa. Ownership variables in the company do not affect changes in firm value, this is possible because companies listed in LQ 45 are companies with good performance so that investors no longer see the proportion of ownership in the company but pay more. And finally, there is the influence of the capital structure variable on firm value which is moderated by financial distress, namely financial distress which is able to moderate the effect of capital structure on firm value. This means that if the capital structure rises and financial distress increases, the company value will increase.

Keywords: Institutional ownership, Capital structure, Financial distress, Firm value, LQ 45, Indonesia stock exchange.

JEL Classification: B27, H54, L60.

1. Introduction

The capital market is very different from the markets we are used to seeing around us. According to Darmadji and Dan (2012) the capital market is a market for various long-term tradable financial instruments, both in the form of debt, equity (stocks), derivative instruments, and other instruments. The capital market has an important role in the economy of a country because the capital market carries out two functions, namely first as a means of financing business or as a means for companies to obtain funds from the investor community. Funds obtained from the capital market can be used for business development, expansion, additional working capital, and others, both capital markets are a means for people to invest in financial instruments such as stocks, bonds, mutual funds, and others. Thus, the public can place the funds they own according to the characteristics of the benefits and risks of each instrument. Companies with good performance will attract investors to invest so that the stock price will increase. If the share price increases, the firm value will also increase. The high firm value indicates high shareholder prosperity as well.

Many phenomena occur with companies that end up closing or going bankrupt. Company bankruptcies occur mainly because of financial difficulties. Financial difficulties are influenced by various factors, one of which is the company's performance problem so that the company is unable to compete. According to CNBC Indonesia TV news. Fashion retailer forever 21 Inc filed for bankruptcy on September 29, 2019, because it could not compete, especially because of the onslaught of E-commerce that entered this business. Likewise, the Beauty Brands companies filed for bankruptcy in January 2019, a company engaged in the salon and spa sector. Matters Solutions; The mattress company from Kentucky US filed for bankruptcy in January 2019 due to changing market pressures and consumer expectations which made the company unable to compete, so the company experienced financial difficulties.

Seeing the phenomenon above, a manager must determine the goals that must be achieved in making financial decisions. The prosperity of company owners can be increased if the right financial decisions are maximized. Firm value is the investor's perception of the company's success in terms of the stock price. The firm value will be high if the stock price is high. To increase market confidence in addition to the company's performance, the company's

prospects also need attention. The company needs to be able to maximize firm value because the main goal of the company can be achieved through firm value.

Jensen and Meckling (1976) stated that institutional ownership has a very important role in suppressing conflicts that occur between managers and shareholders. Institutional investors are considered capable of monitoring every decision made by managers. This happens because institutional investors are involved in strategic decision making so they do not easily believe in earnings manipulation. Institutional ownership is ownership of company shares owned by institutions or institutions such as insurance, banks, investment companies, and other institutions (Tarjo, 2005). Institutional ownership has an important role in monitoring management because institutional ownership will increase optimal supervision. Such monitoring will ensure the prosperity of shareholders, the influence of institutional ownership as a supervisory agent is suppressed through their sizable investment in the capital market. Large institutional ownership will lead to more optimal supervision by institutional investors so that it can hinder the behavior of earnings manipulation by managers.

Capital structure is a financial measure between short-term debt, long-term debt, and equity, in carrying out company activities. Capital structure can be an important problem for a company because the good or bad capital structure will directly affect the company's financial position. The capital structure of the company also greatly affects the value of the company which in turn will affect financial distress. In managerial terms, the increasing level of institutional ownership will be able to create greater supervision of the company. According to Permanasari (2010) the large level of ownership of financial institutions results in the power of voice and the drive to optimize firm value. With the existence of share ownership by institutional investors, the monitoring process will run more effectively so that it can reduce managerial actions in terms of earnings management so that it can harm the interests of certain parties (stakeholders).

