Effect of Enterprise Risk Management , Sales Growth and Earnings Quality to Firm Value of Listed Manufacturing Company in IDX from 2013-2015

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Abstrak: Penelitian ini bertujuan untuk menguji pengaruh *enterprise risk management, sales growth,* dan kualitas laba terhadap nilai perusahaan. Sampel dari penelitian ini dibatasi pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada periode 2013-
2015. Penelitian ini menggunakan 150 data dengan 50 data yang dipilih per tahun. Alat analisis menggunakan regresi linter ganda SPSS 21.00. Variabel terikat pada penelitian ini adalah nilai perusahaan dan variabel bebas terdiri dari *enterprise risk management, enterprise risk management,* dan kualitas laba. Hasil penelitian ini menunjukkan bahwa *enterprise risk management* dan kualitas laba memiliki pengaruh terhadap nilai perusahaan, sedangkan *sales growth* tidak berpengaruh terhadap nilai perusahaan.

Kata kunci: *Enterprise Risk Management, Sales Growth, Earning Quality, Firm Value*

Abstract: The purpose of this research is to examine the effect of enterprise risk management, sales growth, and earning quality on finn value. The sample of this research limited to manufacture companies that listed on Indonesia Stock Exchange for the period
2013-2015. This research uses 150 data with 50 companies selected per year. Analysis tool used multiple linear regression of SPSS 21.00. The dependent variable on this research is firm value, and independent variable are enterprise risk management, sales growth, and earning quality. The result showed that enterprise risk management and earning quality affect the firm value, while sales growth have no effect on firm value.

Keyword: *Enterprise Risk Management, Sales Growth, Earning Quality, Firm Value*

INTRODUCTION

Basicly, firm value can be measured through some aspects, and one of them was the market value of firm's share which interpret the whole investor valuation over all equity owned by the company Gultom (2013)

Anisa (2012) wrote that while doing an investment, investors generally facing a common truth, which is "high risk bring about high return", which the higher return that company would like to get will make the firms facing bigger risk. Firm's performance in managing the risks hopefully can help in holding down or even more relieving the impact of the risk. One of all aspects matter in risk management is the disclosure of risk management. Firm's effort to improving risk management practice can be done through integrated risk management hence Enterprise Risk Management (ERM) matters a lot in managing firms risk.

The important point other than risk management is for the firms to disclose useful information for the external users which portray company's condition and management performance in every single period of operations. Informations such as financial reports generally used as a key point in evaluating and setting firm's value. This statement consistent with *Pernyataan Standar Akuntansi Keuangan (PSAK) No.1* (2011) which states that main purpose of a financial report is to provide informations useful for decision making. One over all important information provided is about firm's earning which to evaluate potential changes of economic resources that controlled in the future, and also to take a judgmental review about firm's effectivity in managing additional resources that the company had. CIAI (2011)

Earning that not providing actual information about management performance will mislead the users using that information. Boediono (2005 in Susanti, Rahmawati & Anni Aryani, 2010). Actual firms market value can't be determined if this kind of earning information used by the users as this information was one of all factors used. Higher earning quality also being considered as a factor that increases firms value. Susanti, Rahmawati & Anni Aryani (2010) stated that low earning quality will mislead the users such as investors and creditors in making decisions and finally will lower the level of the firm value.

Sales growth seemed to be one factor which affecting firm's earning quality. Sales growth played the role as firms signal to tell that firms having a good business prospect. Growth giving an outlook that firms rate of return on investment will increase as time does by. Hatta (2002 in Masrifa, 2016) state that firms with high sales growth and profit having tendency to pay the dividend consistenly than firms with lower sales growth. Through all of matters, this research looks for the existence of significant effect between ERM, sales growth, and earnings quality to firm value of manufacturing company listed in Indonesia Stock Exchange (IDX), simultaneously and partially.

