

INTELLECTUAL CAPITAL AND FIRM PERFORMANCE: THE ROLE OF INSTITUTIONAL AND FAMILY OWNERSHIP

Bima Cinintya Pratama¹ and Maulida Nurul Innayah²

¹Accounting Department, Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto

²Master of Science in Management Program, Universitas Gadjah Mada
pratamabima@gmail.com

***Abstract-**Intellectual Capital (IC) is important because firms in Indonesia needs a lot of competitive advantage, mainly from IC, in order to compete in the era of ASEAN Economics Community (AEC). This study investigates the positive relationship between intellectual capital and firm performance and examine the moderating role of family ownership and institutional ownership on the relationship between intellectual capital and firm performance. The data collected from annual report from high-tech industries and conducted in Indonesia. The final sample used in this study consists of a total of 144 observations. This study uses panel data regression model analysis, i.e. fixed effect regression and random effect regression. The results showed that intellectual capital has a positive effect on financial performance in Indonesia. This result indicate that intellectual capital can give higher financial performance for the firms. On the other hand, the result found that the positive moderating role of family ownership and institutional ownership on the relationship between IC and firm financial performance.*

Keywords: Intellectual Capital, Family Ownership, Institutional Ownership, Financial Performance.

***Abstrak-**Modal intelektual (IC) penting untuk dapat bersaing di era Masyarakat Ekonomi ASEAN (MEA). Studi ini menyelidiki hubungan positif antara modal intelektual dan kinerja perusahaan dan menguji peran moderasi kepemilikan keluarga dan kepemilikan institusional pada hubungan antara modal intelektual dan kinerja perusahaan. Data dikumpulkan dari laporan tahunan dari industri teknologi tinggi dan dilakukan di Indonesia. Sampel akhir yang digunakan dalam penelitian ini terdiri dari total 144 pengamatan. Penelitian ini menggunakan analisis model regresi data panel, yaitu regresi efek tetap dan regresi efek acak. Hasil penelitian menunjukkan bahwa modal intelektual berpengaruh positif terhadap kinerja keuangan di Indonesia. Hasil ini menunjukkan bahwa modal intelektual dapat memberikan kinerja keuangan yang lebih tinggi bagi perusahaan. Di sisi lain, hasilnya menemukan bahwa peran moderasi positif kepemilikan keluarga dan kepemilikan institusional pada hubungan antara IC dan kinerja keuangan perusahaan.*

Kata Kunci: Modal Intelektual, Kinerja perusahaan

INTRODUCTION

ASEAN economic community (AEC) will force regional economic integration between the members of ASEAN countries. This is challenging for the company in order to continue to survive for the sake of business continuity. According to Sawarjuwono and Kadir [30], in order to survive in accordance with the concept of going concern, companies must quickly change their strategy from labor-based business to knowledge-based business. The paradigm will make companies to improve company ability in processing the resources they have to create corporate value as a competitive advantage. One of them is by increasing the company's intellectual capital. Intellectual

capital in the company is a knowledge resource based on the employees, customers, processes, and technologies used by companies in value creation [6].

Resource-based theory (RBT) explains that intellectual capital (IC) serves as the core of value creation and competitive advantage for firms [4]. The growth and sustainability of companies will depend on the development of the company resources, as explained by RBT perspectives. Thus, effective and efficient use of IC will encourage the company's ability to generate profit. Therefore, this study will examine the effect of IC on company's financial performance on high-tech companies in Indonesia.

Grant [17] explained that IC will not be able to provide an optimal competitive advantage

without proper organization and allocation of the resource. Keenan and Aggestam [19] explained that the attitude and expertise of substantial shareholders of the firm is the key to the implementation and accountability of firm management to guide the development, maintenance, and improvement of IC in the firm. Previous studies [11], [7] have found that firms in East Asia, including Indonesia, are firms which ownership is concentrated predominantly on the family ownership.

