THE INFLUENCE OF PROFITABILITY, SOLVABILITY, ASSET GROWTH, AND SALES GROWTH TOWARD FIRM VALUE

(Empirical Study on Mining Companies Which Listed on
Indonesia Stock Exchange)

MINOR THESIS

Submitted as One of Requirements to Achieve Bachelor
Degree of Business Administration Science

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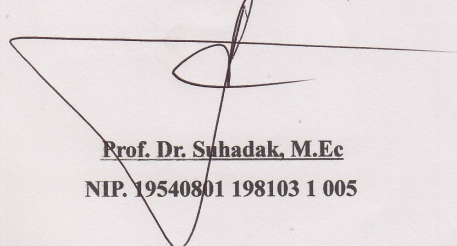
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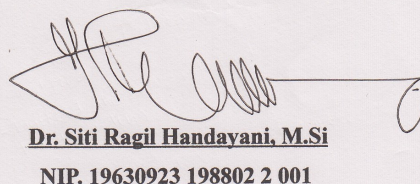Comcentration: Financial Management

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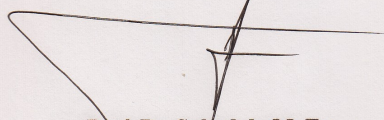
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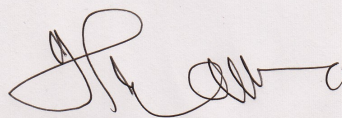
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PREFACE

By saying grace on the presence to Allah who has given the blessing and grace to always provide health and ease in carrying out all duties and obligations. With an abundance of blessings and graces, has completed a minor thesis entitled "The Influence of Profitability, Solvability, Asset Growth, and Sales Growth Toward Firm Value". (Empirical Study on Mining Com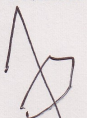panies 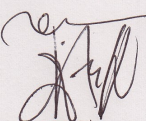Which Listed on Indonesia Stock Exchange). The benefit of writing this Minor Thesis is as a means to increase the knowledge.

The minor thesis is the group final task proposed to meet the requirements in obtaining a Bachelor Degree of Business Administration Science at Faculty of Administration Sciences Brawijaya University Malang. Preparation of this report is obtained based in the minor thesis activities undertaken by the authors.

The authors realize that the preparation of minor thesis would not be realized without help and encouragement from various parties. Therefore, on this occasion the authors would like to express their gratitude to the honourable:

1. Prof. Dr. Bambang Supriyono, MS as the Dean of Faculty of Administrative Sciences Brawijaya University Malang.

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Administration Department (S1) of Faculty of Administrative Sciences Brawijaya University Malang.

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8. All of my friends who always gives support and motivation.

9. To other parties that can not be mentioned one by one, thanks for helping me.

The authors realize that this minor thesis is still far from perfect. So the authors need suggestions and constructive criticisms to the perfection of this report. Hopefully this undergraduate thesis can be beneficial and contribute significantly to those who need.

Malang, June 2013

Author

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SUMMARY

Vidyanita Hestinoviana, 2013, **The Influence of Profitability, Solvability, Asset Growth, and Sales Growth Toward Firm Value (Empirical Study on Mining Companies Which Listed on Indonesia Stock Exchange)**. Prof. Dr. Suhadak, M. Ec, Dr. Siti Ragil Handayani, M. Si, 72 + viii

This research was conducted to determine what factors may affect the firm value in the mining companies, because the company has a main objective to increase the firm value. Factors examined are internal factor. This research uses Profitability, Solvability, Asset Growth, and Sales Growth as independent variable and firm value as dependent variable.

This research is explanatory research. The population of this research is mining companies that were listed on Indonesia Stock Exchange (IDX) period 2009-2011. The sampling technique used was purposive sampling with criteria 1) Companies provide complete financial report in 2009-2011. 2) Companies have complete data which related with research variables. 3) Companies with positive ROE ratio. Based on these criteria, 15 companies obtained from total 31 companies which listed on Indonesia Stock Exchange period 2009-2011. Data collected from Indonesian Capital Market Directory (ICMD) and performance summary. The analysis techniques used are descriptive statistic analysis, classical assumption test, multiple regression analysis which uses F-test to test independent variable toward dependent variable simultaneously and t-test to test independent variable toward dependent variable individually.

The results show that: Profitability, Solvability, Asset Growth, and Sales Growth simultaneously effect the firm value. Individually, Profitability and Sales Growth have no significant effect to Firm Value with regression coefficient (B) for Profitability is 0.19 and Sales Growth is 0.003, while Solvability and Asset Growth have significant effect to the Firm Value with B of Solvability is 0.463 and Asset Growth is -0.022.

Keywords: Firm Value, Profitability, Solvability, Asset Growth, and Sales Growth

CHAPTER I

INTRODUCTION

A. Background

Nowadays, the development of the business makes the many companies are emerging, it leads to intense competition. Therefore, to maintain business operations and compete with other companies, many things are needed such as strategy, new ideas, customer trust, even a large capital. One way that can be taken by the company to meet the needs of funds to increase the firm value of the company to remain competitive is through the shares issue to the public capital markets.

Capital market is a market in which individuals and institutions trade financial securities. Organizations/institutions in the public and private sectors also often sell securities on the capital markets in order to raise funds. Thus, this type of market is composed of both the primary and secondary markets. Capital markets can be used by investors as a tool to invest excess funds owned by the investor to acquire a large return. Investors here as people who have excess funds while companies as requiring funds to develop the work done.

The company was established to achieve certain objectives. The first objective the establishment of the company is to maximize profit obtained by the company. The second objective is to maximize prosperity of owners or shareholders. Third objective is to maximize its firm value. The three

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objectives of the company actually are not substantially different, but there are some difficulties faced by each company to reach the objectives. (Susanti, 2010)

Firm value can be seen from the value of shareholder which indicated by the return on investment to shareholders. Shareholder value will increase if the firm value increases too. Firm value is an important concept for investors, because it is an indicator for the market to assess the company as a whole. Each owner will shows to potential investors that their company are right to be a firm as an investment destination. With the good firm value, it will affect the investor's decision to invest in the company.

Furthermore, for increasing the firm value, companies sometimes faces some failures. The possibility can occur when shareholders decide to entrust the management to others. Shareholders gave the responsibility to the management to run the company well in order to increase firm value which followed by the increasing of shareholder value. According to agency theory, the relationship between owners and managers is essentially difficult to create, because of the conflicting interests. It can lead to a failure to increase the firm value.

Firm value is the price that buyers are willing to pay if the company is sold. Firm value is a reflection of the addition of company's equity with company's debt (Kusumadilaga, 2010). There are several factors that affect the firm value, namely internal factors and external factors. Internal factors in the form of tax payments, firm size, growth, uniqueness, financial risk,

profitability, dividend payments, and non-debt tax shield. External factors such as inflation, interest rate, foreign exchange rate fluctuations and capital market conditions (Analisa, 2011).

Of the several factors that affect the firm value, profitability is one of the factors that are considered to affect the firm value. Profitability measures the company's ability to generate earnings. Profitability ratio in this research is represented by return on equity (ROE). ROE is a ratio that shows the rate of return earned by the owners or shareholders on investment in the company. The higher the ROE suggests that the higher rate of return on the investments and the lower ROE of a company, the rate of return will be low.

Profitability ratios measure the success of management practices, as indicated by the profit generated by the sales and investment. The high profitability indicates that the prospect of the company is good. It will certainly attract investors to invest in the company. To maintain the continuity of a company, a company must be in profitable condition. Without the profit would be very difficult for companies to be able to attract capital from outside (Syamsuddin, 2009:59). Therefore, the profitability may affect the firm value.

In practice to cover the shortage of funds, the company has several funding options that can be used. Sources of funding can be obtained from its own capital and loans (bank or other financial institution). Companies can choose from one of the sources of funds or a combination of both. Solvability ratio (leverage) is the ratio which used to measure the extent of the asset financed by debt companies. This means that how much of the debt burden

covered by the companies compared to its asset. In a broad sense it is said that this ratio used to measure the company's ability to pay its liabilities, both short and long term if the company is liquidated.

This research uses long-term debt to equity ratio (LTDER) to calculate the solvability ratio. LTDER is a ratio to measure how much of each dollar equity used as collateral long-term debt. The higher the solvability ratio, the higher the risk of loss is encountered, otherwise if the company has a low solvability ratio would have a smaller risk of loss (Syamsuddin, 2009:53). Therefore, if a company has a high risk of loss will affect the firm value.

The growth of the company is a factor that can affect the firm value. In general, fast-growing company that will get positive results as a significant increase in sales and market share expansion. In addition, rapid growth can also enhance the positive image of the company, but the company must be careful for the success obtained caused the company being vulnerable to the negative issues. Rapid growth will force companies to think of a strategy to maintain and develop what have been obtained by the company.

Company growth is expected by the company's internal and external, for good growth gives the signal for the development of the company. From the investors' point of view, the growth of the company shows that the company has a favorable aspect, and investors will decide to invest in the company (Kusumajaya, 2011). In this research, the growth indicated by asset growth and sales growth. Company growth indicates the progress of a company, so it will be good prospects for the company. With good prospects in

the future will increase the firm value and attract more investors.

Similar research has been conducted on firm value by Analisa (2011), in this research used the company size, leverage, profitability, and dividend policy as independent variable. And the result shows that profitability has significant positive effect, while leverage has a positive effect not significant. Difference in this research with previous research is the addition of asset growth and sales growth into an independent variable in addition to profitability and solvability.

Indonesia is a country with the wealth of the abundant mines. This is the main attraction for companies engaged in mining to operate in Indonesia. Commodities mining play an important role in the Indonesian economy. Some commodities mining companies are important commodities for the world, such as commodity coal, oil and gas, gold, tin, etc.. Therefore, this sample is mining companies listed on the Indonesia Stock Exchange.

Based on this background, to determine the effect of profitability, solvability, asset growth, and sales growth to the firm value, thus the authors raised as minor thesis with the title "**The Influence of Profitability, Solvability, Asset Growth, and Sales Growth Toward Firm Value**" (Empirical Study on Mining Companies Which Listed on Indonesian Stock Exchange).

B. Problem Formulation

According to the background above, the problem formulation that can be raised are as follows:

1. Is profitability significantly affecting the firm value?

2. Is solvability significantly affecting the firm value?

3. Is asset growth significantly affecting the firm value?

4. Is sales growth significantly affecting the firm value?

C. Research Objectives

Based on the problem formulation above, this research has the following objectives:

1. To know that profitability significantly affects the firm value.

2. To know that solvability significantly affects the firm value.

3. To know that asset growth significantly affects the firm value.

4. To know that sales growth significantly affects the firm value.

D. Research Benefits

The research is expected to provide benefits such as:

1. Theoretical benefits

This research is expected to provide empirical evidence regarding the effect of profitability, solvability, asset growth, and sales growth to the firm value on mining companies listed on the Indonesia Stock Exchange.

2. Practical benefits

This research is expected to provide additional information for consideration and contributions to the company in decision making especially with regard to the value of the company. For investors, the results of this study are expected to be useful as a consideration in making investment decisions.

E. Systematic Discussion

CHAPTER I   : INTRODUCTION

This chapter describes about the research background, problem formulation, research objectives, research benefits, and systematic discussion.

CHAPTER II   : LITERATUR REVIEW

This chapter describes about the theoretical basis of firm value, profitability, solvability, growth ratio and also describe about the previous research, hypothesis, and research framework.

CHAPTER III   : RESEARCH METHODS

This chapter describes about types of research, research variables and definition of operational variables, population and sample of research, type of source of data, method of data collection, and method of analysis.

CHAPTER IV   : RESULT AND DISCUSSION

This chapter describes about the data which have been analyze using specific methods as mentioned on Chapter III and discussed about the fact finding of the research.

CHAPTER V   : CONCLUSION

This chapter describes about the conclusion of all research and suggestions from author which hopefully useful in future.