Financial reports can provide data or information about the company's financial position. This can be a review of the company's overall performance, especially its financial condition (assets, debt, operating costs, etc.). Financial reports are also used to predict the company's future performance. Every company must be aware of the potential for bankruptcy, therefore an analysis of the company's financial statements needs to be done so that symptoms of bankruptcy can be predicted as early as possible. Bankruptcy prediction analysis is an analysis to predict the early symptoms of bankruptcy, bankruptcy can be interpreted as a company's failure to generate profits in carrying out the company's operations so that the company experiences financial difficulties (financial distress). Financial distress is a condition in which the company's finances are in trouble, crisis, or unhealthy (Hapsari, 2012). This financial distress occurs when the company fails or is no longer able to meet the debtor's obligations due to lack or insufficient funds to run or continue the business again. For external parties, distress finance can be used as a basis for making investment decisions. Therefore, investors must pay more attention to the risk of bankruptcy because it greatly affects the stock price. Investors must pay attention to financial performance to predict stock returns. The risk of bankruptcy can be predicted by the bankruptcy ratio, one of which is the Altman Z Score model.

The company's financial ratios that must be considered are the ownership structure and capital structure. The ratios are thought to affect firm value because these ratios are a reflection of the health of a company as seen through financial statement analysis. Companies with good performance will attract investors to invest so that the stock price will increase. If the share price increases, the value of the company will also be higher, then the wealth of shareholders (investors) will increase and this is proof that the company is in good health.

2. Literature Review

2.1. Institutional Ownership Structure

The obstacle that is often faced by companies in the capital market is supervision, especially in companies where most of the shares are owned by management. Of course, this will affect decisions made by management, which of course no longer reflect the genuine interests of other investors. Management behavior that represents its interests often has an impact on the emergence of conflict, on the other hand, investors do not like it because it will become a burden for the company which will affect the decline in company profits which will have an impact on the decline in stock prices and firm value. The conflicts that often arise between management and investors can be minimized by monitoring so that the interests between management and investors can be inline.

Hastuti (2014) states that ownership structure is a factor that can affect the condition of the company in the future. The ownership structure consists of managerial and institutional ownership. Institutional ownership is ownership of shares in a company owned by an institution or institution. Investors in institutional share ownership can supervise so that management can improve the company's financial performance which has an impact on firm value. Managerial ownership is the ratio of managerial share ownership to the number of shares outstanding in the stock market. Managerial ownership is the proportion of ordinary shares owned by management. Meanwhile, according to Gunarsih (2004) companies ownership is a mechanism that can be used so that activity managers are following the interests of the company owners. Agency problems can be overcome by increasing managerial ownership. Managers will be motivated to improve their performance which is also the desire of the shareholders. Ross (2010) stated that the greater the proportion of share ownership in the company, the management tends to be more active in the interests of investors, in this case, it is the management itself. Managerial share ownership will unite the interests of managers and shareholders so that the benefits of decisions taken by managers will be felt and managers will share the consequences of making wrong decisions that will cause losses.

2.2. Capital Structure

Capital in developing companies can come from debt or equity, the advantage of debt is that the interest paid is deducted for taxes so that it will reduce the effective cost of debt, then the debt holder will get a fixed return. So that investors do not need to take part in profits when the company is in good health. But on the other hand, debt has weaknesses, among others, the higher the debt ratio, the higher the company's risk, another weakness if the company is experiencing financial difficulties and the profit is not sufficient to pay interest, the investor must bear the burden and if the company is unable to bear the burden, it will result in bankruptcy. Debt that is too large can hamper the development of the company so that investors will reconsider their desire to invest.

Capital structure is a comparison between foreign capital and its capital. In this case, foreign capital is long-term or short-term debt. Meanwhile, capital itself consists of retained earnings and ownership of the company. The optimal capital structure must be in a balance between risk and return that maximizes the share price. Business risk, tax position, financial flexibility, and management aggressiveness largely determine the targeted capital structure.

According to Halim (2007) capital structure is a balance of fixed short-term debt, long-term debt, preferred stock, and common stock. In the theory of capital structure, it is stated whether changes in capital structure affect the firm value or not, assuming that investment decisions and dividend policies do not change. If there is influence, it means the best capital structure, but if there is no influence, it means that there is no best capital structure.