In other hand, there is a view that is alignment effect on the family ownership of firm, that has proved by Anderson and Reeb [3] research that has shown that family firms are more efficient in terms of supervision and management of firm activity compared to firms that are widely held by public. In the Asian context, Ng [23], conducted research in firms listed in the Hong Kong Stock Exchange (HSE), showed that the family ownership in Hong Kong together with its collectivist culture will give a positive impact on firm performance.

Meanwhile, Pratama and Wibowo [26] have examined the moderating effects of family ownership on IC utilization in high-tech firms in Indonesia. The study did not show any evidence of moderating effects of family ownership on the impact of IC towards performance. On the other hand, there is another variable of ownership that is also substantial, which is institutional ownership.

Charitou et al., [9] explained that in recent financial markets, institutional ownership became an important player. As the increasing volume of corporate ownership they control makes their position increasingly important in corporate governance. Several previous studies have explained the significant role of institutional investors in monitoring [29], [32], [16]. The benefits of engaging institutional investors are large enough for companies because institutional ownership usually has a large portion of percentage in the ownership of a company. In addition, they do not enough ability, compared to individual investors, to liquidate share ownership without affecting

stock prices, therefore they will tend to have incentives in safeguarding the company. Institutional investors also have a big impact on company management, because they have the ability to monitor activities carried out by company management. Previous research [20], [2], [35] have successfully proved that institutional ownership has a positive impact on company performance. Institutional ownership is substantial ownership because today the majority of companies have shifted toward institutional ownership and not just family ownership. Therefore, this study expects that institutional ownership will have more power in strengthen the effect of IC than family ownership. Thus, this study extends Pratama and Wibowo [26] research by incorporating institutional ownership variables as moderating variables and looking at the effect on whether institutional ownership will strengthen the effect of IC on financial performance.

This research uses Value Added Intellectual Coefficient (VAIC) method developed by Pulic [27] [28] to measure IC using a monetary measurement. Companies engaged in high-tech industries have been well known as companies that tend to rely on IC in their operations, so it is suitable for this study. This study uses panel data regression model (i.e. fixed effect and random effect regression). This study contributes to the literature of IC by developing the research from Pratama and Wibowo [26] by testing the role of family ownership in further explaining positive relationship between IC and financial performance of companies in Indonesia, with addition of the moderating role effect of institutional ownership.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Resource-based Theory (RBT)

RBT provides an important framework to explain and predict what can be an underlying for competitive advantage and firm performance [5]. Resource Based Theory

is a thought that developed in strategic management theory and competitive advantage of companies which believe that the company will achieve excellence if it has excellent resources [31]. Companies will be able to win the competition and also create value added so that it will contribute to the firm's success by utilizing sustainable competitive advantages from IC [10], [37]. In relation to this research, Resource Based Theory explains that companies which have intellectual capital will be able to create competitive advantage, so that it will improve the company's financial performance.

Family Ownership

About two decades ago, researchers compiled data on corporate ownership across East Asia [11]. Then, at 2013, Carney and Child study [7] also stated that although much has changed since, family ownership is still the most dominant form of ownership structure in East Asia. The family ownership may impact to the agency conflict between owners and managers. Wang [36] mentioned one of the views on the position of family ownership structure in performing supervisory functions on the activities undertaken by management, namely alignment effect. Alignment effect explained the contrary to what is described by the entrenchment effect. The controlling shareholders has sufficient cash flow rights to prevent their desire to exploit non-controlling shareholders and the company. The greater the concentration of cash flow rights, the greater the controlling shareholder's incentive to run the company correctly. This will imply alignment effect. Due to the large number of shares owned by the family and its long-term existence in the firm, the interests of the family and other shareholders will be aligned. Based on the alignment effect, family members have a lower tendency to behave opportunistically because they will be in the firm as long as possible, they want to pass the firm to their next generation and the want to keep the good family reputation. Because of the family welfare is firmly related with the value of the

firm, the family will have greater incentives to supervise employee activities [3].