THEORETICAL REVIEW

Signalling Theory. Information asymmetry is a term which used a lot in this theory. This term means different knowledge of firms information between managers and investors, or simply a condition which one party knows more information than other party. Brigham and Houston (2014) saying that one of many ways to reduce information asymmetry is giving a signal to external information users in form of reliable financial information. That information useful in reducing the uncertainty of firms future procpect that impacting in higher firm value. Wadjono (2010) also states that signal is a guide vfor investor to know how management look after firm's prospect as

an action that management takes to realize owner's willing such as promotions and other information about what firm had done before.

Firm Value. Dewi and Wirajaya (2013) consider firm value as a value that reflect firms equity and book values. It could be in form of equity market value, book value of total debt,and book value of total equity. Escalation of firm value also one of many important factors for users to take an investment decision. That;s why, information disclosed in the financial reports need to be in good quality and reliable. In this research, firm value measured by Price Book Value (PBV). Sari (2013) having a notion that trust level of a firms the price of book value increased by dollars invested on the firms on market price compared to firms book value.

Enterprise Risk Management (ERM). COSO (2007) defining ERM as follows : "Enterprise risk management is a process, affected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives" Hence from that definition, could be concluded that ERM is a management plan that designated to identify potential issues that impacting firms decision making process. This plan manage risks of the firms to make sure that firm's risk maintained on a controllable level to give an adequate confidence about firms process to achieve their goals. Ideally in achieving goals, it's expected that board of directors, management, and all firms member being involved. This concludes that ERM process implementation in strategy setting need the involvement of all firm parts. Plan to increasing risk management application quality could be done throught integrated risk management by applying ERM. ERM enable the management to manage the uncertainty of risk and opportunities effectively, also increasing the capacity of the fim to improve their values.

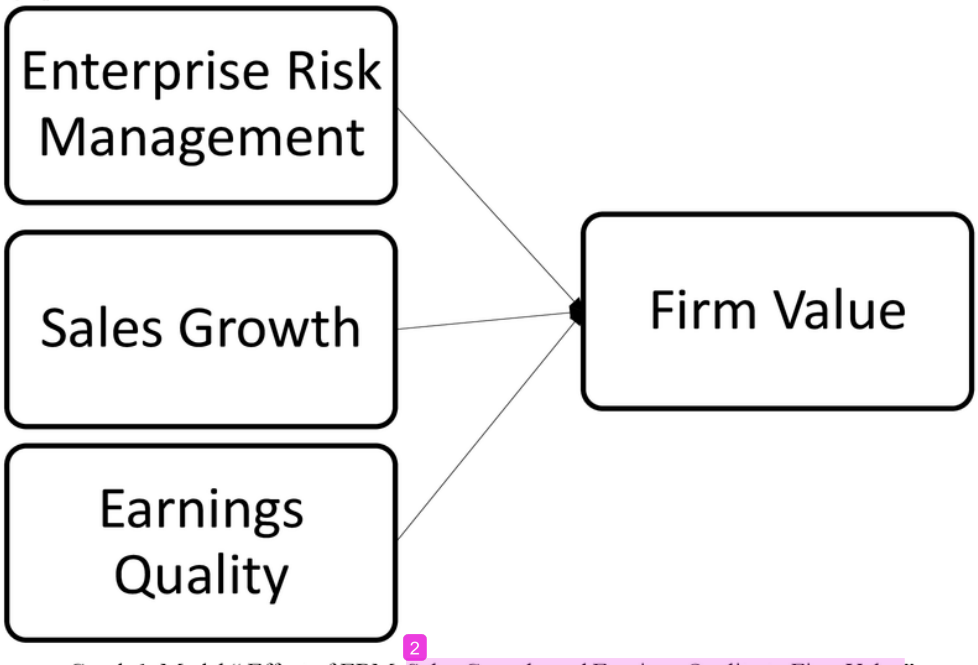
Sales Growth. Sofyaningsih and Pancawati Hardiningsih (2011) defining sales growth as the increase of total sales from one year to another year, or from current period to the next period. Sales growth increase which tends to be higher than the increase of expenses will affect to increase the firms earnings. Consistency of the firm in reaching their level of profit or firms profit increasing trends were one factors that important in determine survival ability of a firm.

