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# The Effect of Capital Structure Decision Against Corporate Values in the Property and Real Estate Industries Listed on the Indonesia Stock Exchange

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**Abstract:** The purpose of this study was to examine whether capital structure decisions impact directly or indirectly on the value of the company. The study was conducted in companies in the real estate property industry for 14 companies listed on the Indonesian Stock Exchange for the period of 2006-2015 or as long as 10 years. Variable-variable structure consists of: Size, Age, Grow, Structure Asset and Investment. While the variable value of the company is the Price-to-book value (PBV), and capital structure represented by Debt Ratio. The data in this study using path analysis and SEM. The research found: (1) size of the company (SIZE), Age of Companies (AGE), Company Growth (GROWTH), and Structure of Assets (SA) influence directly the Capital Structure (DR), while Investment (INV) in this study no proven effect on Capital Structure (DR). (2) Capital Structure (DR) directly affect the Company Value (PBV). (3) SIZE, AGE, GROWTH, and SA does not directly influence the Company Value (PBV) through a Capital Structure (DR), while the INV in this study did not prove significant.

**Keywords:** Debt ratio, Grows, investment, Age, Asset Structure, Size, and Price to Book Value, path analysis, SEM.

## 1. INTRODUCTION

Growth in property and real estate is always proportional to the economic growth of a country. Indonesia with a population of more than 250 million, or number four of the world after China, India, and the United States, have economic growth of 5% - 6% the last few years, certainly has encouraged the growth of industrial property and real estate is very rapid.

The company's growth always requires the availability of sufficient capital, the higher the growth target will be even greater need for capital, both to finance working capital and capital investment. Reimbursing the company is very closely related to the capital structure of a company.

Decision financial management covers three main areas, namely: capital budgeting (capital budgeting), capital structure (capital structure) and management of working capital (working capital management). These three areas are a category-category is very broad, and that each other mutual related (Ross; 2008).

The capital structure of the company is a specific combination of equity and long-term debt used to finance its operations (Ross; 2008). Financing using the equity of the company through the issuance of shares in the capital markets, and debt financing with the company through loans from financial institutions / banks or issue bonds (bond) in the capital market.

The capital structure of a company is influenced by many factors, among others: the size (size) of the company, age (age) of the company, the growth rate (growth), the structure of assets, and the level of investment companies (Farah Margaretha, Aditya Rizky; 2010) and (King Patresia ; 2012). Simultaneously, also the capital structure will affect the value of the company.

Capital structure policy is the company's decision to determine the source of funding for investments, so that the company's managers can determine how much money should come from the debt (long-term debt, bonds) and how much comes from equity (common stock equity). Conceptually it can be seen from the debt ratio and debt - equity ratio (Ross; 2008) in which: (1) debt ratio ( $D / A$ ), is the ratio of total debt to total assets, (2) debt - equity ratio, is the ratio of total debt of the total equity.

Furthermore, capital structure policy will affect the value of the company. Where the value of the company is the concept of an investor's perception of the level of success of the company is closely linked to the share price (Sudjoko and Soebiantoro, in Sri Hermuningsih; 2013). Value (price) of the shares higher will make the company's value is also high, this will increase confidence in the market (investors) not only to the firm's current performance, but also on the prospects of the company in the future. Enterprise value is reflected among other things: (1) The company's stock price, (2) earnings per share (EPS), (3) price - earning ratio ( $P / E$  ratio), or (4) price - to book value (PBV) , By using path analysis (path analysis), this study wanted to prove how: size, age, growth, asset structure and investment will directly influence the capital structure (Debt Ratio - DR), how the Capital Structure (DR) will directly influence the Company Value and further how the size, age, growth, asset and investment structure will affect the Company Value (PBV) indirectly.

## **2. LITERATURE REVIEW**

### **2.1. Capital structure**

Capital structure included in the decision of leverage refers to the company's choice on the composition of debt and equity. With reference to some assumptions Miller and Modigliani (1958), which leads to two theories leverage is important, namely: the trade-off theory and the pecking order theory (Sugiarto; 2009). The trade-off theory illustrates that the optimal capital structure can determined by balancing the tax shield benefits of leverage with the cost of financial distress and agency problems. this theory believes that the debt (debt) can provide an opportunity for companies to carry out investments that generate a positive NPV. The use of debt also led to signal "good news" to investors that the company has a good performance. Ross (1977) showed that the company is performing well can give a signal in the form of high debt portion of the capital structure. The argument is the only company that really strong who dare to risk relatively high.

According to Nenova in Sugiarto (2009), that the company's debt policy is often based on the efforts to maintain possession. The more concentrated ownership structure, the greater the portion of debt that can be tolerated. Company open controlled by the family in general, the higher the leverage ratio is compared with a public company with holdings spread. Manager of the relatively large holdings tend to choose additional debt of the additional shares as an effort to make its interest is not diluted.