Institutional Ownership

Pound [24] argues that institutional ownership can affect the value of the firm either positively or negatively. The positive effect occurs when these institutional shareholders act as more effective and efficient oversight mechanisms than individual shareholders; The negative effect occurs when the institutional shareholders conspire with corporate managers to counter their fiduciary duties. Empirical studies have shown inconsistent results in concluding how institutional ownership may affect firm performance [1], [8], [13], [14], [19], [21], [22].

Institutional ownership is the ownership of shares owned by institutions such as insurance companies, banks, investment companies and other institutional ownership [34]. Institutional ownership has an important role in overseeing management because with the presence of institutional ownership will encourage more optimal supervision. Such supervision will ensure prosperity for shareholders, the influence of institutional ownership as regulatory agents is suppressed through their considerable investment in capital markets. With high institutional ownership it will lead to greater oversight efforts by the institutional investors so as to hinder the opportunistic behavior of managers. Furthermore, with institutional ownership as blockholders will have a positive impact on company performance [20], [2], [35].

Hypothesis Development

Intellectual Capital and Financial Performance

IC perform an important role in value creation and sustainable growth of the firm. This is in line with the resource-based theory (RBT), which explains that IC is the core of value creation and competitive advantage of the firm [4]. From the RBT perspective, the creation of a sustainable competitive advantage is closely related to the firm ability

to maintain asset resources that are valuable, rare and irreplaceable and also allocating and deploying these resources effectively [4]. Firms that have the sustainable competitive advantage will be able to win the competition in the market industry so that they can create value and achieve optimal business performance.

Several previous studies examining the relationship between IC and firm performance managed to find the relationship between IC and firm performance. Chen et al. [10] found that IC owned by firm has a positive effect on market value and firm financial performance, and also can be an indicator for future financial performance. Meanwhile, Clarke et al. [12] also found that there is a direct relationship between IC and firm performance of firms listed in the Australian Stock Exchange. Several other studies have also found evidence that IC has a positive impact on firm performance [26], [25], [33], [15]. Based on above explanation, the hypotheses proposed in this study are as follows:

H1: Intellectual capital has a positive effect towards the financial performance of companies operating in high-technology industries

Intellectual Capital, Family Ownership and Financial Performance

The firm ability to grow and develop depends on its ability to use any available resources appropriately, both financial resources, physical, and intellectual. Although the firm resources can be in a form of capital or financial resources, the intellectual resources are at the core of each firm.

Consistent with the statement from Grant [17], IC will not be able to provide an optimal competitive advantage without proper organization and allocation of the resource. According to RBT, the firm ability to organize and manage resources nicely is one of the main requirements for the firm to create a competitive advantage from these resources. One of the most responsible for supervising the firm activities management, including the

activities of managing IC, is the shareholders of the firm. Keenan and Aggestam [19] explained that the key of firm management to guide the development, maintenance, and improvement of IC is the attitude and expertise of substantial shareholders.

Previous study from Claessens et al. [11] and Carney and Child [7] found that firms in East Asia, including Indonesia, are firms which ownership is concentrated predominantly on the family ownership. Consistent with the alignment effect on the family ownership of firm, Anderson and Reeb [3] showed that family firms are more efficient in terms of supervision and management of firm activity compared to firms that are widely held by public. In the Asian context, Ng [23], conducted research in firms listed in the Hong Kong Stock Exchange (HSE), showed that the family ownership in Hong Kong together with its collectivist culture will give a positive impact on firm performance. Based on the explanations that have been described above, the hypotheses that can be proposed are as follows:

H2: Family ownership can strengthen the positive effect of intellectual capital towards financial performance on firms operating in high-technology industries

Intellectual Capital, Institutional Ownership and Financial Performance

IC need help from the role of proper allocation and organization in order to provide maximum competitive advantage [17]. One of the most significant roles affecting the company's management in directing the development, maintenance and improvement of the company's IC is attitudes and expertise of the major shareholder [19].

