

The Effect of Institutional Ownership, Return on Assets (ROA) and Firm Size on Firm Value - Empirical Studies on Real Estate and Property Companies

Adji Suratman*, Gusmiarni, Putri Wulandari, Rahmawati Hanny Yustrian**

*Stie YAI.JI.Salemba 7 Jakarta

** Akademi akuntansi YKPN, Jogjakarta, Indonesia.

Abstract:- The cause of this have a look at is to research the impact of institutional possession, debt coverage, business enterprise length and business enterprise overall performance on organization price in belongings, actual property and constructing creation corporations indexed at the Indonesia Stock Exchange all through the length 2010-2015. The variables used on this have a look at are institutional possession, debt to fairness ratio, business enterprise length and ROA on organization price. The sampling technique used on this have a look at is the purposive sampling technique, that is a sampling technique primarily based totally on positive standards. Samples that met the standards on this have a look at had been 15 corporations. The evaluation used is panel records regression evaluation to peer the impact of impartial variables at the structured variable each collectively and individually. The version selected is the constant impact version The consequences of records evaluation or regression consequences suggest that simultaneous institutional possession, business enterprise length and organization overall performance have an effect on the organization's price. Partially, the variables which have a giant impact on organization price are the institutional possession of debt rules and business enterprise overall performance. While the organization length variable has no giant impact on organization price. The value of the coefficient of willpower (Adjusted R Square) is 0.764229. This way that 76.4229% of the structured variable is the organization's price may be defined with the aid of using 4 impartial variables, even as the last 23.58% of the business enterprise's price is defined with the aid of using variables or different elements outdoor the version.

Keywords: *Institutional Possession, Business Enterprise Length, Business Enterprise Overall Performance, Business Enterprise Price, Panel Records Regression.*

I. INTRODUCTION

In latest years the capital marketplace has come to the eye of many parties, particularly the enterprise community. The capital marketplace is a completely powerful media so that you can channel and make investments price range

which have efficient and useful affects for buyers withinside the shape of stocks or bonds. Capital marketplace turmoil displays modifications in investor conduct in making an investment. In our each day sports withinside the capital marketplace, we regularly pay attention the time period ee-e book price. Questions associated with ee-e book price are regularly requested with the aid of using marketplace contributors or buyers whilst discussing the overall performance of a business enterprise or issuer.

Price to Book Value Ratio (PBV) is used to evaluate the charge of a inventory with the aid of using evaluating the inventory marketplace charge with the ee-e book price of the business enterprise (ee-e book price). This ratio indicates how a business enterprise is capable of create business enterprise price relative to the quantity of capital invested (Syarifah, 2005: 3). The better PBV price of a business enterprise way the marketplace believes withinside the business enterprise's possibilities withinside the future.

One of the buyers is a actual property and belongings business enterprise. Therefore, actual property and belongings corporations ought to have the ability to expose true overall performance and circumstance of the business enterprise and constantly develop or develop, so buyers agree with to preserve making an investment and cappotential buyers are inquisitive about making an investment their capital. The better call for for stocks will improve the inventory charge. The charge of a business enterprise whose improvement could be very depending on the capital won with the aid of using stocks way that inventory returns have additionally improved. When as compared to different styles of investments, which includes gold, deposit rates, cash markets, overseas exchange, or bonds, shares are nonetheless advanced in producing earnings or returns for his or her proprietors.

Every business enterprise has quick-time period and lengthy-time period goals. The quick time period purpose is to make a earnings. High earnings are the expectancy for managers in figuring out bonuses to be acquired, dividend calculations for proprietors, goals withinside the overall performance appraisal technique and others. While the lengthy-time period purpose is to growth earnings for

enterprise proprietors. The extra earnings increases, the extra the business enterprise's price is contemplated within the inventory charge. Maximizing business enterprise price additionally has numerous advantages, particularly in company purchases and mergers. For corporations going public, it'll be simpler to degree the price of corporations as compared to corporations that don't cross public.

Companies that cross public, monetary statements issued with the aid of using a business enterprise ought to have the ability to show the real circumstance of the business enterprise, in order that it blessings the overall public. Information this is beneficial for selection making ought to be facts that has relevance. One indicator that a applicable accounting facts is the response of buyers on the time of the statement of an facts that may be located from the motion of inventory prices. In the monetary statements may be analyzed via monetary ratios and visible how tons have an effect on at the price of the business enterprise.

