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The Effect of Institutional Ownership, Leverage and Transaction Volume of Corporate Values in Cement Industry Listed in Indonesia Stock Exchange (IDX) 2011-2015

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Abstract: The manufacturing industry is one sector that is being developed at this time, and among the many companies of the manufacturing sector there is a sub company of the cement sector. The reason the author chose the cement sub-sector due to see the development of Indonesia in the field of development is very rapid, but inversely proportional to the state of degeneration cement company experienced stock price. The Research object used in this study is the cement subsector company listed on the Indonesia Stock Exchange (BEI) during the period 2011-2015. This study uses a quantitative approach, was descriptive. The population of this study were five cement companies in the Stock Exchange and conducted random sampling method to determine the number of samples to be taken and there are three companies that meet the criteria of the sample. The results showed only partially institutional ownership variable and significant negative effect on firm value that is equal to - 2,280, and variable leverage effect is not negative and not significant to the company's value that is equal to -1492, while the volume of transactions did not have a positive effect and not significant the company's value is equal to 0562. Partially three variables have a significant effect on the value of the company. The test results coefficient of determination (R2) shows that 72% of the value of the company can be explained by three dependent variables consists of variable institutional ownership, leverage and volume of transactions, as well as the rest of 28% is explained by other factors.

Keyword: Institutional Ownership, Leverage, Transaction Volume and Value

INTRODUCTION

Every company conducting business is to get maximum benefit and for the prosperity of our shareholders. The main purpose of a company is to maximize the welfare of the shareholders is defined by maximizing the company's stock price (Harjito, 2011). One of the factors that led to an increase in stock prices is to enhance shareholder value. If the value of the company increased the company's stock price means the condition is in good condition and can be interpreted that if the company's stock price in the market of high demand by investors, the value of the company is high.

Agency theory Explains that potential conflicts of interest between management and shareholders / principals will Affect the performance of the company, the which in turn will Affect the value of the company (Zaenal Arifin, 2007). Institutional ownership is a solution that is Often made by the company and its shareholders to resolve the conflict Because It can reduce the cost of monitoring / supervision and establish a common purpose.

In addition to the ownership structure, the funding policy also affects the enterprise value of the company. Pecking Order Hypothesis theory explains that the company will prioritize the use of funding sources based on the principle of least effort (Internal-Debt-Equity Financing) and equity financing because it is considered as a last resort financing. One positive impact of the use of debt is to increase the value of companies for debt interest expenses can reduce the taxes paid and can be used to control the use of free cash flow in excess by the management, reducing investment wasted. However, debt management should be done to avoid the risk of default that will result in a decrease in the value of the company.

Another factor that allegedly affect the value of the company is the volume of stock transactions as a measuring tool to see the market reaction to a particular event. The volume of transactions can be grouped into two: the frequency and average trading volume of transactions.

Indonesia is the world capital market is enough to invite a lot of attention for both the local and international investors. Indonesia Stock Exchange is one of the exchanges is the reference of the Indonesian capital market with a considerable number of issuers. The manufacturing industry is one sector that is being developed at this time and among the many companies of the manufacturing sector there is a sub company of the cement sector. The reason the author chose the cement sub-sector due to see the development of Indonesia in the field of development is very rapid. Currently, Indonesia is a lot to build a wide range of facilities to boost the economy. This phenomenon is inversely proportional to the state of degeneration cement company experienced stock price. One cement company in Indonesia which is a State Owned Enterprise, namely PT. Semen Indonesia (Persero) since January 6, 2015 received from government intervention which requires companies to lower cement prices to $ 3000 per sack. This has caused investors to worry about the decline in the company's performance and disruption of market mechanisms. Therefore, the authors are interested in doing research with the title "**The Effect of Institutional Ownership, Leverage and Transaction Volume of the Corporate Values of in Cement Industry Listed in Indonesia Stock Exchange Period 2009-2015**"

THEORITICAL REVIEW

(a) The Value of the Company

The value of companies are certain conditions that have been achieved by a company as an overview of public confidence in the company after going through a process of several years, is since the company was set up with the passing of the company.