Previous research [20], [2], [35] have found that institutional ownership as blockholders will have a positive impact on company performance. Institutional ownership has an important role in overseeing management because with the presence of institutional ownership will encourage more optimal supervision. Such supervision

will ensure prosperity for shareholders, the influence of institutional ownership as regulatory agents is suppressed through their considerable investment in capital markets. With high institutional ownership it will lead to greater oversight efforts by the institutional investors so as to hinder the opportunistic behavior of managers. Therefore, with the existence of institutional ownership as a monitoring mechanism can be predicted that the activity of IC utilization will be more optimal so that the company's performance will also be maximized. Based on the explanation described above it can be proposed the following hypothesis:

H3: Institutional ownership can strengthen the positive effect of intellectual capital towards financial performance on firms operating in high-technology industries

METHODS

Sample

The sample of this study are the firms engaged in high technology industries that listed in Indonesian Stock Exchange. The type of industry that is considered as high-technology industry is based on the industrial classification based on the Standard Industrial Classification (SIC), namely:

1. Computer hardware (SIC Codes 3570-3579)
2. Electronic and other electrical equipment (SIC Codes 3610-3699)
3. Photographic, optic and medical equipment (SIC Codes 3810-3873)
4. Communications (SIC Codes 4810-4899)
5. Computer software (SIC Codes 7371-7379)

The initial sample consists of 38 firms with years of observations from 2008 to 2014. Due to incomplete data on the variables selected, the final sample used in this study is amounted to 31 firms with a total of 141 firm-year observations. Table 1 shows the final sample used and its distribution by industry.

Table 1. Sample Distribution Based on Industries

Industries	No. of Companies
Communications	18
Electronic and other electrical equipment	2
Computer hardware	1
Computer software	9
Photographic, optic and medical equipment	1
Total	31

Variables

Independent Variable

1. **Intellectual Capital (VAIC).** IC measured using VAIC which was developed by Pulic [27] [28]. VAIC measured by the following equation:

$$VAIC_t = HCE_t + SCE_t + CEE_t$$

Where:

$VAIC_t$ = Value added intellectual coefficient at t

HCE_t = VA_t / HC_t ; human capital efficiency coefficient at t

SCE_t = SC_t / VA_t ; structural capital efficiency coefficient at t

CEE_t = VA_t / CE_t ; capital employed efficiency coefficient at t

VA_t = $OUT_t - IN_t = OP_t + EC_t + D_t + A_t$; VA is the calculation of output (OUT_t) calculated from total sales reduced by Input (IN_t) calculated from bought-in materials or cost of goods or services sold; or it could be the calculation of operating income (OP_t); employee costs (EC_t); depreciation (D_t); and amortization (A_t)

HC_t = total salaries and wages at t

SC_t = $VA_t - HC_t$; structural capital at t

CE_t = book value of the net assets at t

Moderating Variable

1. **Family Ownership (Fam_OWN).** According to Pratama and Wibowo [26], family ownership in this study is measured by the proportion of family

ownership in the ownership structure of the firm, i.e. the percentage of ownership that are directly owned by the family with cut-off ≥ 5 percent

- Institutional Ownership (IN_OWN).** Institutional ownership is measured by the proportion of institutional ownership in the company's shareholding structure, i.e. the percentage of ownership directly owned by institutions such as insurance companies, banks, investment companies and other institutional holdings.

Dependent Variable

- Firm Financial Performance (Firm_Perf).** Follows the study from Chen et al. [10] and Clarke et al. [12], the firm financial performance is measured by ROA (return on assets ratio). ROA is calculated by the following equation:

$$ROA = Profit\ before\ tax / Average\ total\ assets.$$

Control Variable

- Firm Size (FSize).** Firm size is measured by using firm's total assets at year t, then

calculated the natural logarithm.

- Leverage (Lev).** Leverage is calculated by dividing long-term liabilities to total assets.

Analysis Technique

According to Gujarati and Porter [18], the research which use panel data should be tested by panel data regression model analysis, i.e. fixed effect regression or random effect regression. This study was used panel data regression model analysis by doing Hausman test first to decide whether to use the fixed effect regression or random effect regression.

