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EFFECT OF ITS SIZE, PROFITABILITY, DIVIDEND POLICY AND INSTITUTIONAL OWNERSHIP ON CORPORATE DEBT POLICY IN MANUFACTURING COMPANY LISTED IN INDONESIA STOCK EXCHANGE PERIOD 2010-2012

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ABSTRACT

The purpose of this research is to examine the effect of firm size (SIZE), profitability (ROA), dividend policy (DPR), and institutional ownership (INST) have influence on companies debt policy (DER). The sample of this research limited to manufacturing company that listed on Indonesia Stock Exchange for the period 2010-2012. This research uses 117 data with 39 companies selected per year. Analysis tools used multiple linear regression of SPSS 20.00. The dependent variable on this research is debt policy and the independent variables are firm size, profitability, dividend policy, and institutional ownership. The result showed that simultaneous firm size, profitability, dividend policy, and institutional ownership affect the debt policy and partially firm size and profitability have a significant influence on debt policy, while dividend policy and institutional ownership have no significant effect on debt policy.

Keyword : Firm size, Profitability, Dividend Policy, Institutional Ownership, Debt Policy

INTRODUCTION

At the time of globalization of business enterprises are facing increasingly fierce competition, not only focuses in marketing alone but the financial sector should also be considered. Financial aspects are funding decisions made by management using debt policy. Debt policy adds company funds to finance the operations of the company entrusted by the shareholders to manage and run the company.

Formulation Of The Problem. Formulation of the problem in this study is whether the size of the company, profitability, dividend policy, institutional ownership significant effect partially and jointly against debt policy in companies listed on the Stock Exchange 2010-2012.

In order to test whether the size of the company, profitability, dividend policy, and institutional ownership significantly influence debt policy on manufacturing companies listed in Indonesia Stock Exchange (BEI) 2010-2012.

THEORETICAL

1. Corporate Debt Policy (DER): According Indahningrum and Ratih (2009: 192) "use of debt, the company conducts periodic payments on interest and principal, thereby reducing the desire of managers to use free cash flow to finance activities that are not optimal." According to the Putri and Mohammad (2006: 2) "several approaches that can be taken to reduce the agency cost, including 1.increase of ownership (insider ownership) or ownership manajerial .2.use debt policy. 3.increase dividend payout ratio, or the ratio of dividends to net income. 4.activated monitoring through institutional investors, the ownership by institutional investors such as insurance companies, banks, investment companies, and other institutional ownership will encourage more optimal monitoring of the performance of management, ownership represents a source of power used to support or otherwise of the existence of management. "
2. Company size (SIZE): According Sudjoko and Soebiantoro (in Susilawati, Agustina, and Tin, 2012: 181) "is a scale that can be classified in the size of the company in various ways, such as by total assets, log size, value stock market, and the stability of the sales. "Narita (2012: 2) describes the" size of the company reflects the level of activity of a company's operations. "Opinions Rajan and Zingales (in Ramlall, 2009: 86)" find that larger firms have lower leverage since the information asymmetry level is higher on account of Reviews their complex structures "Wahidahwati (in Steven and Lina, 2011: 172) describes" large companies easier access to capital markets, due to the ease of means have the flexibility and ability to raise funds. "
3. Profitability (ROA): According Weygandt, Kimmel, and Kieso (2011: 671) defines "profitability ratios measure the income or operating

success of a company for a given period of time." Yeniatie and Nicken (2010: 7) describes "the higher profit obtained by the company will be smaller the use of debt in financing companies because firms use internal equity derived from profit "

4. Dividend Policy (DPR): According to Surya and Deasy (2012: 216) defines a "dividend is part of the company's profits are distributed to shareholders." Nengsi (2011: 7) gives the sense that the "dividend policy is a policy concerning the distribution issue earnings into shareholders' rights. "
5. Institutional Ownership (INST): According Baridwan (in Fitriyah and Dina, 2011: 33) defines "institutional ownership as a proportion of shares held by an institution or institutions by the end of the year." Juniarti and Sentosa (in Susanti, 2013: 801) explains "institutional ownership is the ownership of company shares owned by institutional investors, such as investment firms, banks, insurance, foreign institutions, trust funds and other institutions."

HYPOTHESIS

Ha1: Company size significantly influence debt policy on manufacturing companies listed on the Stock Exchange 2010-2012.