Pecking order theory states that the main problem in their capital structure decisions are asymmetry information between managers and investors on the company's internal conditions, and managers are more aligned to the existing shareholders (K.Bagus Wardiatmo; 2012), due to the problems then the company has a hierarchy of funding starting from funding from internal cash flows, debt (bond) and the last issue of shares (common stock). Myer & Majluf (1984) estimate that their information not symmetrical makes companies prefer internal funds (retained earnings) as compared to funding external (bonds and shares). While Brailsford, Oliver and Pua (1999) suggest that firms with high profitability abilities tend to fund investment with retained earnings in comparison to debt, it supports the pecking order theory.

Packing order theory when associated with market timing developed by Baker and Wurgler (Herman Ruslim; 2009) could explain that when the stock price over-value the companies tend to issue shares, and vice versa when the stock price under-value the company make loans or issue bonds, Meanwhile, when the company was in a state of over-leverage the company will issue shares.

Although Packing order theory has many weaknesses, but Myer still give a positive view of this theory (Pajar Niasti; 2009), due to Myer has two strong assumptions: first, the manager knows more about the company's earnings today and investment opportunities compared to investors from outside. Second, managers act on the best interests of the shareholders of the old (current). From these two assumptions when linked with the assumption asymmetric information which implies that, managers are finding investment opportunities with a positive NPV are not able to communicate such information to outside investors, because the statement of the manager would not be believed. When managers issue new shares to finance the project, the company's stock price to be undervalued by investors and the stock price will go down.

Areas of weakness packing order theory is (carissa and Henny; 2014) does not explain the effect of the tax savings, bankruptcy costs, publishing costs (floatation cost) of new shares that will affect the decision to determine the amount of debt (leverage), also ruled out factors agency problems that may arise when the company will use debt (leverage) in the capital structure.

The issue of information in the financial markets is a problem caused by human behavior (Dawn Niasti; 2009) that can not be overcome by reducing transaction costs, so Mayer and Majluf (1984) to provide a solution that is that managers hold cash as a reserve sufficient (financial slack) to finance the project internally. In this model provides an explanation of the pattern of the company which have high profitability, which allows them to be used as equity retained earnings and increase reserves to build up the financial slack and financial flexibility.

In contrast to the arguments that are built in the pecking order theory, according to research by Singh and Hamid (1992), Singh (1995), Huang and Song (2002) (in Dawn Niasti; 2009) found that firms in developing countries including China, are more likely to use the equity of the debt in corporate funding.

What about the results of research funding structures in Indonesia, based on Ministry of Finance information report (2014) that the number of foreign debt firms in Indonesia is quite large, it can be assumed that large companies generally have a funding structure Indonesia greater debt.

## **2.2. The value of the company**

The company's goal is the most popular is to maximize shareholder value (shareholder wealth). This means maximizing the company's stock price (Keown, Martin, Petty, Scott 2009). Shareholders of the company (shareholders), is the legal owner of the company, but this goal is not only consider the interests of shareholders, but also provide the greatest benefit to the wider stakeholders. The company's goal to maximize shareholder wealth is a modification of the objective of maximizing profits, by incorporating the complexity of operating a complex enterprise environment.

Ross, Westerfield, Jordan (2008) suggested an alternative company objectives include: to maximize profits, minimize costs, maximize market share, or to maximize the present value of the company's shares are not other is to maximize the company's stock price. But Ross also warned if the manager must do everything possible to maximize the wealth of shareholders? This question is of course a matter of morality and ethics, which should be upheld by managers in running the company's operations.

The value of the company is an investor perception of the level of success of the company are closely associated with the company's stock price in the market (Sudjoko and Soebiantoro, in Sri Hernaningsih; 2012). High enterprise value will be followed by the high welfare of the shareholders, and the higher the share price will be higher prosperity shareholders (Brigham Gapensky in Rika Susanti; 2010). The value of the company formed by indicators of stock market value is influenced by investment opportunities from the company. The existence of investment opportunities can provide a positive signal about the company's growth in the future, so as to enhance shareholder value.

## **2.3. Factors influencing Capital Structure**

Factors that affect the capital structure of a company very much, but in this study will be presented several factors that are expected to affect the decision of a company's capital structure. These factors are fundamental factors in the company, include: company size (Size), firm age (Age), company growth (Growth), the structure of assets and investments.

Firm size (Size) is a measure of large-scale or small assets of a company. According to signaling theory, the size of a large company is a positive signal for creditors to lend to a company (Barklay and Smith, in Endang Sulistiyani; 2013). Therefore, large companies more easily get loans from smaller companies, and also the amount of assets the company is a factor collateral for creditors. The underlying assumption is that investors will interpret a company's financial report for the consideration of investment decisions on the company's stock.

Age of Companies (Age) is one of the factors affecting capital structure (Bhaduri, in Farah Margaretha and Rizky Aditya; 2010). Small companies that have a relatively young age, will use smaller debt than equity in its capital structure. While large companies are age older will use the debt is greater than the capital structure, because of the relatively old will be able to manage cash flow well (Ramlall, in Farah Margaretha and Rizky Aditya; 2010).