The hypotheses testing in this study were using two equation models. Model (1) was used to examine the relationship of IC on firm financial performance (Hypothesis 1). Meanwhile, model (2) is used to examine the interaction of IC and family ownership as moderator on firm financial performance and also the interaction of IC and institutional ownership as moderator on firm financial performance (Hypothesis 2 and Hypothesis 3).

The equation models used to test all of the hypotheses in this study are as follows:

Model 1. Direct effect of IC towards Performance

$$ROA = \beta_0 + \beta_1 VAIC + \beta_2 FSize_t + \beta_3 Lev_t + \varepsilon_t$$

Model 2. Moderating effect from Family and Institutional Ownership

$$ROA = \beta_0 + \beta_1 VAIC + \beta_2 Fam_OWN + \beta_3 IN_OWN + \beta_4 VAIC * Fam_OWN + \beta_5 VAIC * IN_OWN + \beta_6 FSize_t + \beta_7 Lev_t + \varepsilon_t$$

Where:

ROA = Financial performance
VAIC = Intellectual Capital
Fam_OWN = Family Ownership
VAIC*Fam_OWN = Interaction Variable between family ownership and IC
IN_OWN = Institutional Ownership
VAIC*IN_OWN = Interaction Variable between institutional ownership and IC

FSize = Firm Size
Lev = Leverage
 ε_t = error term

RESULTS AND DISCUSSION

Descriptive Statistics

Table 2 shows the descriptive statistics of the selected variables in this study. ROA has a mean value of 0.1102 which indicates that the firms have a fairly good profitability. Meanwhile, VAIC which is the proxy of the

firm's intellectual capital has a mean value of 8.0824. The family ownership concentration is around 4,60%. While, the institutional

ownership is around 46.67%. Overall, the descriptive statistics of each variable can be seen in Table 2 below.

Table 2. Descriptive Statistics

Variable	Mean	Min	Max	Stdev
ROA	0.1102292	0.001	0.894	0.1196767
VAIC	8.082474	1.712903	51.80338	6.993087
Fam_Ownership	0.0460125	0	0.6647	0.1153464
Inst_Ownership	0.4667792	0	0.9275	0.2318596
Total Asset	1198688	1633.48	11600000	2422922
Firm Size	12.35789	7.398465	16.26296	2.123
Leverage	0.2145139	0	0.718	0.1805092

Results of Hypotheses Testing

Hypothesis 1 Results

Hypothesis 1 testing purposes is to answer the research question whether there is a positive effect of intellectual capital towards company's financial performance. The company's financial performance is proxied with profitability calculated by ROA.

Table 3 showed the results of overall hypothesis testing in this study. Hypothesis 1 testing showed that there is significant positive effect of VAIC towards ROA as the proxy of company financial performance with coefficient equal to 0.0141059 at 5% significance level. This indicates that if a company can utilize their IC more efficiently, it can lead to improved financial performance at the company. Therefore, hypothesis 1 which states that there is a positive effect of intellectual capital towards financial performance in high-technology companies in Indonesia, supported at the level of $\alpha = 5\%$.

Hypothesis 1 results indicates that the efficient and effective use of IC will enable the company to achieve higher financial performance. The results of this study are consistent with previous research conducted by Firer and Stainbank [15], Chen et al. [10], Clarke et al. [12], and Pratama and Wibowo [26] who found that intellectual capital positively affects company's financial performance.

Hypothesis 2 Results

Hypothesis 2 testing aims to answer the research question whether there is alignment effect of family ownership that strengthens the effect of intellectual capital towards the financial performance of companies operating in high-technology industries in Indonesian Stock Exchange. The overall results of the second hypothesis test can be seen in table 3.

The results of hypothesis 2 testing showed that there is positive impact of variable interaction VAIC*Fam_OWN towards ROA. Thus, this study is able to provide evidence that companies whose ownership structure is concentrated on family ownership will be more efficient and effective in maximizing their Intellectual Capital resources, which will lead to more optimum value creation and financial performance. Therefore, hypothesis 2 which states that family ownership can strengthen the positive effect of intellectual capital on financial performance on firms operating in high-technology industries in Indonesia Stock Exchange is supported.

