

### THE INFLUENCE OF PROFITABILITY, MANAGEMENT AND OWNERSHIP OF CAPITAL STRUCTURE ON THE PERCEIVED VALUE OF CARRIED OUT ON SEVERAL MANUFACTURING COMPANIES WHO LISTED AT THE INDONESIA STOCK EXCHANGE

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#### ABSTRACT

This was especially the current rapidly developing the business world. Companies compete by showing a competitive edge in their line. So that this competition gave birth to the dynamics of competitors resulting in a sizable business. The dynamics of a business that fickle cause a significant number of additional funding companies need to develop their businesses to be able to survive. A source of such funding can be obtained by various ways among the preparations are

investment and financing from owners (equity) and non owners (liabilities) so that operational activities to take place. The population of the study this is a company manufacturing sector consumer goods who publishes annual report on 31 december from year 2011-2014 in released a report sustainability (sustainability reporting) or information other social research in the period in 201-2014. There are 31 companies released a report sustainability (sustainability reporting) or information other social research in the period in 2011-2014. Hence, a population that used in this research was 31 company. A method of the sample use is census, where all members of the population are only sampled. So, a total of on research is about 31 company with take the data available for 4 years observation. The purpose of this research to test the influence of profitability, ownership of management, in full capital structure and simultaneous on the perceived value of several manufacturing

companies consumer goods that sector registered at the Indonesian stock exchange. Research methodology to be used that is a case study and techniques of the research uses quantitative statistics. The results in full, its satisfactory profitability as an influential management and ownership of positive and significant on the perceived value of the company. While capital structure has not been affecting the value of enterprise. Simultaneously profitability, ownership of capital structure management and significant impact on consumer goods sector manufacturing value of enterprise. Research areas that have limited the influence of variables that is an independent in this research having the value of the small  $R^2$  and comprise only of 3 are few its modest profitability in the independent variable, management and ownership of capital structure. The value of  $R^2$  small this seems to indicate that there are still many other independent variables that could affect the value of enterprise.

**KEYWORDS:** Profitability, Managerial Ownership, Capital Structure and Value of Enterprise.

## INTRODUCTION

The current is mainly develop business with very rapidly. The company compete with show competitive advantage in their business with very rapidly. The company compete with show competitive advantage in these lines. So this competition bore competitors who has resulted in the dynamics of business. The dynamics of business changed cause many companies need additional funding to develop their businesses to be able to survive. Sources of funding the it can be obtained by various ways of them are with investment and financing from owners (equity) and non owners (liabilities) so operating go well.

Because of the importance of financial reports, so public companies listed on the Indonesia stock exchange every year be obliged to submit report an annual report to the reports on financial and stock exchange, investors and the public. Financial reports and the annual report which has reportedly will be used investors to know more about the the company performance and decision-making as a step of investment in the future. It is seen of the value of the market that confer prosperity to the shareholders are maximum when the price of stocks of companies increased. The higher the price of the stock, then it would be more higher the prosperity the stockholders (Sartono and Agus 2015). Value of enterprise that was formed through an indicator of the value of the stock market is strongly influenced by investment opportunities. Any chance giving positive signals to investment growth of the

company in the future, so that in the end be an increase in the value of enterprise in the eyes of investors.

The things that went on to describe the decrease in the city value of enterprise to it can be concluded that the grades of a realistic theranos is usd 800 million, is not usd 9 billion. With value of enterprise to that low, we can say that excess of their prospective shareholding holmes do not is said to be worth. Brigham and Ehrhardt (2015). As was the case with a means of public services the way of pt pgn promised to supply grab successfully edged uber in southeastern asia in a subtle manner, namely the operation of the acquisition and return for a share of as much as 27,5 % into the company of the origin of the united states it is. A cause from the acquisition is subject because the value of a company that continued to decline because of product that is being produced spider does not permit the negative strike against the company. Kristo (2018).

Besides rank can be lowered if medco have a debt higher than projected without accompanied by business profile stronger, that can be weakened size structure capital and protection cash flow sustained Arieza (2017). On the contrary the case of freeport will conduct divestment through the sale shares owned by fcx and PT. Mitra joint venture partners, will discuss PT. FI capitalization to ensure company can perform capital investment in the future. The new shares will need greater investment by participants indonesia reach 51 percent, and will produce over capitalisasi pt freeport indonesia and capital structure inefficient.

Freeport about to review by the government plan to fund capital expenditure, Wicaksono (2017).

Profitability economic measurement company is the overall in producing gain with a total assets available in the company. The higher profitability the more good company. This is what explained by the director of MNC said, the declines profit last year because pan pacific nirvana bali resorts flattened and built over as a form of cooperation with trump organization. Is income in 2017 almost half years no, clearly erwin (www.investasi.kontan.co.id-26 april 2018). And director of initiatives indocement single said, decreasing performance in was caused by the intense competition. While demand and production costs continue to rise. Even this decline is also due to cut interest rates lower. Putra (2018).