2.3. Financial Distress

Financial distress or financial difficulties, namely a company condition that is not healthy or critical in financial problems before the company goes bankrupt. Financial distress occurs when a company is no longer able or fails to fulfill its debt obligations because it experiences insufficiency or lack of funds in running its business. Financial distress is characterized by delayed deliveries, decreased product quality, and delayed bill payments from banks. Indications of financial distress or financial distress can be seen from the company's financial performance. Financial performance is reflected in accounting information sourced from financial reports, where company revenues decline and expenditures increase.

Jannah and Khoiruddin (2017) financial reports can be used as a tool to predict the condition of the company in the future. Every company must be aware of the potential for bankruptcy, therefore the company must conduct an analysis as early as possible regarding company bankruptcy, especially financial statement analysis (Carissa, Muh, & Cici Rianty, 2017). Bankruptcy prediction analysis is used to determine the initial signs of financial distress. Financial distress is a condition where the company's finances are not healthy (Hapsari, 2012).

It is not certain that the company can avoid financial distress, although the company can overcome the three problems above because financial distress can also be caused by external factors of the company. According to Damodaran (1997) external factors are broader in scope and are macro. Increasing tax rates and loan interest rates is a government policy that can increase the burden that must be borne by companies.

Smith and Graves (2005) explain that companies that experience decline stemming and performance improvements tend to be able to survive in difficult conditions. Factors that need to be considered to predict whether the company can survive in a condition of financial difficulty (decline stemming cycle) are the level of financial performance, company size, and availability of free assets employees. So that it can be used as a basis for consideration in predicting company recovery.

Platt and Platt (2002) state that the predictive function of financial distress information in companies is to accelerate management actions in preventing problems before bankruptcy occurs. Management can take merger or takeover actions so that the company can pay debt and management can better manage the company, predicting information on difficulties in the company can provide early warning signs of future bankruptcy. Schuppe (2003) states that responsive management can predict financial distress early, then acts actively to analyze the causes of financial distress and then applies the right strategy to control the condition.

To prevent symptoms of financial distress, companies should have online accounting software such as a platform for accounting and management services so that all company financial transactions are recorded. Thus, the company will know the latest financial conditions and can take precautions in case of financial problems at the company early.

2.4. Firm Value

According to Salvatore (2005) firm value is the view of investors on the company's success rate in managing company resources. The company has the main objective to maximize wealth. Also, according to Sartono (2008) Firm value is the selling value of a company as an operating business. Any excess in selling value over liquidation value is the value of the management organization that runs the company. Meanwhile, according to Brigham and Ehrhardt (2005) Firm Value is the present value of free cash flow in the future at a discount rate according to the weighted average cost of capital. Free cash flow is the cash flow available to investors (creditors and owners) after calculating all expenses for company operations and expenses for investments and net current assets. Valuation ratios are used to measure the value of the company against the stock price. Regarding how much the public appreciates the company, it can be seen in the valuation ratio information, so that people are interested in investing through buying shares at a price higher than their book value. Here are a few to measure firm value.

3. Research Methods

3.1. Time and Location of Research

This research is planned to be conducted for 3 (three) months starting from December 2019 to February 2020, the data is sourced from the Indonesia Stock Exchange located at Jl. Jend. Sudirman Kav 52-53 South Jakarta 12190.

3.2. Research Design

In this study using descriptive and associative research methods with quantitative approaches. Descriptive research was conducted to determine institutional ownership, capital structure, and financial distress in non-bank companies included in the LQ45 which were used as research samples. While the associative research approach is research that aims to determine the relationship or influence between two or more variables. Associative research is conducted to determine whether there is an influence or relationship of institutional ownership, capital structure, and financial distress on firm value either partially or simultaneously. The research analysis is carried out with a quantitative approach that aims to test the hypothesis. The research will focus on financial reports, especially on reports on institutional ownership (public), capital structure, financial distress, and the value of non-bank

companies that were included in LQ45 in February 2019 on the Indonesia Stock Exchange from 2016 to 2018. The data analyzed came from annual financial statements ended December 31, 2016, to December 31, 2018.

3.3. Population and Sample

The population that will be used in this research is non-bank companies listed on LQ45 for February 2019 on the Indonesia Stock Exchange.