It shows that the alignment effect -which explains that the company whose ownership structure is a family concentrated, the family and other shareholder interests are aligned, so the family has a lower tendency to behave opportunistically- has been shown in this study. Moreover, previous research showing the presence of alignment effects also supported

the results of this study, such as Anderson and Reeb's [3] research that indicates that family firms are more efficient in terms of supervision and management of corporate activities than are widely publicly owned companies. In the Asian context, previous study conducting research on companies listed on the Hong Kong Stock Exchange (HSE) [23] showed that the overall form of family ownership in Hong Kong along with its collectivist culture has a positive impact on performance.

Hypothesis 3 Results

Hypothesis 3 testing aims to answer the research question whether there is moderating effect of institutional ownership that strengthens the effect of intellectual capital towards the financial performance of companies operating in high-technology industries in Indonesian Stock Exchange. The result of the hypothesis 3 testing can be seen in table 3.

Hypothesis 3 testing showed that there is a significant positive effect of VAIC*Inst_OWN towards ROA. Thus, this study is able to provide evidence that companies whose ownership structure is concentrated on institutional ownership may be more efficient and effective in maximizing their Intellectual Capital resources, which will lead to more optimum value creation and financial performance. Therefore, hypothesis

3 which states that institutional ownership can strengthen the positive effect of intellectual capital on financial performance on firms operating in high-technology industries in Indonesia Stock Exchange is supported.

This result is supported by previous research such as Lin and Fu [20], Al-Najjar [2], Tsai and Gu [35] who found that with the existence of institutional ownership as blockholders will have a positive impact on company performance. This is because, Institutional ownership has an important role in overseeing management because with the presence of institutional ownership will encourage more optimal supervision. Such supervision will ensure prosperity for shareholders, the influence of institutional ownership as regulatory agents is suppressed through their considerable investment in capital markets. With high institutional ownership it will lead to greater oversight efforts by institutional investors so as to impede opportunistic manager behavior so that institutional shareholders, with large shareholdings, have an incentive to monitor corporate decision making. Therefore, with the existence of institutional ownership as a supervisory mechanism, the utilization of IC activities will be more optimal so that the company's performance will also be maximized.

Table 3. Results of Analysis

Independent Variables	Model 1		Model 2	
	Dependent Variable: ROA			
	Coef.	T	Coef.	t
Const	0.7857474	1.64	0.5007679	3.05**
VAIC	0.0141059	2.84*	-0.0452913	-3.55**
Fam_Own			-0.8833882	-2.27*
Inst_Own			-0.4722004	-1.90
VAIC*Fam_Own			0.0282378	2.14*
VAIC*Inst_Own			0.1298915	4.43**
FSize	-0.0613608	-1.52	-0.0358392	-2.57*
Lev	-0.1456268	-2.71*	-0.1425002	-2.69*
R ² Within		0.3269		0.6131
F		4.52		18.60
Prob > F		0.0553		0.0000

Notes: **indicates significant at the 1%; * significant at the 5%

CONCLUSION

The first objective of this study is to examine the positive impact of IC on the performance of the firms operating in high-technology industry in Indonesia. The empirical results showed that intellectual capital has a positive impact on firm financial performance. This indicates that efficient and effective use of intellectual capital will make the firm achieve higher financial performance. This implies that in the era of ASEAN Economic Community, companies should be aware of the important role of IC, so that they could be more efficient and effective in utilize their IC and finally they could face the challenge from AEC.

In the test results of moderating variables, namely family ownership and institutional ownership, the results showed that these two variables strengthen the effect of IC towards the financial performance of companies that

operating in high-technology industries in Indonesia.

This study has several limitations. First, this study only uses samples of the firms that operates in high-technology industry in Indonesia, so the results of this study may not be generalizable to the firms with different types of industries. Further research can use several firms from various industries and compared them in order to determine the complete picture of relationship between intellectual capital and firm performance from the standpoint of a more comprehensive range of industries.