Earnings Quality. Under PSAK No.1 published by *Ikatan Akuntan Indonesia* (IAI, 2011), defined that profit information needed to assess changes in economic resources potency that could be controlled by the firm in the future, earns cash inflows from current resources, and to formulate consideration about firms effectivity in using the firms resources addition.

Boediono (2005, in Susanti, *et al.*, 2010) states that profit that not giving the actual information about management performance will mislead the financial report users. If this kind of profit used to creates firm market value, then this profit can't explain the actual firm market value. Investors assume that statement of profit or loss having all the information needed to analyze shares issued by the firm. Susanti, *et al.* (2010) defined that good earnings quality expected to increase firm value. In this research, earnings quality measured by assessing level of strength of market reaction to the profit information which reflected by the high level of *earnings response coefficient* (ERC). This proxy also used by Susanti, *et al.* (2010) to assess earnings quality. Could be concluded by this measurement that high ERC level means that reported earnings were on a good quality.

There are many research done to look for factors affecting firm value. Devi, Nyoman Badera, & Nyoman Budiasih (2016) found that ERM significantly affected firm value. Agustina & Niswah Baroroh (2016) found that ERM doesn't have any significant effect to the firm value.

Mulyasari, Miyasto & Muharam (2016) doung that sales growth having a positive significant effect to the firm value. While Masrifa (2016) conclude that sales growth doesn't affect firm's value. Susanti, *et al* (2010) stated that earnings quality having a significantly positive effect to the firm value. While Katrina & Nikmah (2011) found that there are no significant effect of earnings wuality to firm value. Through this contradictory results, this research is done to reassess if ERM, sales growth, and earnings quality having a significant positive effect to firm value. Based on literature review, and research purposes, the framework of this research could be designed by a graph shown below:



Graph 1. Model " Effect of ERM, Sales Growth, and Earnings Quality to Firm Value"

The graph above shown the effect of ERM, Sales Growth, and Earnings Quality to firm value. Firm's risk management applied covering financial risk, business risk, technological risk, corporate governance, and other risk shown at firm's annual report. Sales growth can be concluded as increase of firm's sales from year to year shown in the statement of profit or loss. Earnings quality can be concluded as actual earnings reported by the company measured by Earning Response Coefficient (ERC). From this short exposure, there are four hypotheses developed for this research. This hypotheses developed to test the effect that would like to be seen empirically. Four of them are:

Hypotheses 1: There are significant effect of ERM to Firm Value.

Hypotheses 2: There are significant effect of Sales Growth to Firm Value.

Hypotheses 3: There are significant effect of Earnings Quality to Firm Value.

Hypotheses 4: There are simultaneously significant effect of ERM, Sales Growth, and Earnings Quality to Firm Value.

The object of this research are Firm Value as the dependent variable, and ERM, Sales Growth, and Earnings Quality as independent variable. Again stated that this research would like to see the effect of independent variable to the dependent variable partially and simultaneously.

Population of this research are manufacturing companies listed in Indonesia Stock Exchange (IDX) from 2013-2015. Sample in this research chosen by using purposive sampling.

This technique stated by Hadi (2015:196) by creating any specific criterion or attribute known before. Criterion created to do this sampling are 1), Manufacturing companies, 2) Listed in IDX consistently druing 2013-2015 period, 3) Using Indonesian Rupiah (IDR) as reporting currency both for annual report and yearly financial report, 4) Using December 31st as the ending of reporting date , 5) Companies which doesn't run into losses during their 2013-2015 reporting period, 6) Companies that doesn't delist or suspend their stock trades, and 7) having a fluctuative share price.