The sampling technique using a purposive sampling technique that aims to make the data obtained later can be more representative. The sample criteria used in this study are:

- Non-bank companies registered in LQ 45 for February 2019.
- Submit complete financial reports for the last 3 years.
- Share ownership data is reported in the company's annual report.

Based on the above criteria, the companies used as samples in this study were 40 companies.

4. Research Results and Discussion

4.1. Correlation Coefficient Analysis

The correlation coefficient test was conducted to determine the direction and strength of the relationship between the independent variable and the dependent variable. The direction and strength of the influence of the institutional ownership variable and the capital structure variable moderated by the financial distress variable with the Pearson correlation model correlation coefficient test of two variables moderated by financial distress, the results are:

4.1.1. Equation 1

- 1) The variable of institutional ownership with a correlation coefficient of -0.124 with a significant value of 0.223, which means that the relationship between institutional ownership and firm value is negative and very low, so that if institutional ownership increases, the firm value will decrease with a very small and insignificant value.
- 2) The financial distress variable has a correlation coefficient of 0.398 with a significant value of 0.005, which means that the relationship between financial distress and firm value is positive. The correlation value is low but significant so that if financial distress increases, the firm's value will increase.
- 3) The coefficient value of the institutional ownership variable which is moderated by financial distress is 0.288, this means that financial distress can moderate institutional ownership of the relationship - 0.124 increases to 0.288 even though the relationship is still low. This means that if the firm value is moderated by increasing financial distress, the firm value will increase.

4.1.2. Equation 2

- 1) Capital structure variable with a correlation coefficient value of 0.114 with a significant value of 0.241, which means that the relationship between the capital structure variable and the firm value variable is positive and insignificant. This means that if the capital structure in the company increases, it will be followed by an increase in firm value.
- 2) The financial distress variable has a correlation coefficient of 0.398 with a significant value of 0.005, which means that the relationship between financial distress and firm value is positive. The correlation value is low but significant so that if financial distress increases, the firm's value will increase.
- 3) Variable coefficient value capital structure moderated by financial distress is 0.820, this means that financial distress can moderate institutional ownership from a relationship of 0.14 to 0.820 which means that the relationship is very strong and positive. This implies that the capital structure relationship will be large if moderated by financial distress.

4.2. Linear Regression Analysis

The results of data processing show that the regression equation is: $Y = 7.573 - 8.155X_1$, meaning that every addition of 1 unit of X_1 value (institutional ownership) then the Y value (firm value) will decrease by the coefficient value of -8.155, so it can be said that institutional ownership has a negative effect against firm value at LQ 45.

The effect of institutional ownership with firm value as moderated by financial distress with the regression equation is $Y = -1,1224 + 5,739X_1 + 1,067X_3 - 1,526 X_1.X_3$. The regression equation implies that:

- a. The coefficient value of the institutional ownership variable (X_1) is 5,739 X_1 . This means that the institutional ownership variable has a positive effect on firm value (Y) so that if institutional ownership (X_1) increases by 1 unit and other variables are equal to zero, the firm value will increase with a coefficient of 5.739 units. These results are different from the results of the simple regression test in Table 4.19 where institutional ownership harms firm value. This is possible because the equation does not include the financial distress variable as a moderating variable.
- b. The value of the financial distress coefficient (X_3) is 1.067 X_3 . This means that the financial distress variable has a positive effect on firm value so that if financial distress increases by 1 unit while other variables are equal to zero, the firm value will increase with a coefficient of 1.067 units.
- c. The value of the variable coefficient $X_1.X_3$, which is the variable of institutional ownership moderated by the financial distress variable, has a value of - 1.526 $X_1.X_3$, this means that if the other variables = zero and $X_1.X_3$ increases by 1 unit, the firm value will decrease with a coefficient value of 1.526. This also illustrates that the role of financial distress in moderating the ownership structure is negative so that its effect on firm value is negative.