Second, this study uses VAIC which is a measurement of intellectual capital from accounting information of the firm. Further research can use another proxy for measuring the firm's intellectual capital by combining measurements of intellectual capital using monetary and non-monetary methods.

REFERENCES

- [1] Agrawal, A., dan C. R. Knoeber. 1996. Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of Financial and Quantitative Analysis*. Vol. 31 (3): 377-397.
- [2] Al-Najjar, D. 2015. The Effect of Institutional Ownership on Firm Performance: Evidence from Jordanian Listed Firms. *International Journal of Economics and Finance*. Vol. 7 (12): 97-105.
- [3] Anderson, R. C. dan D. M. Reeb. 2003. Founding-Family Ownership and Firm Performance: Evidence from the S&P 500. *Journal of Finance*. Vol. 58 (3): 1301-1328.
- [4] Barney, J. B. 1991. Firm resources and sustained competitive advantage. *Journal of Management*. Vol. 17 (1): 99-120.
- [5] Barney, J. B., D. Ketchen, dan M. Wright. 2011. The future of resource based theory: Revitalization or decline?. *Journal of Management*. Vol. 37 (5): 1299–1315.
- [6] Bukh, P. N., C. Nielsen, P. Gormsen and J. Mouritsen. 2005. Disclosure of information on intellectual capital in Danish IPO prospectuses. *Accounting, Auditing & Accountability Journal*. Vol. 18 (6): 713–732.
- [7] Carney, R. W. dan T. B. Child. 2013. Changes to the ownership and control of East Asian corporations between 1996 and 2008: The primacy of politics. *Journal of Financial Economics*. Vol. 107 (2): 494–513.
- [8] Chaganti, R. and F. Damanpour. 1991. Institutional Ownership, Capital Structure, and Firm Performance. *Strategic Management Journal*. Vol. 12 (7): 479-491.

- [9] Charitou, A., N. Lambertides, and L. Trigeorgis. 2007. Earnings behaviour of financially distressed firms: the role of institutional ownership. *Abacus*. Vol. 43 (3): 271-296.
- [10] Chen, M. C., S. J. Cheng, dan Y. Hwang. 2005. An empirical investigation of the relationship between intellectual capital and firms' market value and financial performance. *Journal of Intellectual Capital*. Vol. 6 (2): 159-176.
- [11] Claessens, S., S. Djankov, dan L. H. P. Lang. 2000. The separation of ownership and control in East Asian Corporations. *Journal of Financial Economics*. Vol. 58 (1-2): 81-112.
- [12] Clarke, M., D. Seng, dan R. H. Whiting. 2011. Intellectual capital and firm performance in Australia. *Journal of Intellectual Capital*. Vol. 12 (4): 505-530.
- [13] Craswell, A. T., S. L. Taylor, dan R. A. Saywell. 1997. Ownership structure and corporate performance: Australian evidence. *Pacific-Basin Finance Journal*. Vol. 5 (3): 301-323.
- [14] Demsetz, H. dan K. Lehn. 1985. The structure of corporate ownership: Causes and consequences. *Journal of Political Economy*. Vol. 93 (6): 1155-1177.
- [15] Firer, S. dan L. Stainbank. 2003. Testing the relationship between intellectual capital and a company's performance: Evidence from South Africa. *Meditari Accountancy Research*. Vol. 11 (1): 25-44.
- [16] Fitri, N., G. Irianto and E. Mardiaty. 2017. The effect of ownership structure on the expropriation risk. *International Business Management*. Vol. 11 (2): 392-396.
- [17] Grant, R. M. 1996. Toward a knowledge based theory of the firm. *Strategic Management Journal*. Vol. 17 (2): 108-122.
- [18] Gujarati, D. N. dan D. C. Porter. 2009. *Basic Econometrics 5th edition*. McGraw Hill/Irwin. New York, USA.
- [19] Keenan, J. dan M. Aggestam. 2001. Corporate governance and intellectual capital: some conceptualisations. *Corporate Governance: An International Review*. Vol. 9 (4): 259-275.
- [20] Lin, Y. R. dan X. M. Fu. 2017. Does institutional ownership influence firm performance? Evidence from China. *International Review of Economics and Finance*. Vol. 49: 17-57.
- [21] Loderer, C. dan K. Martin. 1997. Executive stock ownership and performance tracking faint traces. *Journal of Financial Economics*. Vol. 45 (2): 223-255.
- [22] McConnell, J. J. dan H. Servaes. 1990. Additional evidence on equity ownership and corporate value. *Journal of Financial Economics*. Vol. 27 (2): 595-612.
- [23] Ng, C. Y. M. 2005. An Empirical Study on the Relationship Between Ownership and Performance in a Family-Based Corporate Environment. *Journal of Accounting, Auditing & Finance*. Vol. 20 (2): 121-146.
- [24] Pound, J. 1988. Proxy Contests and the Efficiency of Shareholder Oversight. *Journal of Financial Economics*. Vol. 20 (1 and 2): 237-265.
- [25] Pratama, B. C. 2016. The Impact of Intellectual Capital of Indonesian's High-Tech Company on Firm's Financial and Market Performance. *International Journal of Academic Research in Accounting, Finance and Management Sciences*. Vol. 6 (4): 73-81.
- [26] Pratama, B. C. dan H. Wibowo. 2017. Family Ownership and the Entrenchment Effect on Intellectual Capital Utilization: A Study of High-Technology Companies in Indonesia Dealing with the ASEAN Economic Community (AEC). *Jurnal Akuntansi dan Investasi*. Vol. 18 (2): 222-230.