The growth rate (Growth opportunity) the company's ability to achieve a profit as planned. Kim and Stulz (in King Patresia; 2012) said that if management supports growth objectives, the interests of management and shareholders tend to agree with companies that have strong investment opportunity. But for companies that are not investment opportunities, provide debt limit with consideration managerial agency costs. Meanwhile, according to Kuntari (2002) in Patresia (2012) variable measurement company's growth rate is measured invitation see investments made by the company.

The structure of assets is the ratio between variable current assets to fixed assets. The larger the fixed assets of a company, the greater the company they are financed with long-term debt (King Patresia; 2012). Thus the structure of assets will affect the capital structure.

Investing is an activity of the company to achieve sustainable growth, managers must expansion (investment) on an ongoing basis. The greater the investment plan, the greater the funds needed, both from internal and from external sources (debt and equity), thus the investment rate will affect the capital structure. Investment of a company is measured by the ratio between the total fixed assets (machines and other equipment) to total assets (King Patresia; 2012).

The company's value in this study is represented by the "Price to Book Value Ratio" (PBV). This ratio reflects the extent of welfare / wealth obtained by the investor. When PBV Ratio > 1 then the managers have been able to improve the welfare / wealth of the investor, and vice versa when PBV Ratio < 1 means that managers have not been able to improve the welfare / wealth investors.

### 3. RESEARCH METHODS

The object of this research are companies incorporated in industrial property and real estate listed on the Indonesia Stock Exchange (BEI), there are 14 companies to be sampled, from 45 listed companies, for the time period from 2006 to 2015, or for 10 years. The fourteen companies include: SMRA, SMDM, RDTX, skirting, MTSM, KIJA, JRPT, MDLN, ELTY, DUTI, DILD, CTRA, BIPP, and DART. Sources of data include: the company's financial statements published by the BEI through Ecamel, Indonesia Stock Exchange Monthly Statistics and Bloomberg.

#### 3.1. Variable Research and Measurement

Variable in this study include: (1) the dependent variable (endogenous) is the value of the companies represented by the price-to-book value (PBV), (2) variable intervening is structured capital represented by Debt Ratio, (3) The independent variables consist of: (a) firm size (Size), (b) company age (age), (c) growth opportunity (GROWTH), (d) Asset Structure (SA) and Investment (INV). By measuring each variable as follows:

$$1. \quad \text{Debt Ratio (DR)} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

$$2. \quad \text{PBV} = \frac{\text{Price per share}}{\text{Book value per share}}$$

$$3. \quad \text{Size} = \text{Ln (total asset)}$$

4. Age = Ln (years of research - the foundation of the company)

$$5. \text{ Growth} = \frac{(\text{total Asset } t - \text{total asset } t - 1)}{\text{total asset } t - 1}$$

$$6. \text{ Asset Structure (SA)} = \frac{\text{total current asset}}{\text{total fixed asset}}$$

$$7. \text{ Investment (Inv)} = \frac{\text{Equipment}}{\text{Total Asset}}$$

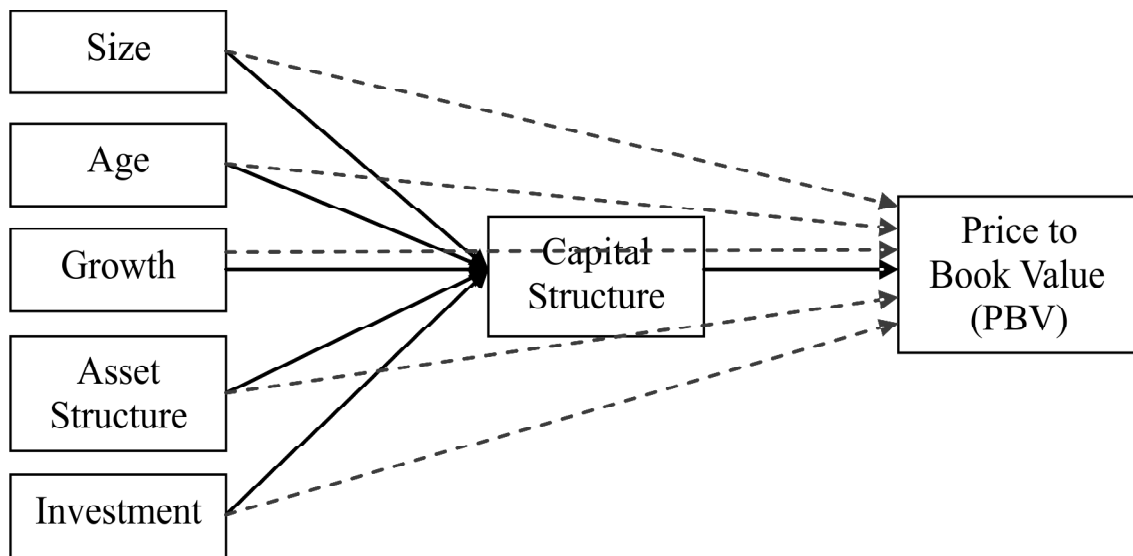


Figure 1: Conceptual Framework Research

By using Path Analysis and SEM Lisrel, then the relations among the variables are described as follows:

1. Direct Effect of Variable SIZE, AGE, GROW, SA, INV against Capital Structure (DR)  
 $DR = \rho_1 + \rho_2.SIZE + \rho_3.AGE + \rho_4.GROW + \rho_5.SA + \rho_6.INV + \epsilon_1$
2. Direct Effect of Variable Capital Structure (DR) of the Company Value (PBV)  
 $PBV = \rho_7 + \rho_8.DR$
3. Effect of Indirect Variable SIZE, AGE, GROW, SA, INV to Company Value (PBV).  
 $PBV = \rho_9 + \rho_{10}.SIZE + \rho_{11}.AGE + \rho_{12}.GROW + \rho_{13}.SA + \rho_{14}.INV$

### 3.2. Hypothesis

**Hypothesis 1:** Direct Impact SIZE, AGE, GROW, SA, INV against Capital Structure (DR)

$\rho_1 = 0$  [no influence direct each variable SIZE, AGE, GROW, SA, INV against Capital Structure (DR)]

$\rho_1 \neq 0$  [no influence direct each variable SIZE, AGE, GROW, SA, INV against Capital Structure (DR)]

**Hypothesis 2:** Direct Impact on Capital Structure (DR) of the Company Value (PBV)

$\rho_1 = 0$  [no influence indirectly Capital Structure (DR) of the Company Value (PBV)]

$\rho_1 \neq 0$  [no influence direct Capital Structure (DR) of the Company Value (PBV)]

**Hypothesis 3:** Effect of Indirect SIZE, AGE, GROW, SA, INV to Company Value (PBV)

$\rho_1 = 0$  [no indirect effect of each variable direct SIZE, AGE, GROW, SA, INV against enterprise value (PBV)]

$\rho_1 \neq 0$  [there is indirectly influences effect of each variable SIZE, AGE, GROW, SA, INV against Company Value (PBV)]

## 4. RESEARCH RESULT

### 4.1. Normality test

Before performing path analysis, univariate and multivariate normal test done first. Parameter test is if the p value on skewness and kurtosis > 0.05 then be declared normal distribution of data. The results of the analysis using LISREL 8.70 is shown as follows:

#### Test of Univariate Normality for Continuous Variables

Variable	Skewness		Kurtosis		Skewness and Kurtosis	
	Z-Score	P-Value	Z-Score	P-Value	Chi-Square	P-Value
SIZE	-4.437	0.000	1.365	0.172	21.548	0.000
AGE	-2.226	0.026	0.149	0.881	4.977	0.083
GROW	7.159	0.000	4.702	0.000	73.357	0.000
SA	8.801	0.000	6.385	0.000	118.215	0.000
INV	5.439	0.000	1.743	0.081	32.619	0.000
DR	3.196	0.001	1.592	0.111	12.746	0.002
PBV	14.544	0.000	9.463	0.000	301.080	0.000

The results of the analysis on the display above shows that all variables except AGE has a p-value of <0.05 so otherwise not normal. Because the data is not normal, then the normalization of data by using the facilities provided by the LISREL so that the result of transformation on normality test is as follows:

#### Test of Univariate Normality for Continuous Variables

Variable	Skewness		Kurtosis		Skewness and Kurtosis	
	Z-Score	P-Value	Z-Score	P-Value	Chi-Square	P-Value
SIZE	0.000	1.000	0.111	0.911	0.012	0.994
AGE	0.015	0.988	0.096	0.923	0.009	0.995
GROW	0.909	0.363	-1.299	0.194	2.514	0.285
SA	0.000	1.000	0.111	0.911	0.012	0.994
INV	0.002	0.998	0.109	0.913	0.012	0.994
DR	0.000	1.000	0.111	0.912	0.012	0.994
PBV	0.001	0.999	0.111	0.912	0.012	0.994

After transformation into the form of z-score, it can be concluded that all the data had normal distribution ( $p$  value  $> 0.05$ ).