According to (John Hampton, 1989) there are four main concepts most value, which is defined as follows:

1. Going Concern Value is the value of a company that can provide benefits, which the company continues to operate with a business prospect that is not limited in the future or a value on the assumption that the company kept alive indefinitely.
2. Liquidation value is the value of the company after the company sold all assets and deducting all liabilities / debt held by the company.
3. Market Value is the value of stocks or bonds according to market perceptions of the company concerned.
4. Book Value Basically, this value is the value set by accounting techniques that are already in the standard (already made standard) and in the calculation of the financial statements prepared primarily on the balance sheet of the company.

The value of the company to be used in this research is the market value, because the value of the company will provide prosperity for shareholders at the company's stock price increases in the market. The higher the stock price of a company, then the wealth of shareholders will also be increased automatically (Agus Sartono, 2001). One of the financial ratios that can be used in determining the company's value is the ratio of Tobin's Q. This ratio was developed by Professor James. This ratio is able to demonstrate the current financial market estimation of the value of the return on every dollar of incremental investments and is also able to provide better information.

(b) Institutional Ownership

According Shien, *et al.* being addressed by Winanda (2009) states that: "Institutional Ownership is ownership by the government, financial institutions, institutional legal entities, foreign institutions, trust funds and other institutions at the end of the existence of institutional ownership in a company will encourage increased oversight of management performance to be optimized. This is due to institutional stock ownership have the power or authority that allows it to support or reject the managerial performance of the company".

According Parmanasari (2010), institutional ownership has several advantages, among other things:

1. Professional in analyzing information so as to test the reliability of the information.
2. Have a powerfull motivation for implement tighter supervision over the activity going on inside the company.

The greater the power of sound and the encouragement of financial institutions to oversee the management, the greater the impetus for optimizing the value of the company because of the increased performance of the company. The influence of institutional investors on corporate management can be crucial and can be used to align the interests of management with shareholders (in Yuniningsih Solomon, 2010).

(c) Leverage

In financial management, leverage is the use of assets and sources of funding (sources of funds) by companies that have fixed costs in order to increase the potential benefit of the shareholders. According Harahap in

Nugroho (2011), "The leverage ratio is a description of the relationship between corporate debt to equity and assets. This ratio is used to see how far the company debt-funded external parties with the ability of the company described by capital or assets used to guarantee the debt ".

The problems leverage in the financial management of the company has a number of implications, among others, namely:

1. The creditors will notice how large amount of equity or funds provided by the owner of the company, because the amount of the final guarantee limits or "margin of safety" for creditors.
2. The shareholders actually take advantage of the withdrawal of funds through outside capital. They still have the right to full control over the activities of the company, but with a relatively small investment amount.
3. If the profit earned on the loan is greater than the interest to be paid by the company, then the return on equity would have increased.

Pecking order theory explains why companies are very profitable generally have fewer debts. This happens not because the company has a low debt ratio targets, but because the company does not need funds from external parties. Control of the company's leverage ratio becomes very important, because the higher the value the company's leverage ratio, the higher the risk of a company that will impact on the value of the company.

(d) Transaction Volume

The volume of transactions is an instrument that can be used to see the reaction of the capital markets to the information through parameter volume of stock traded on the market (Wang Sutrisno, 2000).

The volume of stock transactions are considered as a measure of the strength or weakness of the market, when the volume of stock transactions increased while the price moves up and down, prices will remain at current trends. Conversely a decrease in the volume of stock transactions will be considered as a signal of a reversal tendency (Djoko Agus Susanto and Subardi, 2010: 140).