- [27] Pulic, A. 2000. VAIC: an accounting tool for IC management. *International Journal of Technology Management*. Vol. 20 (5-8): 702-714.
- [28] Pulic, A. 2004. Intellectual capital - does it create or destroy value?. *Measuring Business Excellence*. Vol. 8 (1): 62-68.
- [29] Ramzi, B. 2008. The influence of institutional investors on opportunistic earnings management. *International Journal of Accounting, Auditing and Performance Evaluation*. Vol. 5 (1): 89-106.
- [30] Sawarjuwono, T. dan A. P. Kadir. 2003. Intellectual Capital: Perlakuan, Pengukuran dan Pelaporan (Sebuah Library Research). *Jurnal Akuntansi dan Keuangan*. Vol 5 (1): 31-51.
- [31] Solikhah, Badingatus, A. Rahman, dan Wahyu Merianto. 2010. Implikasi Intellectual Capital terhadap Financial Performance, Growth dan Market Value: Studi Empiris dengan Pendekatan Simplistic Specification. *Simposium Nasional Akuntansi XIII*. Purwokerto
- [32] Solomon, J. 2013. *Corporate Governance and Accountability*. John Wiley & Sons Ltd. West Sussex, UK.
- [33] Tan, H. P., D. Plowman, dan P. Hancock. 2007. Intellectual Capital and Financial Returns of Companies. *Journal of Intellectual Capital*. Vol. 8 (1): 76-95.
- [34] Tarjo. 2008. Pengaruh Konsentrasi Kepemilikan Institusional dan Leverage Terhadap Manajemen Laba, Nilai Pemegang saham serta Cost of Equity Capital. *Simposium Nasional Akuntansi XI*. Pontianak.
- [35] Tsai, H. dan Z. Gu. 2007. Institutional Ownership and Firm Performance: Empirical Evidence from U.S.-Based Publicly Traded Restaurant Firms. *Journal of Hospitality & Tourism Research*. Vol. 31 (1): 19-38.
- [36] Wang, D. 2006. Founding Family Ownership and Earnings Quality. *Journal of Accounting Research*. Vol. 44 (3): 619-656.
- [37] Wang, J. C. 2008. Investigating market value and intellectual capital for S&P 500. *Journal of Intellectual Capital*. Vol. 9 (4): 546-563.