#### 4.2. Evaluation Model

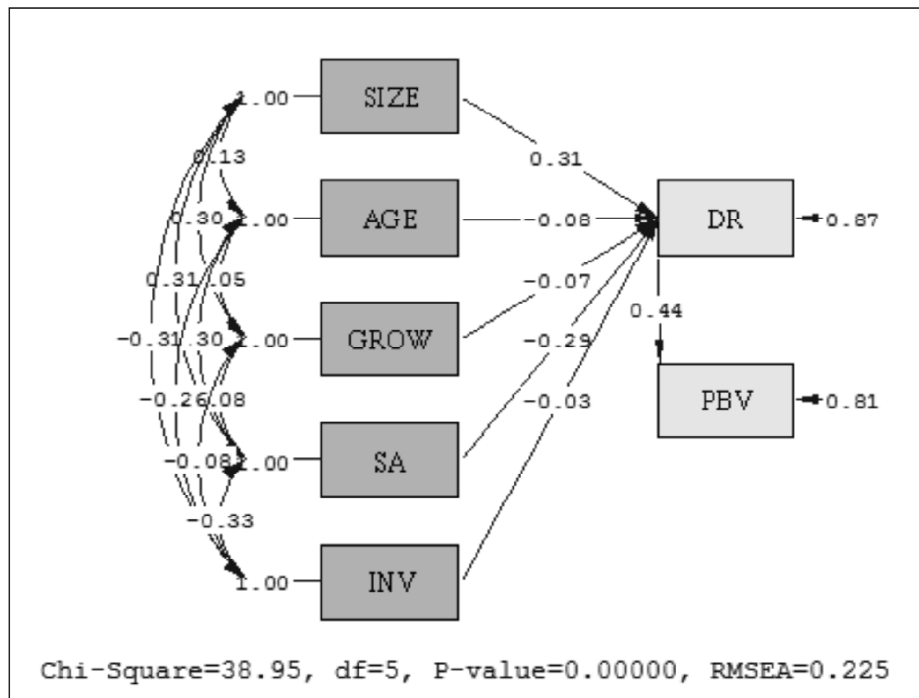
By evaluating the suitability model (goodness of fit) on the structural model shows that almost all of the model parameters at the level is not good, it can be seen in Table 1 below, so that the necessary modifications to the model.

**Table 1**  
**Goodness of Fit Index (GOFI) Structural Model Before Repair**

GOFI	Value	Value Standards for Good Match	Conclusion
$p$ value $\chi^2$	0.000	$P$ value $\geq 0.05$	Not good
RMSEA	0.225	RMSEA $\leq ,08$	Not good
NFI	0.686	NFI $\geq 0,90$	Not good
CFI	0.673	CFI $\geq 0,90$	Not good
IFI	0.710	IFI $\geq 0,90$	Not good
Standard RMR	0.0957	Std. RMR $< 0.05$	Not good
GFI	0.926	GFI $\geq 0,90$	Good fit
AGFI	0.585	AGFI $\geq 0,90$	Not good

Source: primary data, processed by LISREL version 8.70.

Structural model originally (before repair) depicted in the diagram path (standardized) in Figure 2 as follows:



**Figure 2: Chart Path (Standardized) before repairs**



Referring to the modification indice suggest to add an error covariance of Lisrel, then made improvements, so that the goodness of fit index and path diagram model after the improvement shown in Table 2 and Figure 3 below:

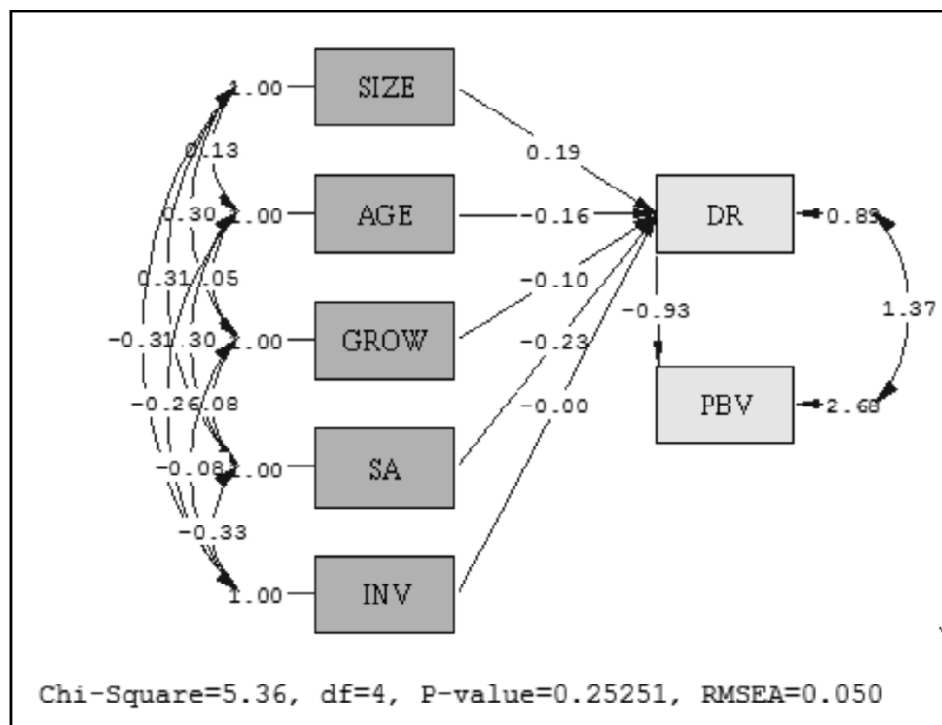
**Table 2**  
**Goodness of Fit Index (GOFI) Structural Model After Repair**