According Azwir Nasir (2011) states that: "Changes in the volume of stock transactions in the capital market showed activity in the stock exchange share transactions and reflects the investment decisions for investors. The increasing number of shares traded on the day of the transaction, it can be interpreted that the company's stock demand by many investors and stock returns will also go up so that the amount of the gain will be accepted captal investors increased. Investors prefer companies that will be the investments that have high capital gain because the rate of return on capital invested too high".

HYPOTHESIS RESEARCH

This research was conducted to determine the effect of institutional ownership, leverage and volume of transactions on the value of the company. institutional ownership, leverage and volume of transactions are independent variables in this study, while the value of the company is the dependent variable.

Institutional ownership variable is measured by comparing the number of shares held by institutions with the number of shares outstanding. While the leverage ratio is obtained by comparing the total debt held by the company's total equity. While the transaction volume is measured by comparing the number of shares traded by the number of shares outstanding.

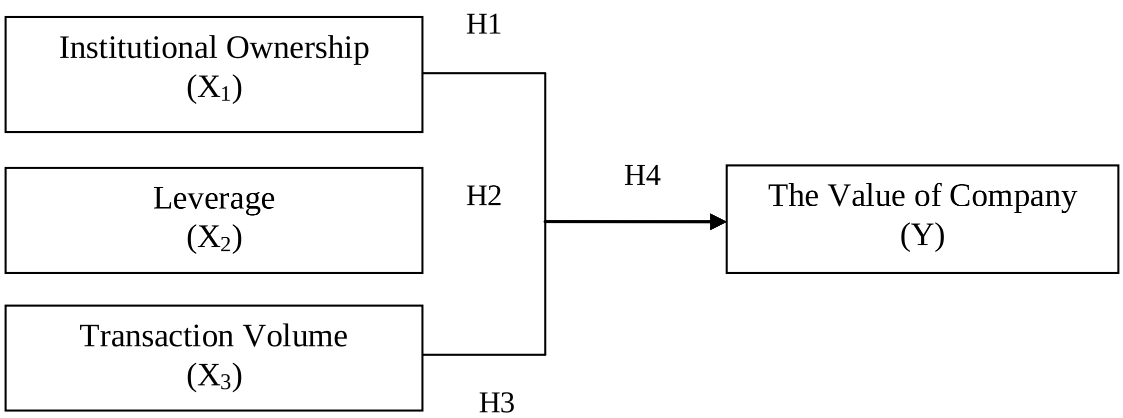

Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

This research uses a quantitative approach, was descriptive. A quantitative approach, because the process begins with applied research, process, hypotheses, down to the field, then the data analysis conclusions using data up to the writing aspects of measurements, calculations, formulas and numerical data certainty. This research is descriptive because it aims to create a painting / description of the facts and the properties of a population or a particular region in a systematic, factual and accurate (Ginting, 2008: 55).

Population, Technique Sampling and Object of Research

According Sugiyono (2008: 115), "Population is the generalization region consisting of the objects / subjects that have certain qualities and characteristics. established by researchers to learn and then drawn conclusions ". The population in this research are all sub-sectors of cement companies listed on the Indonesia Stock Exchange as many as five companies.

As for the population of selected samples using purposive sampling method, the sampling is based on the consideration (judgment) or quota (quota) limited (Jogiyanto, 2004: 79) and drawn at random.

Criteria used in the selection of the sample is as follows:

1. The company studied is a company that has been listed on the Indonesia Stock Exchange
2. The Company IPO before 2010
3. The company has a complete set of financial statements as research material

The Company did not experience a decline in stock prices continuously until it reaches the lowest point that causes zero transaction volume.

The whole of population there after having been selected by using purposive sampling, the results were found three companies that meet the criteria of the sample, namely PT. Indocement Tunggal Prakasa Tbk, PT. Holcim Indonesia Tbk and PT. Semen Indonesia (Persero) Tbk.

The research object used in this study is a sub company cement sector listed in Indonesia Stock Exchange during the period 2011-2015.