CHAPTER II

LITERATURE REVIEW

A. **The Theoritical Basis**

1. **Financial Statements**

The financial statements are reports that provide information about the financial position of the company in detail and structured whole consisting of a balance sheet, income statement, cash flow statement, and so on. The financial statements are used by internal and external parties to evaluate a company, such as assessing the success of the company or the company's development (Priyatno, 2009:89). Ikatan Akuntan Indonesia in Standar Akuntansi Keuangan paragraph 7 (2007:1-2) stated that,

> "*Laporan keuangan merupakan bagian dari proses dari pelaporan keuangan. Laporan keuangan yang lengkap biasanya meliputi neraca, laporan laba rugi, laporan perubahan posisi keuangan (yang dapat disajikan dalam berbagai cara misalnya sebagai laporan arus kas, atau laporan arus dana), catatan dan laporan lain serta materi penjelasan yang merupakan bagian integral dari laporan keuangan...*"

The statement above is translated into English, namely:

> "The financial statements are a part of the process of financial reporting. Complete financial statements usually include a balance sheet, income statement, statement of changes in financial position (which can be presented in various ways such as cash flows or funds flow statement), notes and other statements and explanatory material that are an integral part of the financial statements..."

According to Rao (2011:22-23), there are several characteristics of financial statement, namely:

a. Relevance: The information is useful when it relevant to users' decision making. It should influence decisions of users. Selecting information that will help users in their economic decisions.
b. Understandability: The information so selected must be comprehensive and easily understandable by the users.
c. Verifiability: The accounting results may be confirmed by independent measures using the same measurement methods.
d. Neutrality: Accounting information of financial statements is of the character of general purpose directed towards the general needs of the users. The information may not aim to serve the particular needs of specific users.
e. Timeliness: Accounting information is supposed to be available for users in time for their decision making.
f. Comparability: The information provided in financial statements must be capable of comparison through different points of time. At the same time, financial statements of different firms should be comparable.
g. Completeness: All the information that 'reasonably' fulfils the needs of other qualitative objectives should be reported.

Ikatan Akuntan Indonesia in Standar Akuntansi Keuangan (2007:2-3) mentioned there are seven users of financial statements, namely investors, employees, creditors, suppliers and other business creditors, customers, government, and society. They use financial statements to meet the different information needs of each user. Financial statements are provided to meet the information needed by users, but limited to the financial information. Financial statements provide information about the financial position, performance and changes in financial performance of a firm that are beneficial to the majority of users in making economic decisions.

Taparia (2004: 21) says there are three key financial statements, they are income statement, balance sheet and cash flow statement. Income statement discloses the net profit or net loss of the firm on the specified

period of time. Balance sheet discloses the value of asset, liabilities, and equity on a particular date. Cash flow statement discloses the cash inflow and cash outflow of the company in specified period of time.

2. **Profitability**

Profitability is ability of the company to get profit and an overview of company performance in manages the company. Get satisfactory profit is become fundamental goal of company. Profitability is one of the important indicators to assess a company. Profitability is also used to measure a company's ability to generate earnings as well as to determine the effectiveness of the company in managing its resources. Wahlen et al (2010:246) mentioned that "Examining the profitability in the recent past provides information that helps the analyst project the firm's future profitability and the expected return from investing in the firm's equity securities".

Profitability ratios measure the success of management practices, as shown by the profit generated by the sale and investment. Growth in profitability is characterized by changes in the profit margin on sales. With a high level of profitability means that the company will operate at a low cost that will ultimately result in higher profits. Profitability ratios are a group of ratios that show the combined effects of liquidity, asset management, and debt on operating results. Brigham and Houston (2009) mentioned that there are 5 profitability ratios, namely operating margin, profit margin, return on asset, return on equity, and basic earning power.

a. Operating Margin

This ratio measures operating income or EBIT per dollar of sales. Operating margin calculated by dividing operating income (EBIT) by sales.

b. Profit Margin

Profit margin shows how successful the management is in creating profit from a given quantity of sales (Walton and Aerts, 2006). This ratio measures net income per dollar of sales. This ratio is calculated by dividing net income by sales.

c. Return on asset (ROA)

Return on asset shows how much the company has earned on the investment of all financial resources committed to the company (Walton and Aerts, 2006). This ratio is calculated by dividing net income by total asset.

d. Return on Equity (ROE)

Return on equity is measures the rate of return on common shareholders' investment. Walton and Aerts (2006) stated that "Funds invested by shareholders are set equal to equity and thus imply both directly invested funds and funds indirectly invested through retained profit". This ratio is calculated by dividing net income by common equity.

e. Basic Earning Power (BEP)

This ratio indicates the raw earning power of company's asset

before it influenced by tax and debt. It is calculated by dividing operating income (EBIT) by total asset.

Profitability ratios are used to measure the efficiency of the company's operations. There are two types of profitability ratios are calculated. The first is related to the profitability ratio of sales, such as operating margin and profit margin. The second is related to the profitability of investments, namely return on asset (ROA) and return on equity (ROE) (Rao, 2011:130).

With the profitability ratios, the benefits are as follows:

a. Knowing the level of profit received by company during the period.

b. Knowing profit development over time

c. Knowing the amount of net profit after tax to equity

d. Knowing the productivity of your entire company funds are used both derived from loans or equity capital.

This research use Return on Equity (ROE) to calculate the profitability of the company. ROE as a profitability ratio is a very important indicator for investors. ROE required by investors to measure a company's ability to obtain net income related to the dividend. High profitability will be better for investors, because it shows a good investment prospects. For companies with low ROE, investors will assess the company as a high risk investment (Leach, 2010).

3. **Solvability**

In practice, the need to cover the shortage of funds, the company

has several funding options that can be used. The selection of these resources depends on the purpose, terms, benefits and firm capability of course. The sources of funds can be broadly derived from its own capital and loans (bank or other financial institution). Companies can choose from one of the sources of funds or a combination of both.

Solvability is meant as a firm's ability to pay its debts (both short and long term) when the company liquidated. Solvability ratio is the ratio used to measure a company's ability to find source of funds to finance their activities (Kuswandi, 2006:182). Solvability ratio (leverage) is the ratio which used to measure the extent to which corporate asset financed from debt, meaning how much debt expense borne by the company compared to its asset.

The higher the solvability ratio, the higher the risk of loss faced, but also a chance to get big profit. Conversely, if the company has low solvability ratios, certainly have a lower risk of loss. With a solvability ratio analysis, the company will know some things relating to the use of equity and loan capital and to know the ratio of a company's ability to meet its obligations. Samsul (2008:146) describes three types of ratios to calculate solvability, namely Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), and Long Term Debt to Equity Ratio (LTDER).

According to Brigham and Houston (2009:93), "Debt to Asset Ratio (Debt Ratio) is a ratio used to measure the ratio of total debt with total asset". In other words, how much of company asset financed by debt

or how much of corporate debt that impact on asset management. The higher this ratio the more funding with debt, it is increasingly difficult for companies to obtain additional loans because it was feared the company was not able to cover its debts with its asset. Conversely the lower this ratio, the smaller companies financed from debt.

This ratio is a ratio used to assess the debt to equity. Tyson and Schell (2011:242) mentioned that "This ratio is searched by way of comparing the entire debt with all the equity. The resulting ratio indicates how much of the business is owned by the owners and how much is owned by its creditors ". This ratio is useful to know the amount of capital used as collateral for the debt. For bank (creditor) the greater ratio shows the more unfavorable because the greater the risk borne by the bank on failures that may occur in the company.

LTDER is the ratio of long-term debt with its own capital. The goal is to measure what proportion of total equity used as collateral long-term debt. How to calculate it is to compare the long-term debt equity provided by the company. The greater this ratio indicates greater risk borne by the company, so it will affect the value of the company itself. Therefore, the smaller the level of solvability ratio, it will lead the increasing of the firm value.

To avoid a bad solvability ratio, Kuswandi (2008:190-191) advise companies to do things that have authors summarized in points as follows:

a. Companies are advised to avoid new debt that can burden the

company, the company attempted to cover the needs of capital by using additional funds.

b. Improve debt management systems, such as organizing and scheduling the maturity of debt.

c. Companies should be careful in making terms with the creditors to reduce the risk of things that do not benefit the company in the future.

d. Companies reduce the amount of dividends paid compared to previous years.

e. Improve and enhance the company's efforts in marketing the product.

f. Companies are advised not to enter a market where competition is tight or declining market.

g. Companies should follow the technology develops, it is not enclosed with the existing technological developments in order to adapt.

h. Increase productivity and make efforts to reduce costs.

i. Using debt to investments that are expected to reduce the risk.

4. **Company Growth**

Growth in this research is proxied with asset growth and sales growth. Growth is the change in total asset or sales either increase or decrease experienced by companies within one year. Growth ratio is a ratio that aims to measure the ability of companies to maintain its position in

the growth of the economy and in the industry. Growth ratios should be calculated according to Tambunan (2008:155) is Net Income Growth Ratio, Total asset Growth Ratio, Net Sales Growth Ratio, and Total Equity Growth Ratio. How to calculate the growth rate is the value in the second year minus the value in first year and then divided by the value in the first year.

This research uses the asset and sales growth. Asset growth is the changes (increase or decrease) of total asset which owned by company. Asset growth measured as percentage of the changes of total asset in a given year to the previous year. Based on that definition, can be explained that aseet growth is the changes of total asset either increase or decrease which faced by company in a given time. Sales growth also has same explanation, namely the changes of total sales, either increase or decrease, from the year before which faced by company. (Kusumajaya, 2011)

For the creditors, analysis of the potential for growth is very important because the future prospect of the company is very important to know the company's ability to pay its obligations. If the company is not experiencing growth, it is likely the company will have difficulty pay their obligations. For investors, analysis of the potential for growth is very important to estimate the fair price of the shares (Tambunan, 2008:155). The ratio of growth that increases from year to year can affect the firm value, so it is used by investors to determine the decision to invest.

Growth asset will affect the profitability of companies. Investment

decisions regarding decisions about the allocation of funds from outside the company on various forms of investments. Financial management deciding the use of funds received by company either from the banks or capital markets or other parties to invest in fixed asset and current asset. With investment asset invested in growth asset will cause, therefore, optimization of asset will affect to the profitability of company. Investment is the management of resources in the long term to generate profits in the future.

Companies that have increased profits, has a greater number of retained earnings. Increasing of corporate profits will increase equity from retained earnings. Sales were relatively stable and always increased in a company, providing ease of the company to obtain external funding or loans to improve their operations. Companies with a relatively stable level of sales can more safely gain more credit and endure the higher expense than the companies whose sales are not stable (Nugrahani, 2012).

The growth potential is expected to increase revenue in the company that comes with a high potential growth rate has a tendency to generate high cash flows in the future and the market capitalization in the industry that allows the company to have a low capital cost. High cash flow shows that the company is able to pay its obligations that are continuous. This shows that the growth in the asset and sales can enhance firm value.

In general, the goal of the person or investor to invest is to earn

profits in the future. But the broader goal done by investors is to increase their wealth, wealth in this case is the monetary wealth. If the company makes a mistake in investment selection, the sustainability of the company will be disrupted and this will affect the valuation of investors toward the companies (Noerirawan, 2012).

5. **Firm Value**

The goal of any company is to maximize the value of the company, since the goal is justified the company's existence and considers the complexity of the operational environment. In go public company, the value of the company viewed from its stock price. Therefore, the go public company has a goal to maximize the welfare of the shareholders which presented the company's stock price (Harris and Mongielo, 2012). Thus, the higher the value of company's stock, the higher the level of welfare of shareholders.

Hunt (2009:62) stated that "Enterprise value is value of the company's total market capitalization, i.e., its equity plus its net debt. It is sometimes known as market value, firm value, or aggregate value". Firm Value is an economic measure which reflects the market value of whole business, or can be said that firm value is the price that must be paid by the candidate buyer when the company was sold. When someone buy a company, he not only get all the income and inventory and everything else, he also get the cash held by the company. So, in effect, he pays to buy the company and then get some of that back immediately. For a debt-free

company, that's great. But many companies also have debt. That means he is taking on the obligation to pay that debt as well.

Firm valuation can be calculated through different measures, each measure will give different values to the other measures. There are five different measures, i.e., book value, market value, capitalized value, deductive judgement, and adjusted net worth (Thavikulwat, 2004).

a. First measure value of a firm is its book value.

b. Second measure is market value of all outstanding shares. This is popular world method of valuating public corporations.

c. Third measure is the capitalized of projected future performance.

d. Fourth measure is deductive application of human judgement. Thavikulwat, 2004 said that "With this method, firms are rated along a psychometric scale. The results are then converted by formula to monetary values".

e. Last measure is firm's accounting net worth which adjusted for intangibles and the idiosyncrasies of the accounting rules used.