Ha2: Profitability significantly influence debt policy on manufacturing companies listed on the Stock Exchange 2010-2012.

Ha3: Dividend Policy significantly influence debt policy on manufacturing companies listed on the Stock Exchange 2010-2012.

Ha4: Institutional Ownership significantly influence debt policy on manufacturing companies listed on the Stock Exchange 2010-2012.

METHODS

The object of research is the size of the company (X1), profitability (X2), dividend policy (X3) and institutional ownership (X4) as an independent variable that is used to analyze the debt policy (Y) as the dependent variable. Population is the object of all manufacturing companies went public on the Stock Exchange in 2010.2011 and 2012. SPSS version 20:00.

Population research manufacturing company in the Stock Exchange in 2010 - 2012. The sample selection technique used purposive random sampling method. The criteria used: (a) manufacturing company in the Stock Exchange 2010-2012 (b) dividends for 2010-2012 (c) has a proportion of share ownership by institutional parties. (d) using the unit of currency.

Measurement of the dependent variable is the policy of debt (Y) measured by debt-to-equity ratio (DER). Independent variables are 1) Firm size (X1) is based on the natural log of assets. 2). Profitability (X2) is the ratio of net income after taxes by total assets. 3) .Dividend Policy (X3) comparison between cash dividend with net income.4). Institutional Ownnership (X4) comparison between the Institutional shares with total shares outstanding.

HYPOTHESIS TESTING TECHNIQUES

1. Test F are all independent variables have influence together on the dependent variable with ANOVA test. If the sig value <0.05 then the regression model viable for use in predicting the dependent variable.
2. t test to determine the effect partially independent variables on the dependent variable . If the sig value <0.05 variables significantly influence the dependent variable. Conversely sig value> 0.05 are not independent variables significantly influence the dependent variable.
3. Coefficient Determination Test Double (Test AdjustedR2) Small R2yang adjusted value means the ability of independent variables in explaining the dependent variable is very limited. Mean value approaching one independent variable provide almost all the information needed to predict the dependent variable.
4. Correlation Coefficient Test (Test R) to determine how much the relationship between independent variables and the dependent variable. R value close to 1 means the relationship strong and positive , the value of R = 0 means no relationship, and if the R value is -1 means the relationship strong and negative.

RESULTS AND DISCUSSION

The research sample of 39 companies manufacturing, the amount of data as many as 117 at a manufacturing company in BEI period of 2010, 2011, and 2012 meet the selection criteria that have been set.

Testing Assumptions Classical: 1.Test normality One Sample Kolmogorov-Smirnov, normally distributed data when the value of the sign> 0.05. Normality test results show the value of asymp. sig. (2-tailed) of 0.588 (0.588> 0.05), the data are normally distributed residuals. 2.Test good Multicollinearity free from multicollinearity with tolerance values> 0.10 and VIF <10. The result SIZE size, ROA, the House of Representatives, INST tolerance values> 0.10 and VIF <10 3.Test autocorrelation to know error in period t to period t-1. Free good correlation using the Durbin-Watson autocorrelation test qualify $-2 \leq DW \leq 2$. Results DW 0.639 ($-2 \leq 0.639 \leq 2$) shows the autocorrelation free. 4. Test Heteroskedastisitas occur inequality variance of the residual value of the observations to other observations, good data homoskedastis with Glejser test sig> 0.05 means homoskedastisitas, Test results,variable SIZE, ROA,DPR INSTsig > 0.05 means homoskedastisitasi. Conclusion The normal distribution of data, free from multicollinearity problem, there is no autocorrelation and contains no heteroskedastisitas.

Hypothesis testing to determine the effect of independent variables on the dependent variable with a confidence level of 95% or 5% significance level. Hypothesis testing results of multiple linear regression model:

DER = -5.820 + 3.473 SIZE – 0.439 ROA - DPR 0.060 - 0.486 INST + e

Constants -5.820 showed SIZE, ROA, DPR, INST is 0, DER predicted worth -0.5820. Company size in increments of 3.473 indicates each one resulting in increased value of the debt policy 3.473 assuming ROE, DPR, INST constant. Profitability-0,439 show every increments of 1 result in reduced values of the debt policy 0.439 with the assuming SIZE, DPR, INST constant . Dividend policy -0.060 show every increments of 1 result in reduced value of debt policy 0.060, assuming SIZE , ROE, INST constant. Institutional ownership -0.486 show every increments of 1 result in reduced value of the debt policy 0.486 assuming SIZE, ROE, DPR constant.