II. LITERATURE REVIEW

A. Institutional Ownership.

According to Haruman (2008) in Soraya (2011) Several approaches to resolve organisation troubles are institutional possession as a tracking supervisor. With the growing institutional possession as a tracking supervisor will cause more oversight efforts with the aid of using the institutional in order that it is able to restrict managers' opportunistic conduct. Share possession represents a supply of electricity that may be used to help or vice versa the life of managers. Institutional possession will inspire improved top-quality oversight of the supervisor's overall performance and business enterprise price.

B. ROA

Return on belongings (ROA) is one of the profitability ratios which could degree a business enterprise's capacity to generate earnings from the belongings used. ROA is capable of degree the business enterprise's capacity to generate earnings within the beyond after which projected within the future.

Assets or belongings in query are the complete belongings of the business enterprise, acquired from personal capital or from overseas capital that the business enterprise has modified into business enterprise belongings which might be used for the survival of the business enterprise.

Return On Assets are used to assess whether or not control has acquired an good enough return (reasobable return) from the belongings below their control. This ratio is a beneficial degree if a person desires to examine how nicely the business enterprise has used its price range. Therefore, Return On Assets are regularly utilized by pinnacle control to assess enterprise devices inside a multinational business enterprise (Henry Simamora, 2000: 530).

C. Company Size

According to Boediono (2005) the scale of the business enterprise is a scale wherein the type of corporations may be categorized in keeping with diverse approaches, including: overall belongings, log length, inventory marketplace price, wide variety of workers, and others. The larger the items, the larger the business enterprise length. The more the belongings, the extra capital is invested, the extra sales, the extra the speed of cash, and the more the marketplace capitalization, the more the business enterprise is thought to the public.

Noviani (2011) defined that large corporations are extra appealing to buyers, analysts broke, due to the fact a business enterprise that has a big overall belongings indicates that the business enterprise has reached a adulthood level wherein the coins float level of the business enterprise is effective and is taken into consideration to have true possibilities in a length of time. that is especially strong and extra able to producing earnings as compared to corporations with small overall belongings.

According to investigate with the aid of using Sujoko and Soebiantoro (2007) business enterprise length has a giant have an effect on on organization price. This studies indicates that buyers take into account the scale of the business enterprise in shopping for stocks. Company length is used as a benchmark that the business enterprise has true overall performance.

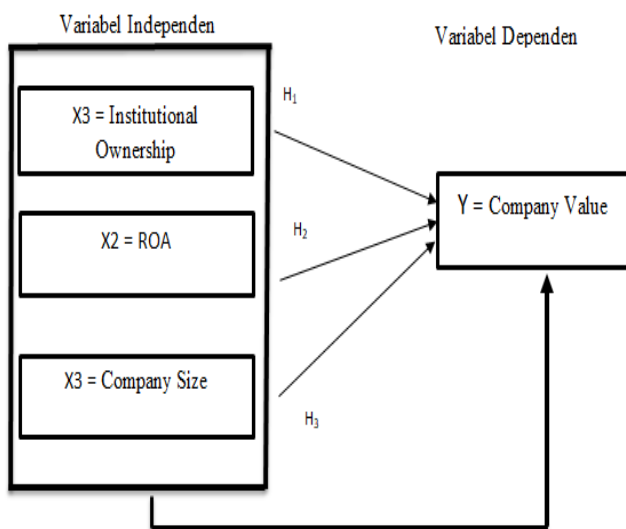
D. Company Value.

It's clean to provide an explanation for that the primary purpose to be executed with the aid of using monetary managers is to maximise earnings. However, it ought to be found out that this purpose includes many weaknesses. First, microeconomic requirements with the aid of using maximizing earnings. The most earnings may be executed whilst the marginal price equals marginal sales is static as it does now no longer take note of the time dimension. In different phrases there's no actual distinction among earnings within the quick run with earnings within the lengthy run. Second is the information of earnings itself may be misleading. If the extent of earnings or earnings to be maximized, then the hassle arises figuring out the extent of earnings. The 0.33 is associated with the dangers related to every opportunity selection. Maximizing earnings with out calculating the chance degree of every opportunity can be very misleading. The length of the extent of chance is normally measured with the aid of using the scale of the extent of deviation or widespread deviation. The more the same old deviation way the more the chance. The fourth weak point is if maximizing earnings is the primary purpose, it'll be very clean for this to be accomplished with the aid of using the business enterprise with the aid of using promoting stocks within the capital marketplace then the proceeds from the sale are stored within the shape of deposits. It is without a doubt useless and inefficient so one can purpose the inventory marketplace charge to say no this means that the price of the business enterprise may also decrease. Judging from the 4 weaknesses, then the purpose that ought to be executed with the aid of using monetary managers isn't

always to maximise earnings however to maximise the prosperity of shareholders or maximization of wealth of stockholders via maximizing the price of the business enterprise (Sartono, 2001: 8).