Basically, the purpose of the company is to maximize the firm value. A company is said to have good value if the performance was good. Firm value can be reflected in the value of company's shares. If the share value high, it can be said that the value of the company was good. Therefore, the value of the company is reflected in the value of shares to be an important factor used by investors to determine their investment decisions.

Besides conflict between owners and managers, the company also sometimes faces conflicts with funders or creditors. According Kusumadilaga (2010), there is a conflict between the owners of the company with its creditors in a corporate goal to maximize its value. If the company goes well, then the value of the share will increase while the value of corporate debt in the form of bonds is not affected. So it can be concluded that the value of share ownership is a measure of the effectiveness of the company. For that reason, the financial manager has a goal of maximizing shareholder value. But in maximizing shareholder value, managers should not ignore the bondholders. Baker and Powell (2009:11) said that "Maximation of shareholders wealth focuses only on shareholders whereas maximation on firm value encompasses all financial claim holders including common shareholders, debt holders, and preferred shareholders".

Value of the company is usually indicated by using the Price to Book Value (PBV). The formula for price to book value is the stock price per share divided by the book value per share. High Price to Book Value (PBV) will make the market believes the company's future prospects. It was also the desire of the owners of the company, because of high firm value indicates prosperity shareholders also high. However, there are other approaches to measuring the value of the company, namely Tobin's Q.

This research uses Tobin's Q to measure the firm value. Tobin's Q is the replacement cost of the cost required to get the same asset with the

asset of the company. This ratio is named according to the initiators James Tobin in 1969. When Tobin's Q is lower than 1, then the company would be an interesting acquisition target, either to be combined with other companies or for liquidation. Logically buyer of company will obtain the asset at a cheaper price than if the asset is sold back. Conversely, if a high value of Tobin's Q is an indication that the company has high growth potential that the firm's value is more than the value of its asset (Widjaja and Maghviroh, 2011:120-121).

B. Previous Research

1. Analisa (2011), was conducted the research with aim to determine the influence the variable value of the company's against the variable of company size, leverage, profitability, and dividend policy of the company proxy with PBV (Price Book Value). The result of this study show that (1) size had positive significant influence to firm value, (2) leverage had positive had not significant influence of firms value, (3) profitability had positive significant influence to firm value, and dividend policy had negative not significant influence to firm. All of independent variable has a significant effect simultaneously. In the other hand, the result of regression estimation of 4 independent variable on firm value shows the prediction ability 61%% and 39% remains are affected from other factors outside of this model.

2. Noerirawan (2012), has conducted research which investigate the

influence of internal and external factors on firm value in the period of 2007-2010. In this research the internal factors that asset growth, funding decisions, and dividend policy. While external factors, namely firm inflation and interest rates. The results showed that the growth of asset and dividend policy have significant positive effect on firm value, the inflation rate is not significant positive effect on firm value, negatively affect funding decisions no significant effect on firm value, and the interest rate a significant negative effect on firm value.

3. Susanti (2010), has conducted research which analyze the influence of corporate governance (board size, board intensity, and board independence), ownership structure, cash holdings, profitability, finance risk, dividend, and investment opportunity to Tobins Q as firm value measurement. The result of this research shows that there are positive and significant relationships between firm value and board intensity, board size, board independence, profitability, and investment opportunity. Besides, the ownership structure and dividend variable have a positive and not significant relationship with firm value. But there is a negative relationship between cash holding and risk finance with firm value. That means that the smaller cash holding and finance risk in the company's increase the profitability and firm value.

C. **Hypothesis**

1. **The effect of Profitability toward Firm Value**

Profitability is the net profit rates that can be achieved by the company during run its operations. To maintain the continuity of a company, a company must be in profitable condition. Without the profit would be very difficult for companies to be able to attract capital from outside (Syamsuddin, 2009:59). High profit will give indication that company's prospect is good and it will affect the firm value of a company.

The research of Yangs Analisa (2011) and Rika Susanti (2010) have concluded that the profitability factors significantly influence the firm value. From the explanation above and the results of previous research, the hypothesis is formulated as follows:

H1   : Profitability significantly affects the firm value

2. **The effect of Solvability toward Firm Value**

Solvability ratio (leverage) is the ratio which used to measure the extent of the asset financed by debt companies. This means that how much of the debt burden covered by the companies compared to its asset. In a broad sense it is said that this ratio used to measure the company's ability to pay its liabilities, both short and long term if the company is liquidated.

The higher the solvability ratio, the higher the risk of loss is encountered, otherwise if the company has a low solvability ratio would have a smaller risk of loss. Therefore, if a company has a high risk of loss will affect the firm value (Syamsuddin, 2009:53). From the explanation

above, the hypothesis is formulated as follows:

H2 : Solvability significantly affects the firm value

3. The effect of asset Growth and Sales Growth toward Firm Value

Growth companies are expected by the company's internal and external, for good growth gives the signal for the development of the company. From the investors' point of view, the growth of the company shows that the company has a profitable aspect, and investors will decide to invest in the company (Kusumajaya, 2011).

In this research, the growth indicated by asset growth and sales growth. Asset growth can mean two things, namely the growth of current asset and fixed asset. Growth in current asset indicates that increased the company's operations and fixed asset growth indicates that increasing in the company's investment. Sales growth showed an increase in the number or the sales price. Asset growth and sales will affect the company's ability to generate earnings and it will lead the increasing of firm value. Company growth indicates the progress of a company, so it will be good prospects for the company. So, the asset growth and sales growth affect the firm value. From the explanation above, the hypothesis are formulated as follow:

H3 : Asset Growth significantly affects the firm value

H4 : Sales Growth significantly affects the firm value

D. Research Framework
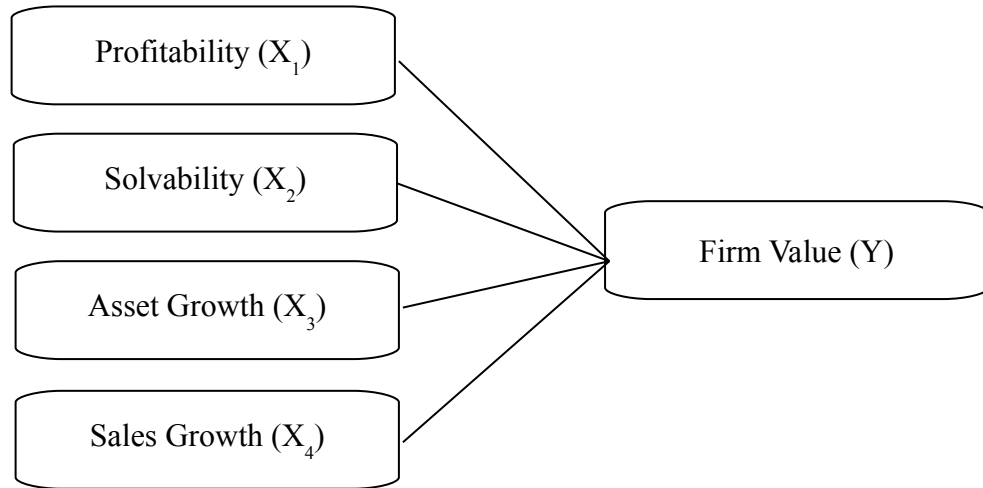
CHAPTER III

RESEARCH METHODS

A. Type of Research

In this research, some tests done to test the hypotheses that have been made. Tests were conducted to determine whether there was a relationship between variable and other variable, as already hypothesized. Therefore this research is explanatory research. Explanatory research is research that is explanation and aims to test a theory or hypothesis to strengthen or even reject the theory or hypothesis of the research that already exists. According to Srivastava (2011:4.4), "Such studies involve studying the impact of one variable on the other and also the relationship between two variables".

B. Research Variables and Measurements

According to Sugiyono (2011:38) definition of research variable is "Suatu atribut atau sifat atau nilai dari orang, obyek atau kegiatan yang mempunyai variasi tertentu yang ditetapkan oleh peneliti untuk dipelajari dan kemudian ditarik kesimpulannya" which translated to English language is an attribute or the nature or value of the person, object or activity which may have variations imposed by researchers to be studied and then made conclusions. Variables which are used in this research consist of dependent variable, and independent variable.

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1. Dependent variable

    Dependent variable is a variable which is affected by independent variable. This research use Firm Value as dependent variable.

TABLE 3.1
DEPENDENT VARIABLE

Variable	Indicator
Tobin's Q	$$\frac{(EMV + D + INV - CA)}{TA}$$ Where: EMV = Close price x Outstanding Stock D = Total Debt INV = Inventories CA = Current Asset TA = Total Asset
Reference : Kusumastuti, Supatmi, and Sastra (2007); Yuniasih and Wirakusuma (2009); Murwaningsari (2009)	

2. Independent variable

    Independent variable is a variable that is being manipulated in an experiment in order to observe the effect on a dependent variable. This research use Profitability, Solvability, asset Growth, and Sales Growth as independent variable.

TABLE 3.2
INDEPENDENT VARIABLE

Variables	Indicators
ROE	$\dfrac{Net\ Income}{Equity}$
Reference : Samsul (2008)	
LTDER	$\dfrac{Long\ Term\ Debt}{Equity}$
Reference : Samsul (2008)	
Asset Growth	$\dfrac{Total\ Asset\,(t) - Total\ Asset\,(t-1)}{Total\ Asset\,(t-1)}$
Reference : Noerirawan (2012)	
Sales Growth	$\dfrac{Sales\,(t) - Sales\,(t-1)}{Sales\,(t-1)}$
Reference: Tambunan (2008)	

C. Population and Sample of Research

1. Population of Research

    The population of this research is mining companies which listed in Indonesia Stock Exchange Market in 2009-2011which amounts to 31 companies. Mining companies are used as a population, because commodities mining play an important role in the Indonesian economy. Some commodities mining companies are important commodities for the world, such as commodity coal, oil and gas, gold, tin, etc.

2.   Sample of Research

       This research use purposive sampling. Purposive sampling method is used to obtain representative sample according to criteria which are determined. The criteria of sample that will be used are:

a. Companies provide complete financial report in 2009-2011.

b. Companies have complete data which related with research variables.

c. Companies with a positive ROE ratio.

TABLE 3.3
RESEARCH SAMPLE

	Total Companies
Research Population	31
Companies with incomplete financial statements in 2009-2011	(8)
Companies don't have complete data which related with research variables.	(2)
Companies with a negative ROE ratio	(6)
Research Samples	**15**

       Based on the criteria that have been determined, then the mining companies which become samples in this research are as follows shown in table 3.4.

TABLE 3.4
COMPANY NAME

No.	Code	Company Name
1.	ADRO	PT. Adaro Energy Tbk.
2.	ANTM	PT. Aneka Tambang (Persero) Tbk.
3.	BUMI	PT. Bumi Resources Tbk.
4.	BYAN	PT. Bayan resources Tbk.
5.	CITA	PT. Cita Mineral Investindo Tbk.
6.	CNKO	PT. Eksploitasi Energi Indonesia Tbk.
7.	CTTH	PT. Citatah Tbk.
8.	INCO	PT. Vale Indonesia Tbk.
9.	INDY	PT. Indika Energy Tbk.
10.	ITMG	PT. Indo Tambangraya Megah Tbk.
11.	MEDC	PT. Medco Energi Internasional Tbk.
12.	MITI	PT. Mitra Investindo Tbk.
13.	PGAS	PT. Perusahaan Gas Negara (Persero) Tbk.
14.	PTBA	PT. Tambang Batubara Bukit Asam (Persero) Tbk.
15.	TINS	PT. Timah (Persero) Tbk.

D. Type and Source of Data

Type of data in this research is secondary data which obtained from IDX corner FEB UB or IDX official website. Data which are used in this research are companies' financial report which published by IDX through ICMD and performance summary in 2009-2011 and data related with research

variables.

E. Method of Data Collection

Secondary data is done by tracing the company's financial report in ICMD and performance summary was selected as the research sample. Literature through text books, journals, and articles, as well as other written sources relating to the information needed, also used as a secondary data.

F. Method of Analysis

1. Descriptive Statistics

Descriptive statistic is used to determine the level of profitability, solvability, asset growth, sales growth, and firm value in mining companies which listed in IDX. Measurement which used in this research is minimum value, maximum value, mean, and standard deviation.