Of several cases in about still the offensive entanglement in effecting variable debt profitability, ownership of management, on the perceived value of the company capital structure, so that a debt still have a role in the measurement of the amount of the value of an enterprise, so that suitable as variable moderating debt . This is what make researchers interested in to analyze it .Whether its modest profitability in, ownership of management, good in full capital structure and simultaneous to depend on the value of enterprise sector in the new company manufacturing consumer goods that listed at the Indonesian stock exchange?

## LITERATURE REVIEW

### Value of Enterprise

The value of the company is perception investors on the level of the success of a company that often associated with the price of the stock. The price of a stock make value of enterprise is also high, and increase market confidence not only for the performance of the company by this but also back the prospect of companies in the future. The ratio of the assessment of provides information how big the community appreciate the company, so that the community were interested to buy shares at the price of that higher than the his book. Price earning ratio (PER) showing how much the amount of money the kind of issued by investors to pay every dollar the profit reported Brigham and Houston, (2015: 110).

### Profitability

Its satisfactory profitability as is management capability to yield a profit, Alwi (1980: 38). In addition according to Skousen, (2004: 262) that profit (income) is increasing corporate one period of wealth. Rentabilitas their own capital rentabilitas their own capital or often called return on equity intended to measure how many benefits be entitles the owner their own capital and usually expressed in the form of the percentage.

### Ownership Management

Ownership of management either a percentage ownership of shares owned by the board of directors, managers and the board of commissioners. With having any management in a company alleged would give rise to interesting that value of enterprise increases as due to higher (Wahidawati, 2002) ownership of management. Ownership of management, ownership of management are the percentages of the company shares by the board of directors, management, of commissioners and each party who engages in directly in the preparation of the company decision (Diyah and Erman, 2009).

### Capital Structure

A theory of the structure capital explain the capital structure influence on the company in determining the ratio between debt and equity. The theory capital structure is theory that explains funding policy company, debt and equity to improve the company. Capital structure that would raise the company is capital structure give him optimal (Husnan and pudjiastuti, 2004).

### Research Methodology

Methods to be used for obtaining the research according to research purposes, then required the method of analysis proper data. The method of analysis used in this study analytics multiple regression to be used to test hypotheses.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

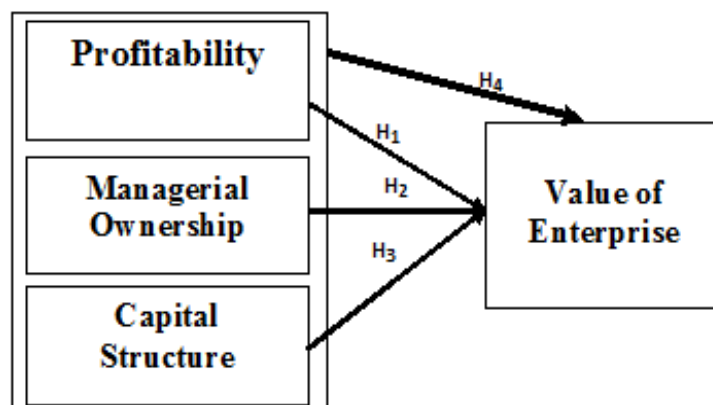


Figure 1: Model the Framework of Conception.

### The kind of research

Based on the problems and research objectives that were analyzed in the previous section, so this research design of the three is design causal. Husein (2003) explained design causal useful to analyze how of a variable affecting other variables. Design causal useful also to research that is experiments in which variable is treated as having an independent mind under control by researchers to see the effect on the variables of dependennya directly.

### Location and timing research

Location and a timing research this research took the data companies registered at the indonesian stock exchange from 2011 up to 2014 (4 years). Time the research was done gradually from April 2018 up to July 2018.

### The population and sample

The population of the study are several manufacturing companies who released a report annual as December 31 from 2011-2014 in a sustainable way and released a report the sustainability of (sustainability reporting) or information in the January-March period of other social research 2011-2014. There is a 31 firm that publishes reports the sustainability of (sustainability reporting) or information in the January-March period of other social research 2011-2014. Hence, a population that used in this research company is 31. A method of collecting samples that is used is the census, where is all a member of the population are only sampled. So, the experimental work on this is a total of as many as 31 company by taking the available data in the four years observation.

## THE RESULTS AND THE DISCUSSION

### The results of the hypothesis

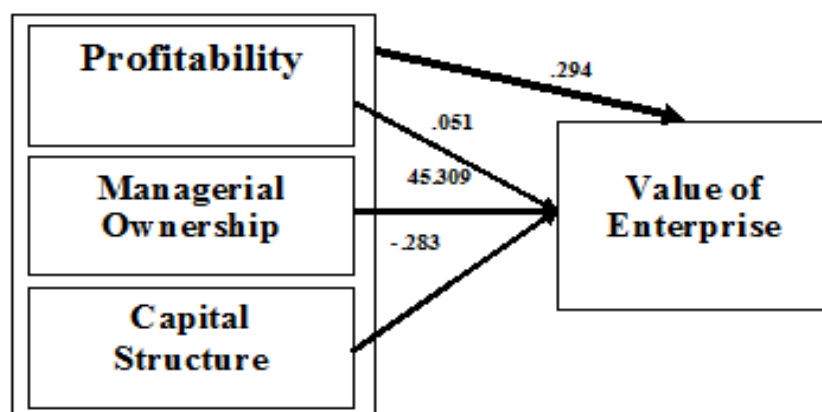
The regression equation is a liner and the worship of idols that can be made is as follows:

$$Y = 8,613 + 0,051X_1 + 45,309 X_2 - 0,283 X_3$$

In accordance with an equation in approval of the result of testing t along with the this:

**Table 1: The results of the t Coefficients<sup>a</sup>.**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.613	1.702		5.059	.000
	ROE	.051	.008	.499	6.499	.000
	LN	45.309	14.413	.242	3.144	.002
	DER	-.283	.892	-.024	-.317	.752



**Figure 2: Regression testing shows and Coefficients of Determination.**

That equation shows that constant obtained was in 8,613. This shows when all the independent variable a zero sum, then variabel the company worth 8,613. How major as well as the significance each variable free served as follows:

1. ROE having value 0,051, every additional 1 points on ROE ratio will add the company was only 0,052. The significance of this variable is 0 smaller than 0,05 ( $0 < 0,05$ ) and value  $t$  count  $<$   $t$  table ( $6,499 > 1,980$ ), so ROE impact on the company.
2. Ownership management having value 45,309 had a positive influence and significant on variables value of enterprise. Every the addition of 1 points the ratio value in the case of ownership the management will add value of enterprise of 45.309. Significance this variable is 0,002 smaller than 0.05 ( $0,002 < 0.05$  and value  $t$  count  $>$   $t$  table ( $3,144 > 1,980$ ), so that ownership management influential in significant impact on value of enterprise.
3. Capital structure having value -0,283, it means every the addition of 1 points the ratio on the structure of capital would reduce value of enterprise of 0,283. Significance this variable is 0,752 greater than 0.05 ( $0,752 > 0.05$  and value  $t$  count  $<$   $t$  table ( $-0,317 < 1,980$ ), as the capital has not been affecting the value of enterprise.

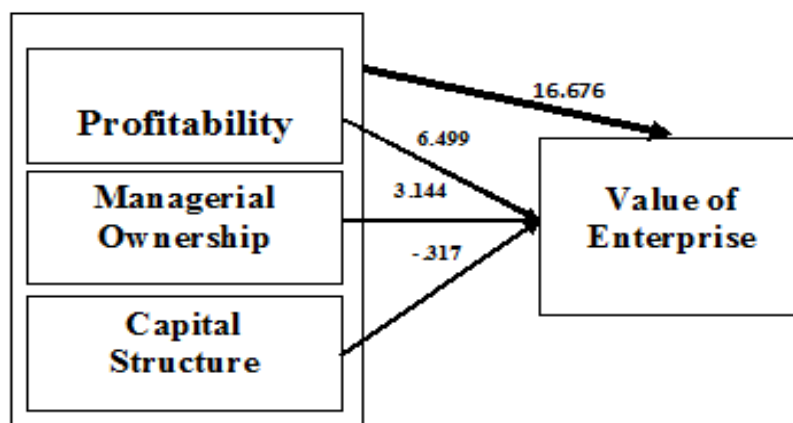
With an equation that mugs on researchers conducted F testing may table 2:

**Table 2: The results of the F.**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5525.844	3	1841.948	16.676	.000 <sup>b</sup>
	Residual	13254.414	120	110.453		
	Total	18780.258	123			

a. Dependent Variable: PER

b. Predictors: (Constant), DER, ROE, LN



**Figure 3: Test Results the t and Anova.**

From the shown by the table, and obtained the significance of 0,000 that is the result of smaller than 0,05 ( $0,000 < 0,05$ ). The F count  $>$  F table ( $16,676 > 3,00$ ), and simultaneously, all the independent variable namely ROE, possession of management and capital structure significant dependent on variables namely the company.

#### Of the coefficient of determination

Based on the hypothesis (test F) obtained that ROE, ownership management and capital structure have the effect on value of enterprise.

**Table 3: Coefficient of Determination.**

Model	R	R Square	Adjusted R Square
1	.542 <sup>a</sup>	.294	.277

Predictors: (Constant), DER, ROE, LN<sub>e</sub>  
 Dependent Variable: PER<sub>e</sub>

From the table above obtained value  $R^2$  0,294. The results stated that of 29,4 % factors that is ROE independent, ownership management and capital structure affect value of enterprise, while 70.6 % influenced by a factor of other aren t pursuing in this research.

#### THE CONCLUSION

Simultaneously profitability, ownership management and capital structure significant on the company. But it is partial, profitability and ownership management have had a positive impact and significantly to value of enterprise. While capital structure has not been affecting the value of enterprise.

#### SUGGESTIONS

This study has limited including the following: influence variables an independent in this study has value  $R^2$  a small and comprising only 3 independent variable only profitability, possession of management and capital structure. The small  $R^2$  this indicates that there are many other variable that can affect the company.



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