GOFI	Value	Value Standards for Good Match	Conclusion
p value $\chi^2$	0.252	P value $\geq 0.05$	Good fit
RMSEA	0.050	RMSEA $\leq ,08$	Good fit
NFI	0.962	NFI $\geq 0,90$	Good fit
CFI	0.988	CFI $\geq 0,90$	Good fit
IFI	0.990	IFI $\geq 0,90$	Good fit
Standard RMR	0.05	Std. RMR $\leq 0,05$	Good fit
GFI	0.989	GFI $\geq 0,90$	Good fit
AGFI	0.924	AGFI $\geq 0,90$	Good fit

Source: primary data, processed by LISREL version 8.70.

Based on the evaluation of goodness of fit is found that the model has a good fit so no need for further improvement.

GOFI after the modification has resulted in a new trajectory path (Figure 3) and T Value of structural models (Figure 4) below.



**Figure 3: Diagram trajectory path (standardized) after repair**

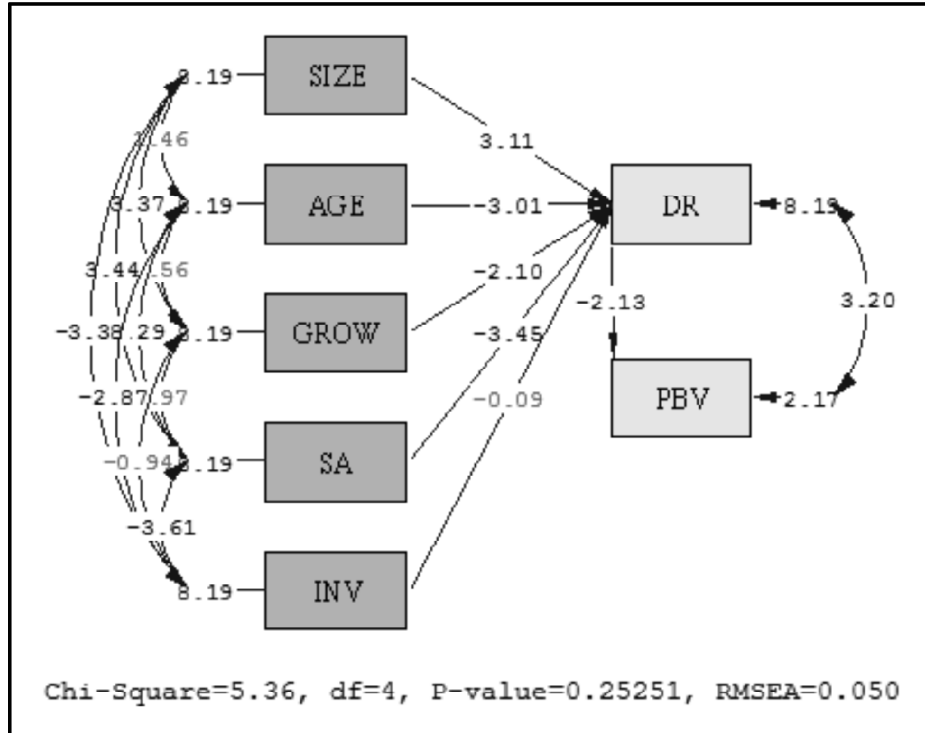


Figure 4: T Value structural model after repairs

### 4.3. Testing Model

Structural equation that describes a direct influence between variable SIZE, AGE, GROW, SA, INV against Capital Structure (DR), and the direct influence of Capital Structure (DR) of the Company Value (PBV) is as follows:

#### Structural Equations

$$DR = 0.0267*SIZE - 0.159*AGE - 0.0877*GROW - 0.0587*SA - 0.00308*INV, \text{ Errorvar.} = 0.0359, R^2 = 0.106$$

0.00859)	(0.0528)	(0.0418)	(0.0170)	(0.0362)	(0.00438)
3.109	-3.012	-2.090	-3.454	-0.0050	0.105

$$PBV = -49.066*DR, \text{ Errorvar.} = 300.434, R^2 = -1.675$$

(23.002)	(138.395)
-2.133	2.171

### Hypothesis 1

SIZE influence on the capital structure (DR)

H 0:  $\rho = 0$ : SIZE does not affect the DR

H 1:  $\rho \neq 0$ : SIZE significant effect on DR

**Calculation Results:** estimation for testing the effect of the DR SIZE show unstandardized coefficient of 0.0267 and t count equal to 3.109. T value of 3.109 is greater than 1.96. Thus we can conclude the hypothesis is proven, or SIZE indeed proved a significant effect on DR.