2. Classical Assumption Test

This classical assumption test used to know and test the worthiness of regression model which is used in this research. This test is used to make sure that there are no multicollinearity and heteroscedasticity in regression model and make sure that the data distribute normally.

a. Normality Test

Normality test is a test used to determine whether a regression model, the dependent variable, independent variables, or

both having normal distribution or not. Normality test data is done using test One Sample Kolmogorov-Smirnov test using $\alpha = 0.05$. Good regression model is having the data distribution is normal or near normal. Decision rules normality test which is as follows.

1) If the significant value $< \alpha$, then the data are not normally distributed.

2) If the significant value $> \alpha$, then the data were normally distributed.

b. Heteroscedaticity Test

Heteroscedasticity test is used to see whether there is inequality of variance of the residuals of the observations to other observations. Regression models that meet the requirements are where there is equality of variance of the residual one observation to another observation fixed or called homoscedastisity. Good regression model occurs when no heteroscedasticity.

Detection of heteroscedasticity can be done using scatter plots by plotting ZPRED value (predicted value) with SRESID (residual value). Detection of existence certain patterns in the graph scatterplot between SRESID and ZPRED where the Y axis is predicted, and the X axis is the studentized residual (Y predicted - Y actual). A good model is obtained if there is no particular pattern on the graph, such as collects in the middle, narrowed and then widened or otherwise widened and then narrowed.

c. Multicolinearity test

Multicollinearity test is used to test whether the regression model found a correlation between the independent variables. Good regression model is not happen the correlation between the independent variables. Symptoms of multicollinearity can be identified by looking at the value of the variance inflation factor (VIF) and Tolerance (TOL). With the following conditions:

1) If TOL> 0.1 and VIF <10, there is no multicollinearity.

2) If TOL <0.1 and VIF> 10, there is multicollinearity.

d. Autocorrelation test

Autocorrelation test aims to test whether a linear regression model is no correlation between the error disturbances in period t with an error in period t-1 (previous). Good regression model is free from autocorrelation. How to test the symptoms of autocorrelation is by test of Durbin Watson (D-W test).

3. Multiple Regression Analysis

Multiple regression is an extension of simple regression. Multiple regression analysis is a regression analysis using a linear function of two or more independent variables to explain the dependent variable. Multiple linear regression equation in this research is

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where,

Y = Firm Value

α = Constants

β1 – β4 = Regression Coefficient

X1 = Profitability

X2 = Solvability

X3 = asset Growth

X4 = Sales Growth

e = Error Term, estimate the error rate in the research

4. Hypothesis Testing

a. Coefficient of Determination

Coefficient of determination or R^2 is percentage of variability in the dependent variable that is explained by an independent variable. Coefficient of determination always has a value between 0 and 1. Small value of R^2 means that the ability of the independent variable in explaining the dependent variable is limited. However, if the R^2 value close to 1 means that the independent variable provides almost all the information needed to predict the dependent variable (Hansen and Mowen, 2006:93).

Fundamental weakness of the use of the coefficient of determination is biased towards the number of independent variable added in the model. If there is one additional independent variable,

then the R^2 value will increase regardless of whether these variables affect the dependent variable or not. Therefore, many researchers are advised to use the adjusted R^2 value when evaluating regression models.

b. Simultaneous Significance Test (F-test)

F-test was conducted to test whether the regression model used is fit. Basic decision-making are:

1) If the F-count < F-table, the regression model was not fit (the hypothesis is rejected)

2) If the F-count > F-table, the regression model was fit (hypothesis accepted)

F test can also be done by looking at the significance value of F at the output the regression results using SPSS with significance level = 0.05 (α = 5%). If the significance value is greater than α, then the hypothesis is rejected. However, if the significance value is less than α, then the hypothesis is accepted.

c. Individual Parameter Significance Test (t-test)

T-test conducted to show how much influence an individual independent variable in explaining the variation in the dependent variable. Basic decision-making are:

1) If t-count < t-table, the independent variables individually had no effect on the dependent variable (the hypothesis is rejected).

2) If the t-count > t-table, then the independent variable

individually affects the dependent variable (hypothesis accepted).

T-test can also be done by looking at the significance of the t-value of each variable in the regression results output using SPSS with significance level = 0.05 (α = 5%). If the significance value is greater than α, then the hypothesis is rejected (regression coefficient is not significant). However, if the significance value is less than α, then the hypothesis is accepted (significant regression coefficient).

CHAPTER IV

ANALYSIS AND DISCUSSION

A. The General Overview of Companies Which Are The Sample Of Research

In this research there are 15 mining companies that meet the criteria as research samples were mining companies which were listed on the Stock Exchange in 2009-2011, have complete financial report in 2009-2011, have complete data which related to research variables, and have a positive ROE ratio. These companies are as follows:

1. PT Adaro Energy Tbk

Adaro Energy Tbk is currently Indonesia's Second largest thermal coal producer. Adaro Energy was established under the name PT Padang Karunia in 2004. PT Padang Kurnia then changed its name to PT Adaro Energy Tbk in 2008 with vision to be the largest and most efficient integrated coal mining and energy company in South East Asia. Adaro Energy's coal product is trademarked as "envirocoal" as it has the ultra-low pollutant coal and has proven global acceptance among blue-chip power utilities. Adaro is not only drive on coal producing, but also developing businesses along the coal supply chain to ensure low cost producing company as it reduce operating cost from pit to port.

2. PT Aneka Tambang (Persero) Tbk

PT Aneka Tambang is a vertically integrated, export-oriented,

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diversified mining and metals company. Founded on July 5, 1968 as Perusahaan Negara (State Owned Company) with the merger of several single commodity mining companies. In 1997 the company conducted an initial public offering (IPO) and listed its 35% shares on Indonesia Stock Exchange by the government to the public. PT Aneka Tambang's core businesses are focused on nickel, gold and bauxite .The main Objectives are centered on increasing shareholder value by maximizing output in order to increase cash generation and lower unit costs.

3. PT Bumi Resources Tbk

PT Bumi Resources was established in December 1973 in hotel and tourism business. In 1998, PT Bumi Resources then shift its core business on natural gas and mining investments and changed the company's name in 2000, whereby the name of PT Bumi Modern Tbk. became PT BUMI Resources Tbk. Since then, from year to year the company aquired other oil and mining company such as Gallo Oil Ltd, PT Arutmin Indonesia, PT Kaltim Prima Coal, and Herald Resources Ltd. The company now has 7 business units as KPC (Kaltim Prima Coal) and Arutmin Indonesia, which is located on Kalimantan, to be its biggest units. With such a various mining business, PT Bumi Resources is expected to be a world-class, global operator within the energy and mining sectors.

4. PT Bayan Resources Tbk

PT Bayan Resources is engaged in open cut mining of various coal quality from mines located primarily in East and South Kalimantan. In

November 1997, through PT Gunungbayan Pratamacoal and PT Dermaga Perkasapratama, The Bayan Group started their coal business with owning and operating Balikpapan Coal Terminal. Since then, a number of new mining concessions have been acquired and formalised into a legal holding structure. Balikpapan Coal Terminal is named as the largest coal terminal in Indonesia with throughput capacity of 15 million metric tones per annum and a stockpiling capacity of approximately one million tones across 16 stockpiles. Hence, PT Bayan Resources become an exceptional integrated coal producer and provide benefits to take advantage of ample mining opportunities for the company. Bayan Group expected to be a highly respected coal mining company committed to delivering sustainable growth, premium products and high cuality service in the long term whilst minimizing any environmental impact.

5. PT Cita Mineral Investindo Tbk

PT Cita Mineral Investindo Tbk engages in the exploration and mining of various minerals in Indonesia. It explores for bauxite metal deposits in West Kalimantan. The company was formerly known as PT Cipta Panelutama Tbk and changed its name to PT Cita Mineral Investindo Tbk in May 2007. PT Cita Mineral Investindo Tbk was founded in 1992 and is headquartered in Central Jakarta, Indonesia. PT Cita Mineral Investindo Tbk is a subsidiary of Richburg Enterprise Pte. Ltd.

6. PT Exploitasi Energi Indonesia Tbk

Established in 1999 under the name PT Central Korporindo

International Tbk, and in 2001 changed name and trademark into PT Exploitasi Energi Indonesia Tbk. Its core business is providing energy especially coal mining, coal processing, loading port, and coal trading. The company's primary base area is in Pandansari village, Tanah laut district, South Kalimantan, Indonesia. The main products of the company are low calorie coal and high calorie coal. PT Exploitasi Energi Indonesia Tbk also developed coal fired power plant at West Kalimantan, Rengat Riau Sumatera and Tembilahan riau Sumatera, which represents a total 42 MW of coal fired power plant in Indonesia. For providing energy, the company is currently developing coal mining infrastructure with railway system and coal terminal in Kalimantan.

7. PT Citatah Industri Marmer Tbk

PT Citatah Industry Marmer Tbk is engaged in marble business. The company was founded by Arif Sianto on September 26, 1974 and is headquartered in Karawang, Indonesia. Citatah develops business on extracting, processing, and distributing a range of beige marble in extensive quarry sites, large capacity production facilities and international sales network to create the company to be one of the largest, fully integrated marble in Asia.

8. PT Vale Indonesia Tbk

PT Vale Indonesia, known as PT INCO (International Nickel Indonesia), is a company dealing with nickel on all exploring, mining, processing and producing thing. The company was founded on July 25,

1968, and operated under a Contract of Work with the Government of Indonesia on July 25 of the same year. Extended the contract of CoW on 1996, PT Vale, the world second biggest mining company which is headquartered in Brazil, acquired the majority of stakes on PT INCO in 2012, and now launched its brand as PT Vale Indonesia. The change in ownership as well as the change in name are hoped to open a new chapter for Vale Indonesia to achieve sustainability while prioritizing safety through increasing production (growth), adding contribution to the government (prosperity) and enhancing true partnership – with employees, government and the community. Through its vision to be the no 1 global natural resources company in creating long term value, PT Vale are prepared to take all chalenges into consideration as well as opportunities at the global, national, regional, and local levels.

9. PT Indika Energy Tbk

PT Indika Energy Tbk is an integrated energy company through diversified investments in the areas of energy resources, energy services and energy infrastructure. PT Indika was established in 2000 and through its strategic investments the company has grown into a leading integrated energy group in the areas of coal production (PT Kideco Jaya Agung), engineering, procurement and construction service (Tripatra), and power generation projects (PT Cirebon Electric Power). With all of significant acquisition in mining, PT Indika Energy is hoped to be a world-class integrated energy company with diversified investments in resources,

services, and infrastructure.

10. PT Indo Tambangraya Megah Tbk

PT Indo Tambangraya Megah is a company concentrated in coal mining. The company was established on September 2nd 1987 in Jakarta with the name PT Indotambangraya Megah. As a renowned Indonesian coal supplier for the world energy market, ITM scoping its business on coal mining operations, processing and logistics which are integrated in Indonesia. The company owns the majority of shares in five subsidiaries and operates six mining concession in Kalimantan. ITM also owns and operates Terminal batubara bontang, three loading ports and Pembangkit listrik bontang. PT Indo Tambangraya Megah strives to become a leading coal-related energy company in Indonesia with sustainable growth through professionalism and care to our employees, community and environment.

11. PT Medco Energi Internasional Tbk

MedcoEnergi, short for PT Medco Energi Internasional Tbk, is an Indonesian energy company that was founded on June 9, 1980. Started as drilling contractors, MedcoEnergi has transformed into an integrated energy company with business involvement in oil and gas exploration and production, downstream and power generation.

MedcoEnergi has the right to explore for and produce oil and gas under 14 different production sharing arrangements with BP Migas, Indonesia's National upstream oil and gas regulator, and in some cases, with Pertamina, Indonesia's state-owned national oil and Gas Company.

As of December 31, 2008, MedcoEnergi produced crude oil and natural gas from nine contract areas located in Sumatra, Java, Sulawesi, Kalimantan and Natuna in Indonesia, and had six exploration contracts and one economic interest in other areas in Indonesia.

12. PT Mitra Investindo Tbk

PT Mitra Investindo Tbk is an Indonesia-based granite mining company. It is also engaged in marketing and trading of the granite. The company started its commercial activities in 1994. The mine site is located in Desa Galang, Bintan, and Riau Island. The company markets its product to both local and international market.