RESEARCH METHOD

Variable Operationalization. Variable analyzed in this research are firm value as the dependent variable, and ERM, sales growth, and earnings quality as the independent variable. ERM as the first independent variable measured by looking the ERM disclosure presented on firms annual report with unweighted dichotomous scale. Every disclosure of one item will be valued by number 1 and number 0 given if there are no item disclosed. The next step is all the value given will be summed to obtain the total disclosure score of every firms. ERM Disclosure Index (ERMDI) measured with formula stated below:

$$\text{ERMDI} = \frac{L_{ij}D_{item}}{L_{ij}AD_{item}}$$

Notes :

ERMDI : ERM Disclosure Index

$L_{ij}D_{item}$: Total Score of ERM Item disclosed

$L_{ij}AD_{item}$: Total Score of ERM Item that should be disclosed

Second independent variable, which was the Sales Growth measured using Weston & Copeland (2010:240) formula stated below:

$$\text{Sales Growth} = \frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$$

Third independent variable, which was the Earnings Quality which measured by ERC with few steps described in the following section:

a) Calculate the Cummulative Abnormal Return (CAR) on a window period of 7 days, which three days before, and three days after the announcement of financial report as used by Mardyah & Soedrman (2006, in Katrina & Nikmah, 2011) with the formula:

$$\text{CAR it}(-3,+3) = \sum_{-3}^{+3} \text{AR}$$

$$\text{AR}_{it} = \text{R}_{it} - \text{RM}_{it}$$

$$\text{RM}_{it} = \frac{(\text{IHSG}_{it} - \text{IHSG}_{t-1})}{\text{IHSG}_{t-1}}$$

Notes :

- CARit (-3,+3) = Cummulative abnormal return firm *i* on observation period ± 3 days from day of financial report publication
- ARit = Abnormal Return firm *i* day *t*
- Rit = Actual Return firm *i* day *t*
- RMit = Market Return firm *i* day *t*
- IHSGit = *Indeks Harga Saham Gabungan* day *t*

– IHSGt-i = *Indeks Harga Saham Gabungan* day *t-1*

b) Calculate The Unexpected Earnings using return random-walk

$$UE_{it} = \frac{(E_{it} - E_{it-1})}{E_{it-1}}$$

Notes :

– UEit = Unexpected earnings firm *i* period *t*
– Eit = Earnings of firm *i* period *t*
– E_{it-1} = Earnings of firm *i* period *t-1*

c) To reduce wrong bias measurement, yearly return used in the model of correlation between return and share price using the following formula:

$$R_{it} = \frac{(P_{it} - P_{it-1})}{P_{it-1}}$$

Notes :

– Rit = Yearly return of firm *i* on period *t*
– Pit = Closing share price of firm *i* on period *t*
– Pit-1 = Closing share price of firm *i* on period *t-1*

d) Earning response coefficient (ERC) calculated form slope a1 in correlation with CAR and UE after being controlled by R_{it}

e) Based on four description above, ERC model can be defined as follows:

$$CAR_{it} = \alpha 0 + \alpha 1\ UE_{it} + \alpha 2\ R_{it} + €_{it}$$

Notes :

– $CAR_{i\,t}$ = Cummulative Abnormal Return firm *i* during observation period of ± 3 days from financial report publication date
– UEit = Unexpected Earnings firm *i* on period *t*
– Ri,t = Yearly Return of firm *i* on period *t*
– α0 = Constants
– α1 - α2 = Regression coefficients
– Eit = Standard Error on model of firm *i* on period *t*

Dependent Variable of this research is firm value. Brigham (1999, in Syahyunan, 2013:95), explains that firm value measured by The Ratio of Price to Book Value (PBV). PBV formula stated below:

$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

Data Collection Technique. Data collection technique used in this research are literature study and secondary data. Literature study is done by learning scientific journals, literature, and other resources related to the undergoing study. Riadi (2015:30) defined the secondary data as a secondhand information collected by various people (organization) for certain defined purposes, and available for various type of research. Secondary data on this research was taken from the financial report and annual report of manufacturing companies listed in IDX on 2013-2015, which could be accessed freely through website www.idx.co.id. to analyze the effect of independent variables to the firm value, the research data will be processed using SPSS for Windows Version

21.0. The next step of processed data are going through descriptive statistics analysis and classic assumption analysis to test the goodness of fit regression model before testing the hypotheses.