AGE influence on the capital structure (DR)

H 0:  $\rho_2 = 0$ : AGE does not affect the DR

H 1:  $\rho_2 \neq 0$ : AGE significant effect on DR

**Calculation Results:** estimation for testing the effect of AGE against DR showed unstandardized coefficient of -0159 and -3012 t count equal. -3012 T value of greater than -1.96. Thus we can conclude the hypothesis is proven, or AGE was shown to significantly influence DR.

GROW influence on the capital structure (DR)

H 0:  $\rho_3 = 0$ : GROW no effect on DR

H 1:  $\rho_3 \neq 0$ : GROW significant effect on DR

**Calculation Results:** GROW estimation for testing the effect of the DR showed unstandardized coefficient of -0.0877 and t count equal to -2098. -2098 T value of greater than -1.96. Thus we can conclude the hypothesis is proven, or GROW indeed proved a significant effect on DR.

Effect of SA on the capital structure (DR)

H 0:  $\rho_4 = 0$ : SA does not affect the DR

H 1:  $\rho_4 \neq 0$ : SA significant effect on DR

**Calculation Results:** estimation for testing the effect of SA against DR showed unstandardized coefficient of -0.0587 and t count equal to -3454. -3454 T value of greater than -1.96. Thus we can conclude the hypothesis is proven, or SA is evidently a significant effect on DR.

INV influence on the capital structure (DR)

H 0:  $\rho_5 = 0$ : INV has no effect on DR

H 1:  $\rho_5 \neq 0$ : INV significant effect on DR

**Calculation Results:** estimation for testing the effect of INV against DR showed unstandardized coefficient of -0003 and -0085 t count equal. -0085 T value of less than -1.96. Thus we can conclude the hypothesis has not been proven or not proven INV significant effect on DR.

## Hypothesis 2

Effect of capital structure (DR) to firm value (PBV)

H 0:  $\rho_6 = 0$ : DR does not affect the PBV

H 1:  $\rho_6 \neq 0$ : DR significant effect on PBV

**Calculation Results:** estimation for testing the effect of DR on PBV shows unstandardized coefficient of -49 066 and t count equal to -2133. T value of -2133 more bigger of -1.96. Thus we can conclude the hypothesis is proven, or DR proven significant effect on PBV.

## Hypothesis 3

Hypothesis 3, is a test of indirect effect (indirect effect) endogenous to exogenous variables through intervening. Through the analysis can be summarized coefficient indirect effect of unstandardized and standardized values below:

**Table 3**  
**Estimated indirect effect**

Symbol	Exogenous	Endogenous	Indirect effect		T value	Conclusion
			Unstd	Std		
H3a	SIZE	DR	-1.311	-0.172	-2.949	Significant
H3b	AGE	DR	7.797	-0.153	2.866	Significant
H3c	GROW	DR	4.303	0.088	2.047	Significant
H3d	SA	DR	2.882	0.213	3.238	Significant
H3e	INV	DR	0.155	0.003	0.085	Not Significant

The results of the analysis indicate that the estimated indirect effect SIZE, AGE, GROW and SA proven indirectly affect the PBV (t value > t Critics). There is one other variable is investment (INV) via the display indirectly affect the PBV not been demonstrated.

Of the three forms of the hypothesis proposed in this study as a whole can be summarized in Table 4 below, where the variable investments (INV) is not influential directly in the capital structure (DR), or not shown to have an indirect effect on variable firm value (PBV).

**Table 4**  
**Summary entire hypothesis testing**

Symbol	Exogenous	Endogenous	Direct Effect		Indirect Effect		Total Effect		t value	Conclusion
			Unstd	Std	Unstd	Std	Unstd	Std		
H1a	SIZE	DR	0.027	0.185	-1.311	-0.127	0.027	0.185	3.109	Significant
H1b	AGE	DR	-0.159	-0.165	7.797	0.153	-0.159	-0.165	-3.010	Significant
H1c	GROW	DR	-0.088	-0.095	4.303	0.088	-0.088	-0.095	-2.098	Significant
H1d	SA	DR	-0.059	-0.23	2.882	0.213	-0.059	-0.23	-3.454	Significant
H1e	INV	DR	-0.003	-0.004	0.151	0.003	-0.003	-0.004	-0.085	Not Significant
H2	DR	PBV	-49.066	-0.927	-	-	-49.066	-0.927	-2.133	Significant
H3a	SIZE	PBV	-	-	-1.311	-0.172	-	-	-2.949	Significant
H3b	AGE	PBV	-	-	7.797	0.153	-	-	2.866	Significant
H3c	GROW	PBV	-	-	4.303	0.088	-	-	2.047	Significant
H3d	SA	PBV	-	-	2.882	0.213	-	-	3.238	Significant
H3e	INV	PBV	-	-	0.155	0.003	-	-	0.085	Not Significant

#### 4.4. Discussion

This research has a purpose: first, to understand the direct effect of variable size companies (SIZE), firm age (AGE), opportunities for growth (GROWTH), Structure Assets (SA) and Investment (INV) of the Capital Structure (DR), a second, knowing direct effects of capital structure (DR) to firm value (PBV), third, determine the effect of indirect variable firm size (SIZE), firm age (AGE), opportunities for growth (GROWTH), structure Assets (SA) and Investment (INV) on firm value (PBV).