13. PT Bukit Asam Persero Tbk

In 1950, the Indonesian Government approved the establishment of State-Owned Bukit Asam coal mine or Perusahaan Negara Tambang Arang Bukit Asam (PN TABA). In 1981, PN TABA converted its status to a limited liability company under the name of PT Tambang Batubara Bukit Asam (Persero) Tbk, further called the Company. To develop coal industry in Indonesia, in 1990 the Government merged Perum Tambang batubara with the company. In line with the national energy security development program, in 1993 the company was assigned by the government to develop coal briquette business. On December 23, 2002 the company became a publicly listed company on the Indonesian Stock Exchange under the code of "PTBA". The vision of PT Bukit Asam Tbk is a world-class environment-care energy company. The mission of PT Bukit Asam Tbk is

managing the resources of energy by developing corporate competence and human excellence to provide maximum added value for stakeholders and environment.

14. PT Perusahaan Gas Negara Tbk

PT Perusahaan Gas Negara (Persero) Tbk is a state-owned gas and energy company in Indonesia. Its principal business is the distribution and transmission of natural gas to industrial, commercial and household users. The company's activities include carry out planning, construction, operating and development of natural gas downstream business which includes processing, transporting, storing and trading, planning, construction, production development, supplying and distribution of processed gas; or other businesses which support the foregoing activities. The company's subsidiaries are PT Transportasi Gas Indonesia, PGN Euro Finance 2003 Limited, PT PGAS Telekomunikasi Nusantara, PT PGAS Solution, PT Saka Energi Indonesia, PT Gagas Energi Indonesia and PT PGN LNG Indonesia.

15. PT Timah Tbk

PT Timah as a Limited Liability Company Timah was established on August 2nd, 1976. It is a State-Owned Enterprise engaged in tin mining and has been listed on Indonesia Stock Exchange since 1995. PT Timah is a manufacturer and exporter of tin, and has integrated tin mining business ranging from exploration, mining, processing to marketing.

The company's scope of activity includes mining, industry, trading

transportation and services. The company's main activity is as the holding company that performs tin mining operations and marketing services to their business groups. The company has several subsidiaries engaged in the workshop and shipbuilding, engineering services, tin mining, tin consulting and tin research services, as well as non-tin mining. The company is in Pangkalpinang, Bangka Belitung Province. Its operational areas are in Bangka Belitung Province, Riau Province, South Kalimantan, Southwest Sulawesi, and Cilegon, Banten.

B. Data Analysis

1. The Average of Variables Used in Research

Variables used in this research are profitability, solvability, asset growth, and sales growth as the independent variable, and the firm value as dependant variable. Profitability in this research is measured by Return on Equity (ROE), solvability is measured by Long-term Debt to Equity Ratio (LTDER), and firm value is measured by Tobin's Q where market value of company asset is divided by replacement cost of company asset.

From ICMD and performance summary of mining companies in year 2009 to 2011, obtained value of ROE, LTDER, asset growth, and sales growth (see appendix 1). From that data, obtained the total, average, maximum and minimum value of sample used in 2009-2011 as follow:

TABLE 4.1
AVERAGE OF FIRM VALUE (TOBIN'S Q) IN 2009-2011

No	Company Name	Code	Tobin's Q			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	1,57	1,74	0,91	1,40
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	2,96	1,20	0,21	1,46
3	PT. Bumi Resources Tbk.	BUMI	5,14	2,69	1,75	3,19
4	PT. Bayan Resources Tbk.	BYAN	0,74	2,11	0,43	1,09
5	PT. Citatah Tbk.	CTTH	0,71	0,72	0,56	0,66
6	PT. Vale Indonesia Tbk.	INCO	0,91	1,09	0,32	0,77
7	PT. Indo Tambangraya Megah Tbk.	ITMG	1,89	2,59	1,14	1,87
8	PT. Medco Energi Internasional Tbk.	MEDC	0,73	0,70	0,32	0,58
9	PT. Mitra Investindo Tbk.	MITI	2,55	1,95	0,87	1,79
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	3,20	2,06	0,72	1,99
11	PT. Timah (Persero) Tbk.	TINS	3,97	2,54	0,76	2,43
12	PT. Indika Energy Tbk.	INDY	0,59	3,67	0,59	1,62
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	1,73	1,50	1,18	1,47
14	PT. Cita Mineral Investindo Tbk.	CITA	0,30	0,26	0,26	0,27
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	0,55	1,89	0,30	0,91
	Total		27,54	26,69	10,33	21,52
	Average		1,84	1,78	0,69	1,43
	Maximum Value		5,14	3,67	1,75	3,52
	Minimum Value		0,30	0,26	0,21	0,26

Source: Data Processed, 2013

From table 4.1 above, it can be seen that the total amount of firm value in 2009 is 27.54, this value decreases to 26.69 in 2010 and 10.33 in 2011. The average of firm value in mining company year 2009-2011 respectively are 1.84, 1.78, and 0.69. This indicates that the average of firm value in mining companies has decreased from year 2009 to 2011. In year 2009 and 2011, BUMI has highest value of Tobin's Q. In 2010, INDY has highest value of Tobin's Q. While the company which has the lowest value of Tobin's Q in 2009 and 2010 is CITA, and in 2011 is ANTM.

TABLE 4.2
AVERAGE OF PROFITABILITY (ROE) IN 2009-2011

No	Company Name	Code	ROE (%)			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	24,94	11,85	22,61	19,80
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	7,37	17,60	17,87	14,28
3	PT. Bumi Resources Tbk.	BUMI	24,06	20,17	18,28	20,84
4	PT. Bayan Resources Tbk.	BYAN	5,51	18,57	32,46	18,85
5	PT. Citatah Tbk.	CTTH	26,81	17,03	1,21	15,01
6	PT. Vale Indonesia Tbk.	INCO	10,78	26,04	18,87	18,56
7	PT. Indo Tambangraya Megah Tbk.	ITMG	42,61	26,23	51,01	39,95
8	PT. Medco Energi Internasional Tbk.	MEDC	2,58	10,75	10,19	7,84
9	PT. Mitra Investindo Tbk.	MITI	31,23	19,88	43,75	31,62
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	47,15	31,19	37,79	38,71
11	PT. Timah (Persero) Tbk.	TINS	9,15	22,42	19,51	17,02
12	PT. Indika Energy Tbk.	INDY	13,55	14,22	15,53	14,43
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	48,75	41,32	35,87	41,98
14	PT. Cita Mineral Investindo Tbk.	CITA	8,73	17,83	25,63	17,40
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	0,42	10,39	10,93	7,24
	Total		303,62	305,47	361,50	323,53
	Average		20,24	20,36	24,10	21,57
	Maximum Value		48,75	41,32	51,01	47,03
	Minimum Value		0,42	10,39	1,21	4,00

Source : Data Processed, 2013

Table 4.2 above shows that the total amount of ROE in 2009 is 303.62, then increase to 305.47 in 2010 and 361.50 in 2011. The average of profitability in mining companies, which is calculated using the ROE ratio, year 2009 to 2011 respectively amounted 20.24, 20.36, and 24.10 (in percent) or at 0.202, 0.204, and 0.241. It could be argued that the value of profitability on mining companies has increased but not high or nearly stable from year 2009-2011. In year 2009 and 2010, PGAS has highest value of ROE. In 2011, ITMG has highest value of ROE. While the company which has the lowest value of ROE in 2009 and 2010 is CNKO, and in 2011 is CTTH.

TABLE 4.3
AVERAGE OF SOLVABILITY (LTDER) IN 2009-2011

No	Company Name	Code	LTDER			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	0,96	0,87	1,00	0,94
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	0,12	0,07	0,33	0,17
3	PT. Bumi Resources Tbk.	BUMI	4,38	3,31	3,27	3,65
4	PT. Bayan Resources Tbk.	BYAN	0,80	0,79	0,37	0,65
5	PT. Citatah Tbk.	CTTH	0,35	0,29	0,34	0,33
6	PT. Vale Indonesia Tbk.	INCO	0,23	0,21	0,27	0,24
7	PT. Indo Tambangraya Megah Tbk.	ITMG	0,09	0,05	0,04	0,06
8	PT. Medco Energi Internasional Tbk.	MEDC	1,08	1,14	1,08	1,10
9	PT. Mitra Investindo Tbk.	MITI	1,33	0,78	0,19	0,77
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	0,16	0,18	0,18	0,17
11	PT. Timah (Persero) Tbk.	TINS	0,09	0,10	0,12	0,10
12	PT. Indika Energy Tbk.	INDY	0,93	0,85	0,86	0,88
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	0,95	0,86	0,66	0,82
14	PT. Cita Mineral Investindo Tbk.	CITA	0,07	0,06	0,16	0,10
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	0,15	0,08	0,11	0,12
	Total		11,70	9,64	8,97	10,10
	Average		0,78	0,64	0,60	0,67
	Maximum Value		4,38	3,31	3,27	3,65
	Minimum Value		0,07	0,05	0,04	0,05

Source : Data Processed, 2013

The total amount of LTDER in table 4.3 above has decreased from 11.70 in 2009 to 9.64 in 2010, then from 9.64 decrease to 8.97 in 2011. The average value of the solvability in mining companies year 2009-2011, which is calculated by LTDER, respectively 0.78, 0.64, and 0.60. This indicates that the average value of the solvability in mining companies declined from 2009 to 2011. This is in line with the firm value which also decreased from the year 2009 to 2011. In year 2009 to 2011, BUMI has highest value of LTDER. While the company which has the lowest value of LTDER in 2009 is CITA, and in year 2010 to 2011 is ITMG.

TABLE 4.4
AVERAGE OF ASSET GROWTH IN 2009-2011

No	Company Name	Code	Asset Growth (%)			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	25,62	-4,15	26,39	15,95
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	-3,08	23,06	24,41	14,80
3	PT. Bumi Resources Tbk.	BUMI	-2,42	13,28	5,45	5,44
4	PT. Bayan Resources Tbk.	BYAN	5,74	17,35	71,84	31,64
5	PT. Citatah Tbk.	CTTH	-6,79	5,27	9,33	2,61
6	PT. Vale Indonesia Tbk.	INCO	-5,08	2,79	11,50	3,07
7	PT. Indo Tambangraya Megah Tbk.	ITMG	5,09	-13,04	46,09	12,72
8	PT. Medco Energi Internasional Tbk.	MEDC	-11,54	6,78	14,55	3,26
9	PT. Mitra Investindo Tbk.	MITI	-14,45	5,09	2,65	-2,24
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	32,30	7,97	31,92	24,06
11	PT. Timah (Persero) Tbk.	TINS	-16,06	21,12	11,71	5,59
12	PT. Indika Energy Tbk.	INDY	34,14	-1,92	59,30	30,50
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	12,01	12,12	-3,46	6,89
14	PT. Cita Mineral Investindo Tbk.	CITA	3,13	91,22	29,83	41,40
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	13,58	38,00	41,11	30,90
	Total		72,18	224,95	382,61	226,58
	Average		4,81	15,00	25,51	15,11
	Maximum Value		34,14	91,22	71,84	65,73
	Minimum Value		-16,06	-13,04	-3,46	-10,85

Source : Data Processed, 2013

From table 4.4 above, it can be seen that the total amount of asset growth in 2009 is 72.18, this value increases to 224.95 in 2010 and 382.61 in 2011. The average asset growth of the mining companies year 2009-2011 respectively at 4.81, 15.00, and 25.51 (in percent) or at 0.048, 0.150, and 0.255. This is contrast with the firm value in 2009-2011 because the firm value of mining companies in 2009-2011 is decreased, while the asset growth has increased from 2009-2011. In year 2009, INDY has highest value of Asset Growth. In 2010, CITA has highest value of Asset Growth and in year 2011 BYAN has the highest value of Asset Growth. While the company which has the lowest value of Asset Growth in 2009 is TINS, in year 2010 is ITMG, and in year 2011 is PGAS.