Descriptive Statistics Analysis. Descriptive statistics defined by Ghozali (2012:19) giving illustration or description about data that seen by value of mean, standard deviation, variance, maximum value, minimum value, sum, and range of each variable. Research data analysis on this research later on covers the descriptive statistics itself, and multiple linear regression analysis.

Normality Test. This test defined by Ghozali (2012:160) as a test with the purpose to find out, if in the residual or nuisance variable of the regression model having a normal distribution. There are two ways to test if the residual of a model having a normal distribution or not. First, is using the graph analysis, and second using statistics test. One of the statistics test used for testing the normality is One-Sample Kolmogorov-Smirnov with significance level of 5%.

Multicollinearity Test. Ghozali (2012:105) defining this test to find out if on a regression model, there were any correlation between each independent variable. Good regression model should not having any correlation between the independent variable. This test comparing Tolerance value, and Variance Inflation Factor with the predefined limits to find out if there any correlation between each independent variable. Said that if tolerance value is bigger than 0,10, and VIF less than 10, concluded that there were no multicollinearity issue on the model. While the opposite itu tolerance value less than 0,10 and VIF more than 10, concluded that multicollinearity issue happens on the regression model.

Heteroscedasticity Test. Heteroscedasticity test defined by Ghozali (2012:139) on purpose to test if there are any variance occurs to the residual of regression model from one observation to other observation. Simply concluded that good regression model should be a homoscedasticity model. Test used for this heteroscedasticity test using Glejser Test. Gujarati in Ghozali (2012:142) stated that this test done by regressing absolute residual value as dependent variable to independent variable. If the significance level of each independent variable is equal or bigger than 0,05 can be concluded that model used is free from heteroscedasticity issues. On the other hand, id the significance level less than 0,05 can be concluded that model used is having a heteroscedasticity issues.

Autocorrelation Test. Ghozali (2012:110) stated that this test done to find out if on any regression model occurs any correlation between disturbance error on period of *t* with disturbance error on period of *t-1*. Autocorrelation generally shows up on time series data. This test will be using Durbin Watson test method to find out occurrence of autocorrelation in linear regression model. If the DW value located betwwen -dU and 4-dU value makes the conclusion that model and data used for research were free from autocorrelation issue.

Hypotheses Testing. Hypoteses testing which will be done on this research consists of regression analysis, correlation coefficient analysis, determination coefficient analysis, partial statistics test (t Test), and simultaneous statistics test (F Test).

Multiple Linear Regression Analysis. This technique used to test if there were any effect of independent variable to dependent variable. Equation that will be used for the research can be described as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$$

R Test (Correlation Coefficient Test). Ghozali (2012) stated that this test used to measure strength

of correlation between two or more variable, or could expect the direction of correlation between two variables. R- value located between -1 and 1. If the r value are -1, could be concluded that correlation between variable were a perfect negatif correlation, so if X value goes up will make Y value goes down. On the other hand, if the r value are 1, could be concluded that correlation between variable were a perfect positive correlation, so if X value geos up, also the same happen to the Y value.

Adjusted R-Square (Determination Coefficient Test). This test done to measure how far the model could interpret the variation of dependent variable, as stated by Ghozali (2012:97). Small adjusted R-Square value descript that the ability of independent variables in interpret the dependent variable is limited. The opposite if the adjusted r-square value is equal to 1 means all the independent variables 100% interpreting the effect to dependent variable.

T statistics Test (Partial Parameter Test). This test used to find out how far the effect of independent variable individually to interpret the variation of dependent variable, said Ghozali (2012:98). If the significance level were bigger than 0,05, concluded that null hypotheses accepted, which means that single independent variable doesn't effect the dependent variable. The opposite, which if the significance level less than 0,05 means null hypotheses being rejected, so could be concluded that the independent variable individually effect the dependent variable.