The simple linear regression test in the second equation is to see the relationship between capital structure and firm value, the linear equation $Y = 2.895 + 1.225X_2$ is obtained. This means that every addition of 1 unit of X_2 value (capital structure) then the Y value (firm value) will increase by a value of 1.225 so it can be said that the capital structure has a positive effect on firm value. This condition also illustrates that the position of the

company's capital structure, namely the ratio of debt to equity (DER), is a concern of investors in deciding their investment in LQ45 companies which in turn will encourage the increase in firm value.

Furthermore, by entering the financial distress variable as a moderating variable in seeing the effect of capital structure on firm value, the regression equation is a $Y = - 1.392 - 1.030X_2 + 0.032X_3 + 1.104X_2X_3$.

The regression equation implies that:

- The constant value - 1.392 in equation 2 means that if the capital structure variable (X_2) and financial distress (X_3) = zero, the firm value will decrease by the constant value - 1.392.
- The coefficient value of the capital structure variable (X_2) is $-1.030X_2$, this means that the influence of the capital structure variable on firm value is negative so that if the capital structure increases by 1 unit and other variables = zero, the firm value will decrease by 1.030 units. These results are different from the simple regression test results in table 4.11 where the capital structure has a positive effect on firm value. This is possible because the equation does not include the financial distress variable as a moderating variable.
- The coefficient value of the financial distress variable (X_3) is $0.032X_3$, this means that financial distress has a positive effect on firm value so that if the financial distress variable increases by 1 unit and other variables = zero, the firm value will increase with a coefficient of 0.032.
- The value of the variable coefficient $X_2.X_3$ which is the capital structure variable moderated by the financial distress variable is $1.104X_2.X_3$ this means that if the other variables = zero and $X_2 X_3$ increases by 1 unit then the firm value will increase 1.104 This also illustrates that the role of finance distress in moderating the capital structure is positive so that the effect on firm value is positive. This also shows that financial distress plays a role in moderating the capital structure to influence firm value.

4.3. Partial Test (T-Test)

4.3.1. Moderation Equation 1

Based on the significant value and the t coefficient value, the t-test results are as follows:

1. The Effect of Institutional Ownership on Firm Value

H1. There is a significant influence between institutional ownership on firm value.

The regression coefficient value of variable X_1 (Institutional Ownership) of 5.739 shows that there is a positive effect of institutional ownership on firm value while the value of T-count = 0.307 which means <of the T-table value of 2.0281. The significant value is 0.760> from the 0.05 significant level, so it can be concluded that institutional ownership partially has a positive but insignificant effect on firm value. Thus the H_0 hypothesis which states that there is no significant effect between institutional ownership on Firm Value is accepted and H_a is rejected.

2. The Effect of Financial Distress on Firm Value

H2: There is a significant effect of financial distress on firm value.

The regression test results obtained that the coefficient value of financial distress is 1.067, which means that there is a positive effect of the financial distress variable on firm value. The t-count value is 1.550 which means <from t-table 2.0281 and a significant value of 0.130 which means > from the 0.05 significant level so that the conclusion is partially financial distress has a positive and insignificant effect on firm value. So H_0 's hypothesis which states that there is no significant effect of financial distress on firm value is accepted and H_a is rejected.

3. The Effect of Institutional Ownership on Firm Value Moderated by Financial Distress

H3. There is a significant influence between institutional ownership which is moderated by the financial distress variable on firm value.

Based on the results of the regression test, it is obtained that the moderation coefficient of 1 is -1.526 . This illustrates that the institutional ownership variable moderated by financial distress harms company income. While the value of T-count = -0.968 which means <of T table 2.0281 while the significant value is 0.339> from the significant level of 0.05 so it can be concluded that institutional ownership which is moderated by financial distress has a negative and insignificant effect on firm value so that the H_0 hypothesis which states There is no significant influence between Institutional ownership which is moderated by the Financial Distress variable on Firm Value is accepted and H_a is rejected.

4.3.2. Moderation Equation 2

Based on the significant value and the t coefficient value, the t-test results are as follows:

1. The Effect of Capital Structure on Firm Value

H1. There is a significant influence between capital structure on firm value.