TABLE 4.5
AVERAGE OF SALES GROWTH IN 2009-2011

No	Company Name	Code	Sales Growth (%)			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	48,89	-8,35	46,45	29,00
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	-9,18	0,38	18,32	3,17
3	PT. Bumi Resources Tbk.	BUMI	-6,87	-23,61	37,87	2,46
4	PT. Bayan Resources Tbk.	BYAN	58,97	12,81	51,34	41,04
5	PT. Citatah Tbk.	CTTH	-7,01	2,38	-2,66	-2,43
6	PT. Vale Indonesia Tbk.	INCO	-50,21	60,43	-1,81	2,80
7	PT. Indo Tambangraya Megah Tbk.	ITMG	-1,68	5,78	44,00	16,04
8	PT. Medco Energi Internasional Tbk.	MEDC	-55,35	33,18	24,01	0,61
9	PT. Mitra Investindo Tbk.	MITI	-26,49	24,61	63,72	20,61
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	24,00	-11,61	33,79	15,39
11	PT. Timah (Persero) Tbk.	TINS	-14,84	8,16	4,92	-0,58
12	PT. Indika Energy Tbk.	INDY	7,44	51,43	38,36	32,41
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	40,88	9,66	-1,00	16,51
14	PT. Cita Mineral Investindo Tbk.	CITA	-56,38	212,58	61,38	72,53
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	24,81	116,83	35,99	59,21
	Total		-23,03	494,67	454,68	308,77
	Average		-1,54	32,98	30,31	20,58
	Maximum Value		58,97	212,58	63,72	111,76
	Minimum Value		-56,38	-23,61	-2,66	-27,55

Source: Data Processed, 2013

Table 4.5 above shows that the total amount of sales growth in 2009 is -23.03, then increase to 494.67 in 2010 and 454.68 in 2011. The average of sales growth in the mining company of the year 2009-2011 has increased in 2010 and decreased in 2011. This is indicated by the average value of sales growth from year 2009-2011 amounted to -1.54, 32.98, and 30.31 (in percent) or at -0.015, 0.330, and 0.303. In year 2009, BYAN has highest value of Sales Growth. In 2010, CITA has highest value of Sales Growth and in year 2011 MITI has the highest value of Sales Growth. While the company which has the lowest value of Sales Growth in 2009 is CITA, in year 2010 is BUMI, and in year 2011 is CTTH.

2. Descriptive Statistic Analysis

Based on descriptive statistic analysis which is shown in Table 4.6, shows the characteristics of the samples used in this study include: the number of samples (N), mean, minimum value, maximum value and standard deviation of each variable.

TABLE 4.6
DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
TOBINS_Q	45	.2111	5.1363	1.434714	1.1261125
ROE	45	.4196	51.0087	21.568793	12.9807434
LTDER	45	.0434	4.3825	.673514	.9019354
ASSET_GROWTH	45	-16.0638	91.2236	15.105473	22.2186731
SALES_GROWTH	45	-56.3821	212.5845	20.584766	44.8241069
Valid N (listwise)	45				

In table 4.6 above is shown that the numbers of samples used in this study are 45 research samples consist of 15 mining companies listed on the Indonesia Stock Exchange in the year 2009-2011. The average or mean of Tobin's Q is equal to 1.434714. Minimum and maximum values of Tobin's Q are 0.211 and 5.1363. The standard deviation of Tobin's Q is equal to 1.1261125; this number is smaller than the mean of Tobin's Q. It is indicated that during 2009 until 2011 the movement of firm value variable (Tobin's Q) does not fluctuate.

The average or mean of ROE is equal to 21.568793. Minimum value of ROE is 0.4196 and the maximum value is 51.0087. The standard deviation of ROE is equal to 12.9807434, this number is smaller than the mean of ROE. This indicates that during the years 2009-2011 the

movement og variable profitability (ROE) does not fluctuate.

The average or mean of Long term Debt to Equity Ratio (LTDER) is equal to 0.673514. LTDER minimum value is 0.0434 and the maximum value is 4.3825. The standard deviation is equal to 0.9019354 of LTDER, that number is greater than the mean LTDER. This indicates that during the years 2009-2011 movement variable solvability (LTDER) is volatile.

The average or mean of Asset Growth amounted to 15.105473. The minimum and the maximum value of Asset Growth are -16.0638 and 91.2236. The standard deviation of Asset Growth is equal to 22.2186731, that number is greater than the mean of Asset Growth. This indicates that during the years 2009-2011 Asset Growth's movement is volatile.

The average or mean of Sales Growth is equal to 20.584766. The minimum and the maximum value of sales growth is equal to 44.8241069, this number is greater than the mean of Sales Growth. This indicates that during the years 2009-2011 sales growth's movement is volatile.

3. Classical Assumption Test

Before conducting multiple linear regression analysis, classical assumption of sample research is needed first. That classical assumption included: normality test, heteroscedasity test, multicollinearity test, and autocorrelation test.

   a. Normality Test

Normality test aims to test wether in a regression model, the dependent variable, independent variables, or both have a normal

distribution or not. Good regression model has the distribution of data either normal ir nearly normal. Using graphs method analysis and see the normal probability plot to test the normal data. Result scatter plot for normality test are as follows :

FIGURE 4.1
NORMALITY TEST USING HISTOGRAM GRAPH

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: TOBINS_Q
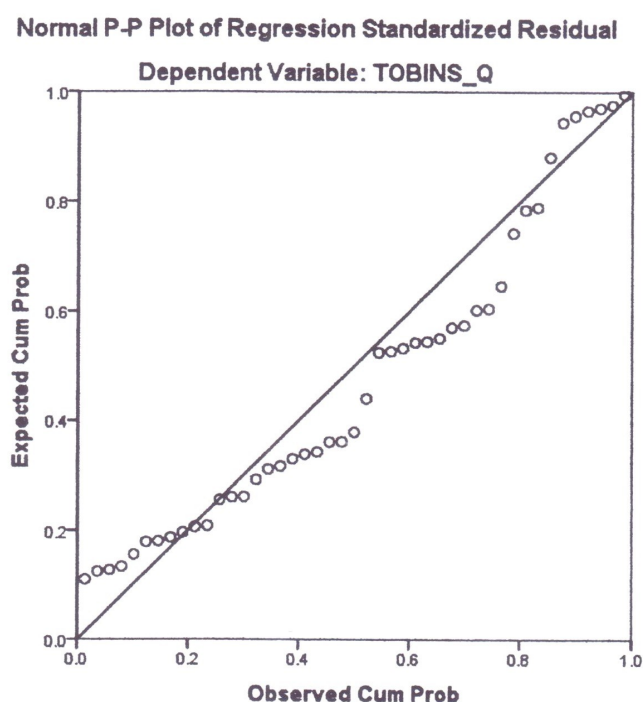
TABLE 4.7
ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

		Unstandardized Residual
N		45
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.91700162
Most Extreme Differences	Absolute	.146
	Positive	.146
	Negative	-.099
Kolmogorov-Smirnov Z		.978
Asymp. Sig. (2-tailed)		.294

a. Test distribution is Normal.

b. Calculated from data.

Normality test results using graph analysis shows that the graph provides the distibution pattern of normal or near-normal, because the graph shows the points spread arround the diagonal line. In addition the value of the Kolmogorov-Smirnov also showed signigicance amounted 0.294 which is more than 0.05. So, the regression model already has a normal distribution.

b. Heteroscedasity test

Detection of heteroscedasticity can be done by using scatter plits by plotting ZPRED value (predicted Value) with SRESID (residual value). Detection of existence certain patterns in the graph scatterplot between SRESID and ZPRED where the Y axis is predicted, and the X axis is the studentized residual (Y predicted – Y actual).

FIGURE 4.2
SCATTERPLOT
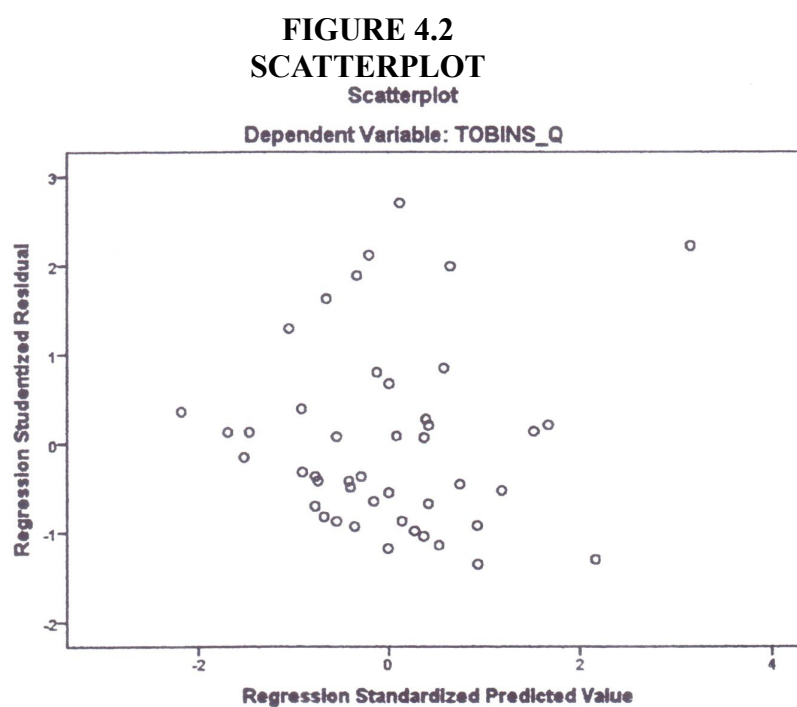
Scatter plot at figure 4.2 above shows the pattern spread and do

not form a particular pattern. This suggests that there is no heteroscedasity in the regression model, so that the regression van be used to predict the firm value.

c. Multicollinearity Test

Multicollinearity test is used to test whether the regression model found a correlation between the independent variables. Symptoms of multicollinearity can be identified by looking at the value of the variance inflation factor (VIF) and Tolerance (TOL). With the following conditions:

1) If TOL>0.1 and VIF<10, there is no multicollinearity.

2) If TOL<0.1 and VIF>10, there is multicollinearity.

TABLE 4.8
COLLINEARITY STATISTIC

Collinearity Statistics	
Tolerance	VIF
.978	1.023
.963	1.039
.520	1.921
.530	1.888

From table 4.8 above shows that all independent variables had tolerance values above 0.1 and VIF values below 10. thus, it can be said that there is no multicollinearity created.

d. Autocorrelation Test

Autocorrelation test aims to test whether a linear regression

model is having no correlation between the error disturbances in period t with an error in period t-1 (previous). Run test can be used to see the existence of autocorrelation. Run test as part of the non-parametric statistic can be used to test wheter there is a high correlation between residuals.

TABLE 4.9
RUNS TEST

	Unstandardized Residual
Test Value[a]	=.29665
Cases < Test Value	22
Cases >= Test Value	23
Total Cases	45
Number of Runs	21
Z	-.600
Asymp. Sig. (2-tailed)	.548

a. Median

Table 4.9 shows that form the test results, the value of asymtotic significant is 0.548 (> 0.05), which means random residual value. So it can be concluded that there is no autocorrelation among residual value.

4. Multiple Regression Analysis

The multiple regression analysis to determine the direction of the relationship between the dependent and independent variables whether each independent variable relates positive or negative and to predict the value of the dependent variable when the independent variable value has increased or decreased. To perform a linear regression analysis of the data obtained, it is used SPSS to process the data obtained, the following are the results of the analysis carried out with SPSS 20:

TABLE 4.10
MULTIPLE REGRESSION ANALYSIS

Variables	Regression Coefficient (B)	Beta (β)
(Constant)	.989	
ROE	.019	.216
LTDER	.463	.371
ASSET_GROWTH	-.022	-.440
SALES_GROWTH	.003	.129

Based on SPSS output coefficient which summarized in table 4.10, it is obtained equation model as follows:

$$Y = 0.989 + 0.019X_1 + 0.463X_2 - 0.22X_3 + 0.003X_4$$

Where,

X_1 = Profitability (ROE)

X_2 = Solvability (LTDER)

X_3 = Asset Growth

X_4 = Sales growth

From the regression equation can be explained that:

a. From SPSS output results obtained the constant value of 0.989. This indicates that if the value of ROE, LTDER, assets growth, and sales growth are 0, then the firm value's value is 0.989.

b. From SPSS output results shows the value of regression coefficient for variable Return on Equity (ROE) amounted to 0.019. This means that if the ROE increased by 1 point, then the firm value will increase by 0.019.

c. From SPSS output results shows the value of regression coefficient for variable Long-term Debt to Equity Ratio (LTDER) amounted to 0.463. This means that if the LTDER increased by 1 point,then the firm value will increase by 0.463.

d. From SPSS output results shows the value of regression coefficient for variable Asset Growth amounted to -0.022. This means that if the Asset Growth increased by 1 point, then the firm value will decrease by 0.022.

e. From SPSS output results shows the value of regression coefficient for variable Sales Growth amounted to 0.003. This means that if the Sales Growth increased by 1 point, then the firm value will increase by 0.003.