**In the first hypothesis**, put SIZE, AGE, GROWTH, Structure Asset and Investment as antecedents capital structure (DR), obtained by empirical evidence that only investment (INV) is not proven effect on the capital structure (DR).

1. Firm size (SIZE) proved to have a significant effect on the capital structure (DR) with a positive coefficient of 0.027 (unstandardized) and 0.185 (standardized). This positive coefficient would be if the size of the company that represented of total assets has increased, the size of the capital structure in the proxy the premises n debt ratio (DR) will also increase. In other words, the higher the SIZE Companies then DEBT Ratio will also be higher.
2. Age of Companies (AGE) proved to have a significant effect on the capital structure (DR) with a negative coefficient of 0.159 (unstandardized) and -0.165 (standardized). This negative coefficient indicates if the greater age of the company, capital structure will decrease. In other words, u drain the company of younger have a greater indication of Debt Ratio.
3. The company's growth (GROW) proved to have a significant effect on the capital structure (DR) with a negative coefficient of -0.088 (unstandardized) and -0.095. This negative coefficient indicates the high-growth companies, the company's Debt Ratio would be lower, because the portion of financing through the stock will be increased.
4. Asset structure (SA) proved to have a significant effect on the capital structure (DR) with a negative coefficient of -0.059 (unstandardized) and -0.23 (standardized). This negative coefficient that the higher the asset structure which is the ratio of total current assets to fixed assets, it will cause a decline in the debt ratio of the company, or in other words the increase in financing through shares (common stock).
5. Investment (INV) did not prove to have a significant effect on the capital structure (DR), thus it can be stated that the investment is not anteseندن of capital structure based on the data being tested.

Through standardized coefficient, can be compared to that of the 4 variables that proved to significantly affect the capital structure, asset structure (SA) proved to be the dominant variable with a standard coefficient of -0.23, followed SIZE (standardized 0.185), AGE (standardized -0.165), and the last is GROW (standardized -0.095).

**The second hypothesis**, test the direct effect of capital structure (DR) to the value of the company proxies with PBV. The estimation results show the value of the coefficient unstandardized and standardized -0.49066 -0.927. Because coefficient negatively, it can be stated that the greater the capital structure (DR), the smaller the enterprise value (PBV), indicating that in general companies in the industrial property and real estate it has the financing portion of the equity is greater, and have an average value of the company or PBV values greater than one.

**The third hypothesis**, test the effect of indirectly (indirect effect) of firm size (SIZE), firm age (AGE), the chance of growth (GROWTH), Structure Asset and Investment, the enterprise value (PBV) by placing the capital structure (RD) as intervening, Through the analysis it can be stated that:

1. Indirectly, the size of the company (SIZE) proved a significant effect on the value of the company with a negative coefficient of -1.311 (unstandardized) and -0.172 (standardized). These results

indicate that capital structure (DR) has been shown to mediate relations firm size and firm value (PBV).

2. Indirectly age of the company (AGE) proved a significant effect on the value of a company with a positive coefficient of 7797 (unstandardized) and 0153 (standardized). It can be stated that the capital structure can act as a mediator of the relationship of age to the company's enterprise value (PBV).
3. Indirectly growth (GROW) proved a significant effect on the value of 4,303 companies with positive coefficients (unstandardized) and 0.088. Thus it can be stated that the capital structure can act as a mediator in the relationship the company's growth to the firm value (PBV).
4. Indirectly asset structure (SA) proved a significant effect on growth company (PBV) with a positive coefficient of 2,882 (unstandardized) and 0213 (standardized). Thus it can be stated that the capital structure proved to be a mediator of the relationship structure with the asset value of the company (PBV).
5. Indirectly Investment (INV) is not proven significant effect on the growth of the company (PBV). No significant indirect effect on PBV INV can be caused by significant direct influence INV to DR, thus it can be stated that the DR is not proven as a mediator of the relationship INV against PBV.

## 5. CONCLUSION AND SUGGESTION

### Conclusion

Based on the analysis results can be summarized as follows:

1. Directly SIZE, AGE, GROWTH, asset structure, and Investment affect the capital structure (DR), while the investment (INV) in this study does not prove to affect the capital structure (DR)
2. Direct capital structure (DR) significantly affects the value of the company.
3. Indirectly SIZE, AGE, GROWTH, and asset structure affect the growth of the company through capital structure (DR), while Investment (INV) in this study does not prove to have a significant effect.

### Suggestion

In this research is still felt in shortages, especially in the size of the sample, which in this study the number of new companies sampled 14 companies, 45 companies property and real estate listed on the Indonesia Stock Exchange. In continued research by increasing the number of samples as well as the independent variable, is likely to get better results.

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