The regression coefficient value of the X_2 variable capital structure is -1.030 , indicating that there is a negative influence between the capital structure on firm value, while the value of T-count = 0.846 which means < of the T-table value of 2.0281. The significant value is 0.403> from the significant level of 0.05 so it can be concluded that the capital structure partially has a negative and insignificant effect on firm value. Thus the H_0 hypothesis which states that there is no significant influence between capital structure on firm value is accepted and H_a is rejected.

2. The Effect of Financial Distress on Firm Value

H2. There is a significant influence between financial distress on firm value.

The variable X_3 (financial distress) in equation 2 has a coefficient value of 0.032. This shows that financial distress has a positive effect on firm value. The results of the T-count test obtained a value of 0.260 which means <from T table 2.0281 while the significant value is 0.796 which means> from the significant level of 0.05. Thus it can be interpreted that the financial distress in equation 2 partially has a positive but insignificant impact on firm

value. Thus the H_0 hypothesis which states that there is no significant effect between financial distress on firm value is accepted and H_a is rejected.

3. The Influence of Financial Distress Moderated Capital Structure on Firm Value

H3. There is a significant influence between the capital structure which is moderated by financial distress on firm value.

The regression test results obtained that the moderation coefficient value in equation 2 is 1.104, this illustrates that the capital structure variable which is moderated by financial distress has a positive effect on company income. As for the value of the year, the value is 7.182 so that the value is > from T table 2.0281 while the significant value is 0.000 which means <0.05, so it can be concluded that the capital structure which is moderated by financial distress has a positive and significant effect on firm value so that the H_0 hypothesis which states There is no significant influence between the capital structure moderated by the financial distress variable on firm value is rejected and H_a is accepted.

4.3.3. Simultaneous Test (Test F)

ANOVA test results in the first equation are to see the effect of ownership structure (X1), financial distress (X3) which moderates institutional ownership (X1X3), in influencing firm value. The basis for the decision making of the F-table value is $n-k-1$ so that $df = 40 - 3 - 1 = 36$ so that the F-table value is 2.63. Based on the table value and compared with F-count 3.012 so that F-count > F-table (3.012 > 2.63) with a significant value of 0.043 <0.05 so it can be concluded that institutional ownership which is strengthened by financial distress collectively has a significant effect on firm value. Thus the hypothesis H_0 is rejected and H_a is accepted.

Meanwhile, the ANOVA test results in the second equation are to see the effect of capital structure (X2), financial distress (X3) which moderates capital structure (X2X3), in influencing firm value (Y). The basis for the decision making of the value of F-table is $nk-1$ so that $df = 40 - 3 - 1 = 36$. So that the F-table value of 2.63 is obtained. The F-count value obtained is 26.032, which means F-count is greater than F-table (26.032 > 2.63) and the significant value is 0.000 <0.05, which means that the capital structure (DER) which is moderated by financial distress simultaneously has a significant effect on firm value. Thus the hypothesis H_0 is rejected and H_a is accepted.

4.3.4. Test the Coefficient of Determination (R²)

The value of the R^2 coefficient is 0.015, this means that the ability of the institutional ownership variable (X1) to contribute to changes in the firm value variable (Y) is only 1.5 percent which means it is small. So that 98.5% is the contribution of other variables.

The value of the financial distress variable (X3) is thought to strengthen the institutional ownership variable (X1) in influencing firm value. The result is 0.201 which means that a 20.1% change in firm value is the contribution of institutional ownership which is reinforced by financial distress as a moderator. The role of financial distress is quite large in contributing to changes in firm value.

In the capital structure variable as the independent variable and firm value as the dependent variable, the value of $R^2 = 0.013$ is obtained, which means that only 1.3% of changes in firm value are a contribution from the capital structure, which means that the contribution is very small.

Furthermore, the financial distress variable as a variable that moderates the capital structure, the R^2 value increases to 0.684 or 68.4% change in firm value is the contribution of capital structure (X2) which is moderated by financial distress (X3) This illustrates that the financial distress variable has a very large contribution. in moderating the capital structure which causes the firm's value to change.

5. Discussion

Based on the results of data processing as presented above, analysis can then be carried out to answer the problems raised in the study.

