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Thank you for your submission to the journal. We have reached a decision regarding your submission.
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1

Result of Review

Title: Moderation Effect of Exchange Rate to Signaling Theory Validity in Indonesia Stock Exchange

Author(s): Jhonnardi Sutan, Nuryasman

Decision of Paper Selection

( ) a. Accept submission, no revisions required

( ) b. Accept submission, minor revisions required; please revise the paper according to comments

(*) c. Accept submission, major revisions required; please revise the paper according to comments

( ) d. Decline submission; you may revise and resubmit for review

( ) e. Decline submission

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What should you do?

- Revise the paper according to the comments (if applicable)

- All authors must agree on the publication, please sign and scan the agreement letter (see Appendix I) and send it to bms@redfame.com

- Pay a publication fee of 300.00USD for the paper.
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- Vol. 3, No. 1, March 2017, if you meet above requirements within 7 days.

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- You may also ask to publish the paper later, if you need more time for revision or payment.

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Comments from Editor

Evaluation	Grade
	Please give a grade of 5, 4, 3, 2, 1(high to low)
Overall evaluation on the paper	**4**
Contribution to existing knowledge	3
Organization and Readability	3
Soundness of methodology	4
Evidence supports conclusion	4
Adequacy of literature review	4
Comments and Suggestions	

> ➢ Each reference cited in the text must appear in the reference list, and each entry in the reference list must be cited in the text.

> ➢ Perhaps a native speaker could be found to improve the readability of your paper. Please find Redfame Proofreading Service at: http://home.redfame.com/language-service/

Comments from Reviewer A

Evaluation (Please assign the score for each item below)	
5=Excellent 4=Good 3=Average 2=Below Average 1=Poor n/a=Not Applicable	
Items	**Grade**
Overall evaluation on the paper	
1. Contribution to existing knowledge	4
2. Novel ideas/concepts/techniques	4
3. Complete and accurate figures and tables	3
4. Appropriate formatting and structure	5
5. Readability	5
6. Correct analysis	3
7. Soundness of methodology	5
8. Evidence supports conclusion	4
9. Adequacy of literature review	3
10. Clear, concise and interesting writing	5
❖ **Summary**	
The theme is very interesting and utile for business. The hypothesis are interesting.	
❖ **Strengths**	
Accurate analyze.	
❖ **Weaknesses**	
Having a very high value for VOF standard deviation, I would recommend using White test of heteroscedasticity.	
❖ **Suggestions to Author/s**	
The regression model could ask more variable to be more representative.	

Comments from Reviewer B

Items	Grade
Evaluation (Please assign the score for each item below)	
5=Excellent 4=Good 3=Average 2=Below Average 1=Poor n/a=Not Applicable	
Items	**Grade**
Overall evaluation on the paper	4
1. Contribution to existing knowledge	3
2. Novel ideas/concepts/techniques	4
3. Complete and accurate figures and tables	3
4. Appropriate formatting and structure	5
5. Readability	4
6. Correct analysis	3
7. Soundness of methodology	3
8. Evidence supports conclusion	3
9. Adequacy of literature review	4
10. Clear, concise and interesting writing	4

❖ **Summary**

The study was designed as a descriptive study and verification by using secondary data. Research carried out on non-financial industry issuers listed on the Indonesia Stock Exchange (BEI) for the observation period from 2009 to 2013 year. They concluded that the exchange rate variable proved to be a quasi moderating influence of pre-existing relationship between the variables of capital structure, the company's growth and profitability of the enterprise value. It is a good topic.

❖ **Strengths**

It is a good idea to discuss this topic, and it has important practical significance.

❖ **Weaknesses**

1. The introduction and literature review might be refined to highlight the literatures which inspire you and offer the major methods and emphasize the unique finding and your contribution.
2. Is it robust about your results? Give some explanations.
3. The correlation does not imply causality, strictly speaking. At this point the correlations seem clear, identification of causality is not.

❖ **Suggestions to Author/s**

Do some robustness test.

Comments from Reviewer C

Items	Grade
Evaluation (Please assign the score for each item below)	
5=Excellent 4=Good 3=Average 2=Below Average 1=Poor n/a=Not Applicable	
Items	**Grade**
Overall evaluation on the paper	
1. Contribution to existing knowledge	4
2. Novel ideas/concepts/techniques	3
3. Complete and accurate figures and tables	3
4. Appropriate formatting and structure	4
5. Readability	4
6. Correct analysis	4
7. Soundness of methodology	4
8. Evidence supports conclusion	4
9. Adequacy of literature review	4
10. Clear, concise and interesting writing	4