F Statistics Test (Simultaneous Test or ANOVA). This test as Ghozali (2012:98) stated, having purposes to show if all independent variables inside the model having simultaneous effect to the dependent variable. Decision taken were similar to the t statistics test. If the significance level were bigger than 0,05, concluded that null hypotheses accepted, which means that all independent variable doesn't effect the dependent variable simultaneously. The opposite, which if the significance level less than 0,05 means null hypotheses being rejected, so could be concluded that the independent variable simultaneously effect the dependent variable

RESULT AND DISCUSSION

Descriptive Statistics Analysis. This analysis giving a description about minimum value, maximum, mean, and standard deviation value of each variable.

Table 1. Descriptive Statistics Analysis Result

	N	Minimum	Maximum	Mean	Std.Deviation
PBVI	150	-2,74	3,81	0,4393	1,16093
ERM	150	0,2685	0,6944	0,490247	0,0889592
SALES GROWTH	150	-0,4416	3,6175	0,126987	0,3458088
EARNINGS QUALITY	150	-32,6338	19,7295	-0,504933	4,0337125
VALID N 150 (LISTWISE)	150				

Source: Analyzed Data

Data on the N column shows valid data used for the research, which was 150 data. Firm Value having minimum score of -2,74 and maximum of 3,81. Mean of the data reached at 0,4393 and standard deviation value was 1,16093.

ERM Variable having minimum score of 0,2685 and maximum of 0,6944. Mean of the data reached at 0,490247 and standard deviation value was 0,0889592. Sales Growth variable having minimum score of -0,4416 and maximum of 3,6175. Mean of the data reached at 0,126987 and standard deviation value was 0,3458088. The last, Earning Quality having minimum score of -32,6338 and maximum of 19,7295. Mean of the data reached at -0,504933 and standard deviation

value was 4,0337125.

Normality Test. The purpose of this test is to find out if the dataset of a research having a normal distribution or the opposite doesn't distributed normally. This test using the residual value to represent the whole dataset.

Table 2. Normality One-Sample Kolmogorov-Smirnov Test Result

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		150
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	1,09006810
Most Extreme Differences	Absolute	0,064
	Positive	0,045
	Negative	-0,064
Kolmogorov-Smirnov Z		0,785
Asymp. Sig. (2-tailed)		0,569

a. Test distribution is Normal.

b. Calculated from data.

Source: Analyzed Data

From the one-sample Kolmogorov-smirnov test result, could be seen that *asymptotic significance* value of this test was 0,569. Value which bigger than 0,05 means that the residual that represents the whole dataset having a normal distribution. Which means, this multiple linear regression model fulfill the normality assumption therefore concluded the whole data was distributed normally.

Multicollinearity Test. Purpose of this test is to find out whether any correlation occurs between each variable. Result of this test shown on the following table below:

Table 3. Multicollinearity Test Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1,226	0,511		-2,400	0,018		
	ERM	3,379	1,018	0,259	3,321	0,001	0,993	1,007
	SALES GROWTH	-0,196	0,262	-0,059	-0,751	0,454	0,995	1,005
	EARNING QUALITY	-0,066	0,022	-0,229	-2,941	0,004	0,997	1,003

a. Dependent Variable: PBVI

Source: Analyzed Data

On Table 3 shown above, could be seen that tolerance value for enterprise risk management is 0,993, sales growth is 0,995, and for earning quality is 0,997. This result shown that based on tolerance value, each variable free from multicollinearity as their tolerance value was bigger than

0,10. For the VIF value shown the same result. VIF of ERM is 1,007, sales growth is 1,005, and earning quality is 1,003. This also shown result that each variable free from multicollinearity as all VIF value were below 10. Can be concluded from this test that on this research, all data used were free from multicollinearity.

Autocorrelation Test. Purpose of this test was to test whether on a multiple regression model occurs any correlation between disturbance error on one period and disturbance error on the prior period.