5. Hypothesis Testing

   a. Coefficient of Determination

Analysis of determination in linear regression is used to determine the percentage contribution of the effect of independent variables simultaneously on the dependent variable. This coefficient indicates the percentage of variation of the independent variables used in the model is able to explain the variation in the dependent variable. In this research which used to determine the coefficient of determination is R square. This is shown in table 4.11 as follows:

TABLE 4.11
RESULT OF COEFFICIENT OF DETERMINATION

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.580[a]	.337	.271	.9617594

a. Predictors: (Constant), SALES_GROWTH, ROE, LTDER, ASSET_GROWTH

b. Dependent Variable: TOBINS_Q

From table 4.11 above, it can be seen that the value of R square is equal to 0.337. This shows the ROE, LTDER, Asset Growth, and Sales Growth influence on firm value by 33.7%, while 66,3% is influenced by other variable which are not examined. Because the coefficient of determination is less than 50% or close to 0, it can be concluded that the ability of the independent variables in explaining the dependent variable is limited.

b. F-test (Simultaneously)

In this research conducted simultaneous test (F-test) toward the effect of ROE variable, LTDER, Asset Growth, and Sales Growth on firm value. This test is used to determine whether the independent variables simultaneously have a significant effect on the dependent variable. It can be said also to determine whether regression model can be used to predict the dependent or not.

TABLE 4.12
RESULT OF F -TEST

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.798	4	4.700	5.081	.002^b
	Residual	36.999	40	.925		
	Total	55.798	44			

a. Dependent Variable: TOBINS_Q

b. Predictors: (Constant), SALES_GROWTH, ROE, LTDER, ASSET_GROWTH

Based on ANOVA SPSS output which is shown in Table 4.12 above, obtained F-count is equal to 5.081 and the significance value is equal to 0.002, with the F-table in 2.61. Because the F-count (5,081) > F-table (2.61) and significance value (0.002) < α (0.05), it can be concluded that the independent variables consisiting of ROE, LTDER, Asset Growth, and Sales Growth simultaneously have a significant influence on firm value.

c.   t-test (individual/partial)

In this research conducted individual/partial test (t-test) toward the effect of ROE variable, LTDER, Asset Growth, and Sales Growth on firm value. This test is used to determine whether the independent variables in the regression model partially have a significant influence on the dependent variable.

TABLE 4.13
RESULT OF T-TEST

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.989	.317		3.116	.003
	ROE	.019	.011	.216	1.659	.105
	LTDER	.463	.164	.371	2.824	.007
	ASSET_GROWTH	-.022	.009	-.440	-2.464	.018
	SALES_GROWTH	.003	.004	.129	.730	.469

SPSS output coefficient of the results shown in table 4.13, it can be concluded the results of testing the effect of partially independent variable consisting of ROE, LTDER , Asset Growth, and Sales Growth to value the company at mining company listed on the Stock Exchange in 2009-2011 are as the following:

1) The Effect of Profitability (X1) Toward Firm Value (Y)

Profitability in this research uses the return on equity (ROE). The results of SPSS output shows that the sig for ROE is equal to 0.105. With $\alpha = 0.05$ then the sig $> \alpha$. This shows that the profitability (ROE) cannot be used to measure changes in the firm value, so that H1: Profitability Significantly Affects the firm value is rejected.

2) The Effect of Solvability (X2) Toward Firm Value (Y)

Solvability in this research uses the Long-term Debt to Equity Ratio (LTDER). The result of SPSS output shows that the sig for LTDER is 0.007 with $\alpha = 0.05$ the sig $< \alpha$. Besides, t-count of

LTDER amounted to 2,824 with t-table at 2.01954, so that the t-count > t-table. This shows that the solvability (LTDER) can be used to measure changes in the firm value so that H2: Solvability Significantly Affects the firm value is accepted.

3) The Effect of Asset Growth (X3) Toward Firm Value (Y)

The result of SPSS output shows that the sig for Asset Growth is 0.018 with $\alpha = 0.05$ then sig < α. Besides, t-count of Asset Growth amounted to 2,464 with t-table at 2.01954, so the t-count > t-table. This shows that the asset Growth can be used to measure change in the firm value so that H3: Asset Growth Significantly Affects the firm value is accepted.

4) The Effect of Sales Growth (X4) Toward Firm Value (Y)

The result of SPSS output shows that the sig for Sales Growth is equal to 0.469. With $\alpha = 0.05$ then the sig > α. This shows that the Sales Growth cannot be used to measure changes in the firm value, so that H4: Sales Growth Significantly Affects the firm value is rejected.

C. **Discussion**

1. The Simultaneous Effect of Independent Variable Toward Dependent Variable

In this research, there is significant influence between independent variables consisting of profitability, solvability, asset growth, and sales

growth toward firm value. The variables of profitability, solvability, asset growth, and sales growth simultaneously only amounted to 33.7% in giving effect to the change of firm value which is shown by the coefficient of determination (R square) of 0.337. This suggests that 66.7% the changes of firm value in mining industries is influenced by other factors which are not included in this research. Those other factors such as inflation, interest rate and foreign exchange rate which are external factor. These factors can be taken into consideration of investors in analyzing the firm value to be addressed to invest, other than the financial statements which reported by companies on Indonesia Stock Exchange (IDX).

2. The Effect of Independent Variable Toward Dependent Variable Individually

TABLE 4.14
THE AVERAGE OF VARIABLES USED IN RESEARCH YEAR 2009-2011

Variables	2009	2010	2011
Tobin's Q	1,836	1,779	0,689
ROE	0,202	0,204	0,241
LTDER	0,780	0,643	0,598
Asset Growth	0,048	0,150	0,255
Sales Growth	-0,015	0,330	0,303

Source: Data Processed, 2013

FIGURE 4.3
CHART OF AVERAGE VARIABLE USED IN RESEARCH YEAR 2009-2011
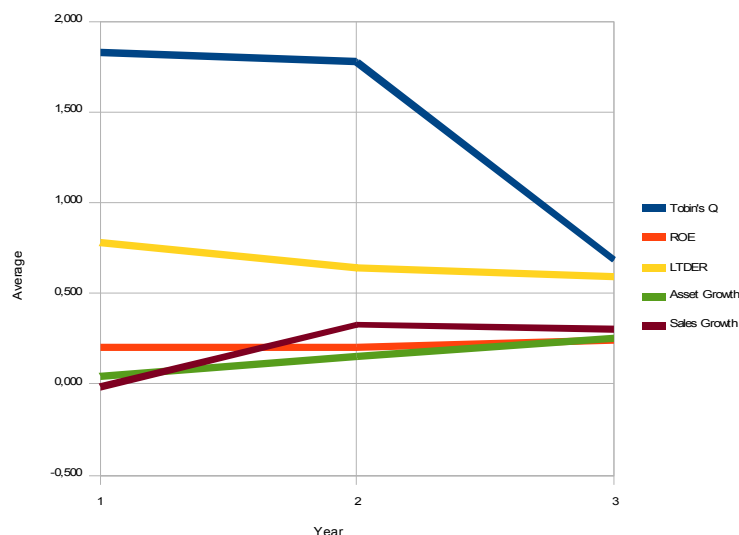
a. The Effect of Profitability (X1) Toward Firm Value (Y)

Profitability can be calculated either by using the ratio of ROE (Return on Equity). ROE is to calculate the rate of return on shareholders' investment, so the higher value of profitability, the money invested will back faster. This research shows that profitability cannot strengthen of weaken the firm value, so regardless of the value of profitability ratio will not affects the firm value. Firm value in this research was calculated using the ratio of Tobin's Q. Tobin's Q is measured from the market value of company asset, which derived from the market value of outstanding shares and debt, divided by the replacement cost of company asset.

This research shows that profitability does not significantly influence firm value. It can be seen from the t-count value which is less

than t-table, and the significant value of profitability, which is measured by using ROE (Return on Equity), is 0.105. This result rejects first hypothesis (H1) which state that profitability significantly affects the firm value. It also answers the first problem formulation. This result is not appropriate with previous researches by Susanti (2010) and Analisa (2011).

Empirical evidence suggests that ROE in the year 2009-2011 has increased, but not significantly or very small, while the firm value has decreased significantly. It can be seen in Figure 4.3 where the firm value (Tobin's Q), which is indicated by the blue line, has decline sharply, while ROE which is shown with orange lines has increased very little even in figure 4.3 is shown almost like a straight line. Therefore, ROE does not have a significant effect on the changes of firm value.

b. The Effect of Solvability (X2) Toward Firm Value (Y)

This research shows that solvability does significantly influence firm value. It can be seen from the t-count value (2.824) which is more than the t-table (2.01954), and the significant value is less than 0.05. Solvability value in this research is counted by LTDER (Long-term Debt to Equity Ratio). Based on the result, the significant value of solvability is 0.007. The result accepts second hypothesis (H2) which states that solvability significantly affects the firm value and also answers the second problem formulation.

Solvability can be calculated either by LTDER (Long-term Debt to Equity Ratio). LTDER calculated by dividing the company's long-term debt with total equity of the company. The result shows that the solvability significantly affects the firm value. This research also shows that if the value of solvability increases, the firm value will also increase. So the solvability has a significant effect on the change of the firm value.

Based on the theory proposed by Modigliani and Miller or often called the MM theory in 1963, states that the use of debt can increase the firm value because debt interest costs are costs that reduce income tax payments. Theoretically, an increase in debt will be able to increase the firm value, but the empirical evidence proves that every year LTDER of mining companies in 2009-2011 has decreased so that the firm value has decreased too. This is shown in figure 4.3, where Tobin's Q and LTDER equally decreasing in 2009 until 2011. Therefore, LTDER have a significant effect on firm value.

c. The Effect of Asset Growth (X3) Toward Firm Value (Y)

This research shows that asset growth does significantly influence the firm value. It can be seen from the t-count value (2.464) which is more than t-table (2.01954) and the significant value is less than 0.05. Based on the result, the significant value of asset growth is 0.018. The result accepts third hypothesis (H3) which states that asset growth significantly affects the firm value, and also answers the third

problem formulation.

Asset growth is calculated by reducing the value of total asset in this year with the value of total asset in previous year then divided by value of total asset in previous year. In this research, asset growth can affect the firm value. This research shows that when asset growth is high, it will make the firm value decrease.

Empirical evidence suggests that the increase in assets of mining companies each year 2009-2011 was not followed by a significant increase in ROE, so the firm value does not increase but actually decreased. This is indicated by Figure 4.3 which asset growth has increased significantly, but the ROE did not increase significantly. This suggests that firms are less able to take advantage of the company's assets to gain maximum profit. Therefore, the increase in the value of assets of the company making the firm value actually decreased. It can be concluded that the asset growth affect negatively on firm value.

d. The Effect of Sales Growth (X4) Toward Firm Value (Y)

This research shows that sales growth does not significantly influence the firm value. It can be seen from the t-count value (0.730) which is less than t-table (2.01954) and the significant value is more than 0.05. Based on the result, the significant value of sales growth is 0.469. The result refuses fourth hypothesis (H4) which states that sales growth significantly affects the firm value, and also answers the fourth problem formulation.

Sales growth is calculated to determine the percentage of the company's sales growth in this year from those of sales in the previous year. This research shows that sales growth does not significantly influence the changes of firm value. It can be said that sales growth can't be strengthen or weaken the firm value.

Empirical evidence suggests that sales growth decline in 2011, followed by a decline in the firm value. In 2010, sales have risen sharply, but the firm value has decreased. It is supported with no significant increase in ROE in 2010 when the sales have increased sharply. Fluctuating sales growth in 2009-2011 led to sales growth does not have a significant effect on the change in firm value. This is shown by Figure 4.3 where Tobin's Q decreased from year 2009 to 2011, while sales growth increased in 2010 then decreased in 2011.

Based on this research above, the results showed differ with the existing theory. Seeing from the empirical evidence, mining companies use MM theory that mentioned if the debt ratio becomes higher, would be followed by the firm value. The firm value also becomes higher. It's because mining companies have a specific pattern. Mining companies use more debt to run its operations, such as renting mining area from the government and rent heavy equipment they needs. Moreover, for many mining companies' transactions cannot issue the proper source of documents, such as for the permission expenses that must be paid by company. Therefore, the research on mining companies is differ from existing theories.