Rustendi and Farid (2008) outline the price of the business enterprise is the charge that prospective customers are inclined to pay if the business enterprise is sold. For corporations that problem stocks withinside the capital marketplace, the charge of stocks traded is aimed toward signs of the business enterprise's price. Company price is a positive circumstance that has been executed with the aid of using a business enterprise as an example of public agree with withinside the business enterprise after going via a technique of sports for numerous years, ie for the reason that business enterprise became based till now. Increasing the price of the business enterprise is an success according with the desires of its proprietors, due to the fact with growing business enterprise price, the welfare of its proprietors may also growth. The price of the business enterprise could be very crucial due to the fact with excessive business enterprise price can be accompanied with the aid of using excessive shareholder prosperity (Bringham Gapensi, 1996) in (Susanti, 2010), the better the proportion charge the better the price of the business enterprise.

E. Research Design



III. RESEARCH METHODOLOGY

The studies technique in keeping with Sugiyono (2012: 2) is a systematic manner to gain records with precise functions and uses. The records acquired on this have a look at are empirical records which have positive legitimate standards.

Data accrued withinside the shape of quantitative records, this is records measured on a numerical scale. The records supply of this studies is secondary records, withinside the shape of annual reviews of Real Estate and belongings corporations for the length 2010-2015.

The kind of records used on this have a look at is secondary records. Secondary records is a supply of studies records acquired in a roundabout way via middleman media researchers. Secondary records is commonly withinside the shape of evidence, notes or ancient reviews which have been compiled in archives (documentary records) which might be posted and now no longer posted. Data acquired from the monetary statements and annual reviews of Real Estate corporations and belongings indexed at the Indonesia Stock Exchange (IDX) all through the length 2010-2015. The annual document is acquired from the IDX internet site with the internet site cope with www.idx.co.id, the business enterprise's internet site, and the IDX Fact Book.

IV. RESULTS AND DISCUSSION

Multikolinearitas Test

	INST	ROA	SIZE
INST	1.000000000	0.048278731	-0.174307739
ROA	0.048278731	1.000000000	0.051736657
SIZE	-0.174307739	0.051736657	1.000000000

Based at the desk above states that the coefficient of willpower is 0.764229 or 76.42%. This way that the impartial variables (Institutional Ownership, ROA and FirmSize) provide an explanation for 76.42% of the structured variable (PBV Ratio). While the relaxation of 23.58% is defined with the aid of using different elements now no longer determined withinside the version. This shows the excessive capacity of impartial variables in explaining the structured variable.

1. Institutional Ownership Variables

The institutional possession variable has a t-statistic chance of 0.0282. with the aid of using the usage of a degree of confidence ($\alpha = 5\%$) it is able to be concluded that the selection taken is to just accept an opportunity speculation in different phrases institutional possession has a giant impact at the PBV Ratio. The coefficient price of the institutional possession variable has a effective path of 0.253576. This price indicates that each 1% growth in institutional possession will growth the PBV Ratio with the aid of using 0.253576 (in%).

2. Variable Return on Assets

The Return on Equity variable has a t-statistic chance of 0.0000. with the aid of using the usage of a degree of confidence ($\alpha = 5\%$) it is able to be concluded that the selection taken is to just accept an opportunity speculation in different phrases the scale of the business enterprise has a giant have an effect on at the PBV Ratio. The coefficient price of the business enterprise length variable has a effective path of 1.126631. This price indicates that each 1% growth in business enterprise length will growth the PBV Ratio of 1.126631 (in%).

3. Variable Company Size

Firm length variable has a t-statistic chance of 0.1054. with the aid of using the usage of the extent of confidence ($\alpha = 5\%$) it is able to be concluded that the selection taken is

the scale of the business enterprise does now no longer have a giant impact at the PBV Ratio.