Table 4. Autocorrelation test result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,344[a]	0,118	0,100	1,10121	2,025

a. Predictors: (Constant), ERM, SALES GROWTH, EARNING QUALITY

b. Dependent Variable: PBVI

Source: Analyzed Data

Based on table presented above, Durbin-Watson having value of 2,025. This value later being compared with the critical value from Durbin-Watson Table. Shown from the table on N-150, and independent variable (k) of 3, dL value 1,5897 and dU value of 1,7741. Which sets barrier, that autocorrelation won't happen if not lower than -2,2259 and not higher than 4-dU which was 2,2259. As this test having Durbin-Watson value of 2,025, can be concluded that data used on this research were free from autocorrelation issues.

Heteroscedasticity Test. Purpose of this test is to find out if regression model of this test is free from inconsistency of variance of residual from one to other observation, or simply best regression model is a homoscedasticity model.

Table 5. Heteroscedasticity Test Result (Glejser Test)

Coefficients[a]

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.
		B	*Std. Error*	*Beta*		
1	(*Constant*)	0,850	0,291		2,926	0,004
	ERM	0,090	0,579	0,013	0,156	0,877
	SALES GROWTH	-0,044	0,149	-0,025	-0,298	0,766
	EARNING QUALITY	-0,007	0,13	-0,047	-0,569	0,570

a. Dependent Variable: ABS_RES

Source: Analyzed Data

Table shown above interpret the result of Glejser Test. Shown that the result of the test telling that this model free from heteroscedasticity issues. Significance level of ERM is 0,877, Sales Growth is 0,766, and earning quality is 0,570. All significance level passing the minimum of 0,05 so could be concluded that this model free from heteroscedasticity, or simply a homoscedasticity model.

R Test (Correlation Coefficient Test). This test used to measure correlation strength and direction of the correlation from independent variables to dependent variable. Basis of the measurement is if

the correlation coefficient value is in range of 0,000-0,0199, could be concluded that the strength of correlation is very weak. 0,200-0,399 means weak correlation, 0,400-0,599 means correlation quite strong, 0,600-0,799 means correlation strong, and 0,800-1,000 means correlation very strong.

Table 6. Correlation Coefficient Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,344[a]	0,118	0,100	1,10121	2,025

a. Predictors: (Constant), ERM, SALES GROWTH, EARNING QUALITY

b. Dependent Variable: PBVI

Source: Analyzed Data

Based on Table 6, shown that coefficient correlation of this model is 0,344. Means that correlation between independent variables and dependent variable is weak because this value inside the range of weak correlation, 0,200-0,399.

Adjusted R-Square Test (Coefficient Determination Test). Coefficient Determination used to measure how far the ability of independent variables interpret the effect of dependent variable. Coefficient Determination Test Result shown on table below:

Table 7. Coefficient Determination Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,344[a]	0,118	0,100	1,10121	2,025

a. Predictors: (Constant), ERM, SALES GROWTH, EARNING QUALITY

b. Dependent Variable: PBVI

Source: Analyzed Data

Based on result shown on table 7, can be seen that Adjusted R-Square value of this model is 0,100 or simply 10%. This means, 10% of effect of firm value can be described by ERM, sales growth, and earning quality. The other 90% shown by other predictors.

t Statistics Test (Partial or Individual Parameter Significance Test). This test used to shoe how far the effect of each independent variables affecting the dependent variable. Basis of the test is if the significance level of each variable less than 0,05 means null hypotheses rejected, and alternative hypotheses accepted. This means, the independent variable affecting the dependent variable significantly. While if the significance level bigger than 0,05, means null hypotheses accepted, and alternative hypotheses rejected. So, independent variable could be concluded, doesn't affect the dependent variable.

Table 8. t Statistics Test Result (Partial or Individual Parameter Significance Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,226	0,511		-2,400	0,018
	ERM	3,379	1,018	0,259	3,321	0,001
	SALES GROWTH	-0,196	0,262	-0,059	-0,751	0,454

EARNING QUALITY	-0,066	0,022	-0,229	-2,941	0,004

a. Dependent Variable: PBVI

First Hypotheses: There are significant effect of ERM to Firm Value. Based on the result shown above, significance value of ERM is 0,001. This value is less than 0,05, so can be concluded that alternative hypotheses accepted, and null hypotheses rejected. Simply concluded, that ERM have a significant value to firm value.