CHAPTER V

CLOSING

A. Conclusion

Based on the analysis and discussion of the influence of profitability, solvability, asset growth, and sales growth toward firm value at mining companies which listed on Indonesia Stock Exchange (IDX) 2009-2011, it can be concluded the following results:

1. Independent variables used are profitability (ROE), solvability (LTDER), asset growth, and sales growth simultaneously influence the firm value (Tobin's Q) on mining companies listed on Indonesia Stock Exchange (IDX) in 2009-2011.

2. The result shows that profitability, which in this research uses ROE (Return on Equity) to determine the level of profitability, has no effect on the changes of firm value. Therefore, profitability is not one factor which can be used to perform an analysis of the changes on firm value of mining companies.

3. The result shows that solvability, which in this research uses LTDER (Long-term Debt to Equity Ratio) to calculate the level of solvability, has an influence on the change in firm value. It can be concluded that solvability became on factor which can be used to analyze the changes of firm value in mining companies.

4. Asset growth in this research to be one factor which can be used to

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analyze the changes of firm value in the mining companies because in this research indicated that the asset growth has a significant effect on the form value.

5. Sales growth variable shown in this research has no effect on firm value. Therefore, the sales growth cannot be used as one factor in analyzing the changes of firm value in mining companies.

6. The result is differ from the existing theories, because mining companies has special pattern such as use more debt to run its operations.

B. Suggestion

From this research, the suggestion for investors and next research can be concluded as follows:

1. For investors, not all financial ratios which reported by companies in Indonesia Stock Exchange (IDX) can be used as a parameter for predicting the changes of firm value. Therefore, investors should also consider about other factors in predicting the firm value.

2. For management, they should be give more attention in company's profitability and sales growth, because in this research the profitability and sales growth has no significant effect to firm value. The management should increase the company performance.

3. For the next research, because the coefficient of determination (R Square) in this research is 33.7% or still below 50%, which means

66.3% firm value is influenced by other factors besides the variables used in this research. Therefore, next research should include external factors, such as inflation, interest rate, and foreign exchange rate as an independent variable in the research.

C. Limitations of The Research

In the preparation of this minor thesis, there are still many limitations that are owned by the writer, among others:

1. There are still many flaws in the theory of justification to support the proposed hypothesis. This is due to references that owned by writer not been so complete to support the process of writing this minor thesis.

2. Variables used in this research is limited only consists of profitability (ROE), solvability (LTDER), asset growth, and sales growth, while there are many other variables that could also affect the firm value other than variables used in this research.

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APPENDIX 1

THE VALUE OF TOBIN'S Q, ROE, LTDER, ASSET GROWTH, AND SALES
GROWTH OF MINING COMPANIE 2009-2011

No	Company Name	Code	Tobin's Q			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	1,57	1,74	0,91	1,40
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	2,96	1,20	0,21	1,46
3	PT. Bumi Resources Tbk.	BUMI	5,14	2,69	1,75	3,19
4	PT. Bayan Resources Tbk.	BYAN	0,74	2,11	0,43	1,09
5	PT. Citatah Tbk.	CTTH	0,71	0,72	0,56	0,66
6	PT. Vale Indonesia Tbk.	INCO	0,91	1,09	0,32	0,77
7	PT. Indo Tambangraya Megah Tbk.	ITMG	1,89	2,59	1,14	1,87
8	PT. Medco Energi Internasional Tbk.	MEDC	0,73	0,70	0,32	0,58
9	PT. Mitra Investindo Tbk.	MITI	2,55	1,95	0,87	1,79
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	3,20	2,06	0,72	1,99
11	PT. Timah (Persero) Tbk.	TINS	3,97	2,54	0,76	2,43
12	PT. Indika Energy Tbk.	INDY	0,59	3,67	0,59	1,62
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	1,73	1,50	1,18	1,47
14	PT. Cita Mineral Investindo Tbk.	CITA	0,30	0,26	0,26	0,27
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	0,55	1,89	0,30	0,91

No	Company Name	Code	ROE (%)			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	24,94	11,85	22,61	19,80
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	7,37	17,60	17,87	14,28
3	PT. Bumi Resources Tbk.	BUMI	24,06	20,17	18,28	20,84
4	PT. Bayan Resources Tbk.	BYAN	5,51	18,57	32,46	18,85
5	PT. Citatah Tbk.	CTTH	26,81	17,03	1,21	15,01
6	PT. Vale Indonesia Tbk.	INCO	10,78	26,04	18,87	18,56
7	PT. Indo Tambangraya Megah Tbk.	ITMG	42,61	26,23	51,01	39,95
8	PT. Medco Energi Internasional Tbk.	MEDC	2,58	10,75	10,19	7,84
9	PT. Mitra Investindo Tbk.	MITI	31,23	19,88	43,75	31,62
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	47,15	31,19	37,79	38,71
11	PT. Timah (Persero) Tbk.	TINS	9,15	22,42	19,51	17,02
12	PT. Indika Energy Tbk.	INDY	13,55	14,22	15,53	14,43
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	48,75	41,32	35,87	41,98
14	PT. Cita Mineral Investindo Tbk.	CITA	8,73	17,83	25,63	17,40
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	0,42	10,39	10,93	7,24

No	Company Name	Code	LTDER			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	0,96	0,87	1,00	0,94
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	0,12	0,07	0,33	0,17
3	PT. Bumi Resources Tbk.	BUMI	4,38	3,31	3,27	3,65
4	PT. Bayan Resources Tbk.	BYAN	0,80	0,79	0,37	0,65
5	PT. Citatah Tbk.	CTTH	0,35	0,29	0,34	0,33
6	PT. Vale Indonesia Tbk.	INCO	0,23	0,21	0,27	0,24
7	PT. Indo Tambangraya Megah Tbk.	ITMG	0,09	0,05	0,04	0,06
8	PT. Medco Energi Internasional Tbk.	MEDC	1,08	1,14	1,08	1,10
9	PT. Mitra Investindo Tbk.	MITI	1,33	0,78	0,19	0,77
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	0,16	0,18	0,18	0,17
11	PT. Timah (Persero) Tbk.	TINS	0,09	0,10	0,12	0,10
12	PT. Indika Energy Tbk.	INDY	0,93	0,85	0,86	0,88
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	0,95	0,86	0,66	0,82
14	PT. Cita Mineral Investindo Tbk.	CITA	0,07	0,06	0,16	0,10
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	0,15	0,08	0,11	0,12

No	Company Name	Code	Asset Growth (%)			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	25,62	-4,15	26,39	15,95
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	-3,08	23,06	24,41	14,80
3	PT. Bumi Resources Tbk.	BUMI	-2,42	13,28	5,45	5,44
4	PT. Bayan Resources Tbk.	BYAN	5,74	17,35	71,84	31,64
5	PT. Citatah Tbk.	CTTH	-6,79	5,27	9,33	2,61
6	PT. Vale Indonesia Tbk.	INCO	-5,08	2,79	11,50	3,07
7	PT. Indo Tambangraya Megah Tbk.	ITMG	5,09	-13,04	46,09	12,72
8	PT. Medco Energi Internasional Tbk.	MEDC	-11,54	6,78	14,55	3,26
9	PT. Mitra Investindo Tbk.	MITI	-14,45	5,09	2,65	-2,24
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	32,30	7,97	31,92	24,06
11	PT. Timah (Persero) Tbk.	TINS	-16,06	21,12	11,71	5,59
12	PT. Indika Energy Tbk.	INDY	34,14	-1,92	59,30	30,50
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	12,01	12,12	-3,46	6,89
14	PT. Cita Mineral Investindo Tbk.	CITA	3,13	91,22	29,83	41,40
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	13,58	38,00	41,11	30,90

No	Company Name	Code	Sales Growth (%)			Average
			2009	2010	2011	
1	PT. Adaro Energy Tbk.	ADRO	48,89	-8,35	46,45	29,00
2	PT. Aneka Tambang (Persero) Tbk.	ANTM	-9,18	0,38	18,32	3,17
3	PT. Bumi Resources Tbk.	BUMI	-6,87	-23,61	37,87	2,46
4	PT. Bayan Resources Tbk.	BYAN	58,97	12,81	51,34	41,04
5	PT. Citatah Tbk.	CTTH	-7,01	2,38	-2,66	-2,43
6	PT. Vale Indonesia Tbk.	INCO	-50,21	60,43	-1,81	2,80
7	PT. Indo Tambangraya Megah Tbk.	ITMG	-1,68	5,78	44,00	16,04
8	PT. Medco Energi Internasional Tbk.	MEDC	-55,35	33,18	24,01	0,61
9	PT. Mitra Investindo Tbk.	MITI	-26,49	24,61	63,72	20,61
10	PT. Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	24,00	-11,61	33,79	15,39
11	PT. Timah (Persero) Tbk.	TINS	-14,84	8,16	4,92	-0,58
12	PT. Indika Energy Tbk.	INDY	7,44	51,43	38,36	32,41
13	PT. Perusahaan Gas Negara (Persero) Tbk.	PGAS	40,88	9,66	-1,00	16,51
14	PT. Cita Mineral Investindo Tbk.	CITA	-56,38	212,58	61,38	72,53
15	PT. Eksploitasi Energi Indonesia Tbk.	CNKO	24,81	116,83	35,99	59,21

APPENDIX 2

SPSS OUTPUT

Descriptive analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
TOBINS_Q	45	.2111	5.1363	1.434714	1.1261125
ROE	45	.4196	51.0087	21.568793	12.9807434
LTDER	45	.0434	4.3825	.673514	.9019354
ASSET_GROWTH	45	-16.0638	91.2236	15.105473	22.2186731
SALES_GROWTH	45	-56.3821	212.5845	20.584766	44.8241069
Valid N (listwise)	45				

Normality Test

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: TOBINS_Q

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		45
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.91700162
Most Extreme Differences	Absolute	.146
	Positive	.146
	Negative	-.099
Kolmogorov-Smirnov Z		.978
Asymp. Sig. (2-tailed)		.294
a. Test distribution is Normal.		
b. Calculated from data.		

Heteroscedasity Test

Scatterplot
Dependent Variable: TOBINS_Q

Multicollinearity Test

Collinearity Statistics	
Tolerance	VIF
.978	1.023
.963	1.039
.520	1.921
.530	1.888

Runs Test

	Unstandardized Residual
Test Value[a]	=.29665
Cases < Test Value	22
Cases >= Test Value	23
Total Cases	45
Number of Runs	21
Z	-.600
Asymp. Sig. (2-tailed)	.548

a. Median

Multiple regression, R square, F-test, t-test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.580[a]	.337	.271	.9617594	1.315

a. Predictors: (Constant), SALES_GROWTH, ROE, LTDER, ASSET_GROWTH

b. Dependent Variable: TOBINS_Q

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.798	4	4.700	5.081	.002[b]
	Residual	36.999	40	.925		
	Total	55.798	44			

a. Dependent Variable: TOBINS_Q

b. Predictors: (Constant), SALES_GROWTH, ROE, LTDER, ASSET_GROWTH

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.989	.317		3.116	.003
	ROE	.019	.011	.216	1.659	.105
	LTDER	.463	.164	.371	2.824	.007
	ASSET_GROWTH	-.022	.009	-.440	-2.464	.018
	SALES_GROWTH	.003	.004	.129	.730	.469

Dependent Variable: TOBINS_Q$_a$

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UNIVERSITAS BRAWIJAYA
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UB
Universitas Brawijaya

IDX
Indonesia Stock Exchange

SURAT KETERANGAN
NO. 00144/P.BEI-UB/VI/2013

Yang bertanda tangan di bawah ini, Kepala Galeri Investasi Bursa Efek Indonesia (BEI) Universitas Brawijaya Malang menerangkan bahwa:

Nama	:	VIDYANITA HESTINOVIANA
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Telah mengadakan penelitian dalam rangka penyusunan Skripsi Akhir di Galeri Investasi Bursa Efek Indonesia (BEI) Universitas Brawijaya Malang pada bulan April 2013. Penelitian tersebut berjudul:

"THE INFLUENCE OF PROFITABILITY, SOLVABILITY, ASSET GROWTH, AND SALES GROWTH TOWARD FIRM VALUE"

Demikian surat keterangan ini dibuat untuk digunakan sebagaimana – mestinya.

Malang, 28 Juni 2013

Kepala Galeri Investasi BEI UB,

an.

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