Detection of Multicollinearity for output in desk 4.eight is to apply the Variance Inflation Factor (VIF) price. The price usually used to signify the presence of multicollinearity is $VIF\ price > 10$. From the correlation matrix above, it is able to be visible that the connection among the impartial variables are all under 0.517 so it is able to be concluded that the records used on this have a look at is unfastened from multicollinearity troubles.

V. CONCLUSIONS

Based at the consequences of the panel records regression check with the constant impact version it is able to be visible that simultaneous impartial variables of institutional possession, debt coverage, business enterprise overall performance and organization length have a giant effective impact on organization price as measured with the aid of using charge to e- book price ratio with a importance degree < 0.05 and Prob price (F statistic) importance of $0.000000 < 0.05$.

1. Panel records regression check consequences in part determined that:

- a. Based at the consequences of the panel records regression check with the constant impact version that in part institutional possession variables proved to have a giant effective impact on organization price withinside the belongings zone
- b. Based at the consequences of the panel records regression check with the constant impact version that the debt coverage variable in part proved to have a giant effective impact on organization price
- c. Based at the consequences of the panel records regression check with the constant impact version that in part the business enterprise's overall performance variables proved to have a giant effective impact on organization price
- d. Based at the consequences of the panel records regression check with the constant impact version that in part the business enterprise length variable is confirmed to don't have any impact on organization price

REFERENCES

- [1]. Agnes, "The Effect of Managerial Ownership, Capital Structure and Company Size on Company Value", Padang State University, 2013.
- [2]. Agustian, Widi, "Bakrie 'Poor' Because of Rp.75 Trillion Debt", accessed via <http://economy.okezone.com/read/2012/11/29/320/724884/bakrie-poor-because-of-debt-Rp.75-trillion>, on August 29, 2015 at 12:15 WIB.
- [3]. Algifari, "Regression Analysis: Theory, Cases and Solutions", BPFE Yogyakarta, 2010. Anderson, Ronald C., Sattar A. Mansi, and David M. Reeb, "Founding Family Ownership and The Agency Cost of Debt", Journal of Accounting and Economics, 2002.
- [4]. Ashbaugh, Hollis, Daniel W. Collins, and Ryan LaFond, "Corporate Governance and the Cost of Equity Capital", University of Wisconsin, Madison, 2004.
- [5]. Ayub, Maydeliana, "The Effect of Family Ownership on the Cost of Debt (Empirical Research on Companies Listed on the IDX)". Thesis, Jakarta: University of Indonesia, 2008.
- [6]. Bhojraj, Sanjeev, and Partha Sengupta, "The Effect of Corporate Governance on Bond Ratings and Yields: The Role of Institutional Investors and Outside Directors", Cornell University, 2003.
- [7]. Brickley, James A., Ronald C. Lease, and Clifford W. Smith, Jr., "Ownership Structure and Voting on Antitakeover Amendments", Journal of Financial Economics, 1988.
- [8]. Christiawan, Yulius Jogi, and Josua Tarigan, "Legal Ownership: Debt Policy, Company Performance and Value", Journal of Accounting and Finance, Vol. 9, No. 1, May, 2007, 1-8.
- [9]. Claessens, Stijn, Simeon Djankov, and Larry H.P. Lang, "The Separation of Ownership and Control in East Asian Corporations", Chinese University of Hong Kong, 1999.
- [10]. Crutchley, Claire E, et. al., "Agency problems and the simultaneity of financial decision making. The role of institutional ownership", International Review of Financial Analysis, Vol.8, No.2, 1999, 177–197.
- [11]. Demsetz, Harold, and Kenneth Lehn, "The Structure of Corporate Ownership: Causes and Consequences", The Journal of Political Economy, 1985.
- [12]. Dewi, Sisca Christiany, "The Effect of Managerial Ownership, Institutional Ownership Ownership, Debt Policy, Profitability and Company Size on Dividend Policy", Journal of Business and Accounting, Vol. 10, No. 1, Jakarta, 2008, 47-58.
- [13]. Dian, Fachrur, and Rika Lidyah, "The Effect of Corporate Social Responsibility, Managerial Ownership and Institutional Ownership on the Value of Coal Mining Companies Registered on the IDX", STIE MDP Journal, 2014.
- [14]. Elyasiani, Elyas, Jingyi (Jane) Jia, Connie X. Mao, "Institutional Ownership Stability and the Cost of Debt", Temple University, 2007.
- [15]. Fortin, Steve, and Jeffrey Pittman, "Auditor's Choice and the Cost of Debt Capital for Newly Public Firms", McGill University, 2004.