5.1. The Effect of Institutional Ownership on Firm Value

The results of the analysis show that institutional ownership affects firm value. Although the contribution of influence is very small, it still contributes to changes in firm value. This illustrates that institutional ownership in a company has an important role so that supervision of company management can be carried out properly and optimally. So that the hypothesis that institutional ownership affects firm value can be accepted. The results of this study are in line with the research of Sari (2012); Suta, Putu, and Sugiarta (2016); Nidiya (2017); Lubis and Bukit (2019) who found that there was an effect of institutional ownership on firm value.

5.2. The Effect of Financial Distress Moderated Institutional Ownership on Firm Value

The results of the analysis of institutional ownership variables which are moderated by financial distress variables show that institutional ownership moderated by financial distress does not affect firm value, meaning that financial distress is unable to moderate the effect of institutional ownership on firm value, so the hypothesis that financial distress can moderate institutional ownership in influencing firm value in non-bank companies listed on the IDX LQ45 2016-2018 was rejected. This means that if institutional ownership increases and is strengthened by an increase in financial distress, it will have an impact on the decline in stock performance so that the company's value will decrease, on the other hand, if institutional ownership decreases and is supported by a decrease in financial distress, the firm value will increase. This situation can be interpreted that the dominant institutional ownership in the company is also not good, especially if the company's financial condition is not healthy because this situation indicates that if there is financial difficulty in the company the institutional investors may withdraw their capital so that it will result in a decline in the company's shares which results in a decrease in value company.

5.3. The Effect of Capital Structure on Firm Value

The analysis result on the effect of capital structure proxied by Debt to Equity Ratio (DER) on firm value is that capital structure does not affect firm value. So the hypothesis which states that capital structure affects firm value in non-bank companies listed on the IDX LQ45 2016-2018 is rejected.

These results also illustrate that ownership in the company does not have an impact on changes in firm value, this is possible because companies listed on LQ 45 are companies with a good performance so that investors no longer see the percentage of ownership in the company but pay more attention to other factors. Previous research results that are in line with the results of this study are research conducted by Nidiya (2017); Setyawati (2019) which did not find any influence of capital structure on firm value.

5.4. The Effect of Capital Structure on Firm Value Moderated with Financial Distress

The results of the analysis of the effect of the variable capital structure on firm value as moderated by financial distress are that financial distress can moderate the effect of capital structure on firm value. This means that if the capital structure rises and financial distress increases, the firm value will increase. This explains that the problem of the level of the company's financial health as measured by financial distress plays a very important role in moderating the capital structure in influencing changes in firm value. So that the hypothesis which states that financial distress can moderate the capital structure in influencing firm value in non-bank companies listed on the LQ45 IDX in 2016 -2018 is accepted. Thus, the condition of the company's financial health is far more important for investors to pay attention to than its capital structure, this can be possible because a healthy financial condition can describe the optimal capital structure.

6. Conclusions and Suggestion

6.1. Conclusion

1. Institutional ownership affects firm value. So that the hypothesis that institutional ownership affects firm value can be accepted.
2. Institutional ownership which is moderated by financial distress does not affect firm value, meaning that financial distress is not able to moderate the effect of institutional ownership on firm value, so the hypothesis that financial distress can moderate institutional ownership in influencing firm value in non-bank companies listed in LQ45 IDX 2016-2018 was rejected.
3. The capital structure does not affect firm value. So the hypothesis which states that capital structure affects firm value in non-bank companies listed on the IDX LQ45 2016-2018 is rejected.
4. Capital structure moderated by financial distress affects firm value. This illustrates that financial distress is unable to moderate the effect of capital structure on firm value. So that the hypothesis which states that financial distress can moderate the capital structure in influencing firm value in non-bank companies listed on LQ45 BEI 2016-2018 is accepted.

6.2. Suggestion

Given the limitations on the results of this study, it is suggested that:

1. For the company or the management, financial distress analysis must be a concern in determining the ownership structure and capital structure of the company because it is quite influential on firm value.
2. In further research, it is recommended to add other relevant variables either as independent variables, dependent variables, or as moderating variables to provide broader information on findings.
3. To get a comparison it is recommended to test and analyze other companies.

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