Second Hypotheses: There are significant effect of Sales Growth to Firm Value. Significance level of t-test from sales growth to firm value is 0,454. This value much bigger than the limit of 0,05. So, can be concluded that null hypotheses accepted and alternative hypotheses rejected. This conclude that sales growth doesn't have significant effect to firm value.

Third Hypotheses: There are significant effect of Earning Quality to Firm Value. Significance level of t-test from earning quality to firm value is 0,004. This value is lower than the limit of 0,05. This can be concluded that earning quality have a significant effect to firm value.

F Statistics Test (Simultaneous Test or ANOVA). F test is done to know the simultaneous effect of independent variables to dependent variable. Basis of the conclusion is same as the t test, by seen the significance level of test result. If the significance level is bigger than 0,05 means that null hypotheses accepted and alternative hypotheses rejected, so concluded that there are no simultaneous effect between the independent variable to dependent variable. The opposite, if significance level less than 0,05 means that null hypotheses rejected and alternative hypotheses accepted. That also conclude that there are simultaneous significant effect between the independent variable to dependent variable.

Null Hypotheses 4 : There are no simultaneous significant effect of ERM, Sales Growth, and Earnings Quality to Firm Value

Alternative Hypotheses 4 : There are simultaneously significant effect of ERM, Sales Growth, and Earnings Quality to Firm Value.

Table 9. Simultaneous Test (F Statistics Test Result)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23,768	3	7,923	6,533	0.000[b]
	Residual	177,049	146	1,213		
	Total	200,817	149			

a. Dependent Variable: PBVI

b. Predictors: (Constant), ERM, SALES GROWTH, EARNING QUALITY

Source: Analyzed Data

Based on table above, shown that significance level of F-Test is 0,000. This significance level is less than the limit which is 0,05. This result concluded that null hypotheses is rejected and alternative hypotheses is accepted. Simply can be concluded that ERM, Sales Growth, and Earning Quality simultaneously and significantly affect firm value of manufacturing company that listed in IDX from 2013-2015.

CLOSING

Conclusion. What could be concluded in this research are : 1) ERM having significant affect to the firm value, which shown by 0,001 significance level that lower than 0,05 significance level limit. 2) Sales Growth significance level is 0,454 and this level far surpass the 0,05 limit, hence sales growth concluded doesn't significantly affect firm value. And 3) Earning Quality significantly affect the firm value, as can be seen from the significance value of testing which was 0,004 and this score is far below the 0,05 limit.

Limitation of this researce are: 1) this research limit the object of the research to manufacturing companies that listed in IDX as the sample research, which makes this research can't be generalized to tell the condition of whole company in Indonesia. Limitation also on the period of 2013-2015 data which can't really tell the whole thing. 2) this research only using three independent predictors, which are ERM, Sales Growth, and Earnings Quality which proxified by ERC to predict the effects to firm value. Of course, there are many other independent variables that could predicted to affect firm value but didn't used to predict in this research. 3) this research only uses annual report to find out the ERM disclosure of companies. 4) this research only using market share price in the end of period to measure the PBV, which can't really tell the real PBV as market price changes by time of day.

Based on these limitation, suggestion for the next research are: 1) Next research could broaden the sample from only manufacturing companies to all listed companies in IDX, and also next research could take up more periods to generalize the result, 2) for better research, the next research could use mora variables to be tested, such as CSR, profitability, firm size, liquiditiy, earning persistence, earnings management, managerial ownership, audit committee, and etc., 3) another suggestion, is broaden the data from by using only the annual report to get the data of ERM disclosure, which could be founded from the website, and electronic or printed media. 4) Earning Quality measurement can be using other method like discretionary accruals, and 5) using other measurement for firm value measurement such as Tobin's Q.

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