Test F: Results sig value of 0.000 (<0.05) indicates the size of the company, profitability, dividend policy and institutional ownership together significantly influence the policy of corporate debt with a 95% confidence level.

Table 1. Testing Results Together (Test F)

ANOVA[a]						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.458	4	.865	9.176	0.000b
	Residual	10.553	112	.094		
	Total	14.011	116			

a. Dependent Variable: Kebijakan Hutang (DER)

b. Predictors: (Constant), Kepemilikan Institusional (INST), Profitabilitas (ROA), Ukuran Perusahaan (SIZE), Kebijakan Dividen (DPR)

Source: Results of Treatment SPSS 20:00

t test: Results sig SIZE 0.003 (0.003 <0,05) stating the size of the company significantly influence debt policy or Ha1 accepted. ROE results sig 0.000 (0.000 <0.05) or Ha2 received stating profitability significantly influence debt policy. Results DPR sig 0.553 (0.553> 0.05) Ha3 rejected dividend policy means no significant effect on debt policy. INST results sig 0.069 (0.069> 0.05) Ha4 rejected institutional ownership means no significant effect on debt policy.

Table 2. Results of Multiple Regression Analysis Testing

Coefficients[a]						
	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5.820	1.667		-3.491	.001
	Ukuran Perusahaan (SIZE)	3.473	1.137	.260	3.054	.003
	Profitabilitas (ROA)	-.439	.097	-.391	-4.526	.000
	Kebijakan Deviden (DPR)	-.060	.101	-.056	-.595	.553
	Kepemilikan Institusional (INST)	-.486	.264	-.166	-1.838	.069

a. Dependent Variable: Kebijakan Hutang (DER)

Source: Results of Treatment SPSS 20:00

Multiple Coefficient of Determination Test (Test AdjustedR2) Retrieved adjusted R2 value of 0.22 conclude the dependent variable can be explained by the independent variable by 22%, while the remaining 78% is explained by variations in other variables not included in this study.

Table 3. Coefficient Determination Test (Test AdjustedR2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.497[a]	.247	.220	.306955123387

a. Predictors: (Constant), Kepemilikan Institusional (INST), Profitabilitas (ROA), Ukuran Perusahaan (SIZE), Kebijakan Dividen (DPR)

b. Dependent Variable: Kebijakan Hutang (DER)

Source: Results of Treatment SPSS 20:00

Correlation Coefficient Test (Test R) The results of the R value is less than 0.5 . Concluded 0.497 <0.5 means that the relationship between the dependent and independent variables is weak and positive.

Table 4. Results Correlation Coefficient Test (Test R)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.497[a]	.247	.220	.306955123387

a. Predictors: (Constant), Kepemilikan Institusional (INST), Profitabilitas (ROA), Ukuran Perusahaan (SIZE), Kebijakan Dividen (DPR)

b. Dependent Variable: Kebijakan Hutang (DER)

Source: Results of Treatment SPSS 20.00

CONCLUSION

After fulfilling the classic assumption test the hypothesis test. Results of the t test of hypothesis testing: the size of the enterprise value of sig 0.003 (0.003 <0.05) concluded SIZE significant effect on debt policy, Ha1 accepted. Results profitability sig value 0.000 (0.000 <0.05) concluded ROE significantly influence debt policy, Ha2 accepted.. Results accepted. Results dividend policy sig 0.5539 (0.5539> 0.05) concluded DPR no significant effect on debt policy, Ho3 accepted.. Results of institutional ownership sig 0.069 (0.069> 0.05) concluded INST no significant effect on debt policy and Ho4 accepted. The result showed that simultaneous firm size, profitability, dividend policy, and institutional ownership affect the debt policy. Adjusted R2 value of 0.22 conclude the dependent variable can be explained by the independent variable by 22%, while the remaining 78% is explained by variations in other variables. The results of the R value is 0.497 <0.5 means that the relationship between the dependent and independent variables is weak and positive.

Advice. This study only used a sample of 39 companies manufacturing, relatively short observation period 2010-2012 use four independent variables. Suggestions for further research in order to longer periods, increasing the number of samples and variables multiplied over covers all the factors that affect the debt policy.

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