The data used in this research is secondary data derived from financial statements, annual reports, statistics and other relevant information in the cement industry are listed in Indonesia Stock Exchange period 2010 - 2015. The data obtained from the company's financial statements are data on institutional ownership , leverage and firm value. While data on the volume of stock transactions obtained from the company's annual statistical report exchange. The Data taken for this study is a combination of time series data and cross sectional (pooled data).

ANALYSIS METHOD

To test the analysis used, conducted verification testing to calculate whether there is influence between institutional ownership, leverage, and the volume of transactions on the value of the company. The analysis uses the classical assumption test and regression analysis, and hypothesis testing with simultaneous test (F test) and partial test (T test).

Classic Assumption Test

This research uses a linear regression model to note any irregularities on classical assumptions. Classical Assumption Test conducted in this study consisted of normality test, multicollinearity, autocorrelation test, and test heteroskedasitas.

Data Analysis of Model

Testing of the hypothesis in this study using linear regression models with SPSS. The independent variables in this study is Institutional Ownership (X1), Leverage (X2) and Transaction Volume (X3), while the dependent variable is the Corporate Value (Y). Analysis of the data used is a combination of cross section and time series (pooling data). The form of the regression equation is as follows:

$$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$$

Description

Y	:	Corporate Value
a	:	Constanta
X_1	:	Ownership Institutional
X_2	:	Leverage
X_3	:	Transaction Volume
$\beta 1, \beta 2, \beta 3$	:	Coefficient Regression
e	:	Disturbance term

RESULTS / DISCUSSION

The discussion in this research is intended to explain the study results in accordance with the purpose of research. The first hypothesis testing results show that institutional ownership has a significant negative effect on the value of companies in the cement industry subsector visible from t count > t table namely -2280> -1.7958 and value count value α > α = 5%, is 0.044> 0.05. This condition shows that ownership by institutional agencies could encourage an increase in the value of the company, but the less the value of the company's institutional ownership will increase and vice versa, the higher the level of institutional ownership then the value of the company will decrease.

Results of testing the second hypothesis in this study shows that leverage is not negative and not significant to the value of the company in the cement industry subsector visible from t hit > t table namely -1492 <-1.7958 and value α count <α = 5%, is 0164> 0.05. The results of this study indicate that the use of debt by the company was not able to increase the value of the company. The increase in the value of the company is not driven by the effective use of debt and is unable to improve the company's profit exceeds the cost of the necessary financial resources.

Meanwhile, the results of testing the third hypothesis proposed in this study show that the volume of transactions did not affect the value of the company significantly visible from t count <t table is 0562 <1.7958 and value α count t> α = 5%, is 0348> 0.05. These results indicate that an increase or decrease in the volume of stock transactions do not affect the value of the company. The volume of transactions only describe the movement of shares traded in the market at a certain price. Research on the effect of trading volume on the value of the company has never been done by previous researchers.

CONCLUSION

Based on the test results of the data and the analysis that has been done, it can be concluded as follows:

1. The regression model used in this study has graduated from the classical assumption test consisting of normality test, multicollinearity, autocorrelation test, and test heteroskedasitas so it can be used to predict the independent models.
2. The results of hypothesis testing using the F test showed that all independent variables (institutional ownership, leverage, and transaction volume) effect on the dependent variable (the value of the company) in the cement industry subsector listed in Indonesia Stock Exchange period 2011-2015.
3. The result of partial hypothesis with t test showed that the only variable leverage effect negative and significant impact on the value of the company, while the variable leverage have negative effects and no significant effect on the value of the company, while the variable transaction volumes had a positive impact and no significant effect on the value of the company at cement industry subsector listed in Indonesia Stock Exchange period 2011- 2015.
4. The test results coefficient of determination (R2) shows that 72% of the value of the company can be explained by three dependent variables consists of variable institutional ownership, leverage and volume of transactions, as well as the rest of 28% is explained by other factors.

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