❖ **Summary**

The main objective of the paper is to determine the effect of the exchange rate is a moderating variable on the value of listed non-financial sector companies at Indonesia Stock Exchange (asset growth, capital structure and profitability). In the introduction the author defines the value of the company from the perspectives of different stakeholders (shareholders, government, lenders, management, employees) and how the value is affected by various macro-economic indicators and internal variables in accordance with the postulations of the signaling theory. Then brief overview of then developments of the main economic indicators in Indonesia and at the Indonesian stock exchange for 2009-2013 is presented. The value of the firm has been analyzed in depth from the perspectives of asymmetric information theory, financial management theory, signaling theory. The paper defines and analyzes the independent variables in the model (company growth, capital structure and profitability – at microeconomic level) and the reasons for including a moderating independent variable (the exchange rate) at macroeconomic level. After introducing the research methodology and testing the formulated hypotheses, the author comes to the conclusions that 1) the model is adequate; 2) the determination coefficient shows that the three independent internal (micro-level) variables explain 96.86 % of the variation in the value of the company; 3) the variable capital structure influences firm value positively and the inclusion of the moderating variable exchange rate weakens this relationship and turns in negative 4) the variable company growth influences firm value positively and the inclusion of the moderating variable exchange rate makes this relationship even stringer; 5) the variable profitability influences firm value positively and the inclusion of the moderating variable exchange rate weakens the relationship and turns it negative.

❖ **Strengths**

1) The paper provides sufficient background information and literature review regarding its topic.

2) The issues, problems, and trends discussed described in the report are given appropriate emphasis.

3) The references used are sufficient, appropriate, and up-to-date.

❖ **Weaknesses**

1) See attached report with reflected track changes in it.

2) See suggestions to author/s below.

3) The author to describe how exactly the exchange rate as a moderating variable interacts with the other internal (micro-level) independent variables (i.e. the mechanism of the interaction) – see suggestions to author below.

4) In Figure 1 and Figure 2 the author to include the missing values on the y-axis.

❖   **Suggestions to Author/s**

Based on the above summary, the following suggestions to the author can be outlined:

1)   The analysis can be divided into microeconomic and macroeconomic level analysis.

2) **At microeconomic level** my proposals are the author to go into deeper analysis and breakdown of the analyzed companies and to comment on how exactly the exchange rate exercises moderating impact along the following dimensions:

- currency exposures of companies listed on Indonesian stock exchange by industrial sector (see Bodnar & Gentry, 1993; Griffin & Stulz, 2001; Dominguez & Tesar, 2006);

- relationship between currency exposure and firm size (i.e. market capitalization) (according to empirical studies, Flota, 2014; He and Ng, 1998;   mid-sized and large firms show less exchange rate exposure than small firms). Larger firms have more international activities and more foreign exchange exposure, but are also more likely to hedge their forex exposures than small firms (Allayannis & Ofek, 2001);

- relationship between currency exposure and international sales for firms producing traded goods – at the firm level the exchange rate movement will affect firm value depending on the complex interaction between the geographic distribution of firm activities; currency structure of its imports and exports and the currency composition of its corporate debt. Yet at firm level the ultimate impact of the exchange rate is difficult to identify (Jorron, 1990, Amihud, 1994; Choi and Prasad, 1995). Firms with international sales might benefit from depreciation in domestic currency since their revenues increase due to lower international price of their goods and increased firm competitiveness;

- relationship between exchange rate and the economic value of domestic firms (import-competing firms, producing non-traded goods) – depreciation in the local currency can have ambiguous effect on these firms since decline in the currency value might also be accompanied by economic contraction;

   -relationship between exchange rate and the foreign currency debt   of firms.

2)   **At macroeconomic level** the author to analyze the traditional channels of influence of exchange rates as follows:

- decline in country's exchange rate tends to improve the nation's competitiveness making its products cheaper abroad. The local stock market should react favorably to a depreciation of the local currency;

- analyze the relevance of exchange rate channel in open economy macroeconomics by analyzing the   degree of openness of the Indonesian economy. Traditionally the more the economic openness of a country, the greater the currency exposure of firms.

3)   In the "Literature Review" section the author may comment and analyze the idea about the

value of the firm through the lenses of the pecking order theory as well (Quan, 2002, Mazer, 2004, Myers, 1984). In a perfect capital market the capital structure does not affect firm value – it depends on the ability of the assets to create value and is irrelevant if the assets originate in internal or external capital. Priority is given to own internal funds; use of loans and last priority is given to issuance of shares. The author may cite the results of other research in Indonesia (Jonnardi, 2016), which has confirmed that the exchange rate is a pure moderating variable on the relationship between profitability and capital structure (under conditions of weakened Indonesian currency against the USD, the desire of companies to use debt diminishes).

4) After section "Results and Discussion" my suggestion is the author to include a section entitled "Future Research Directions" – in this section the author may approbate another model for future research (CAPM variation) between stock prices of firms – return on the market portfolio – firm's β – relevant exchange rate. Then the author may estimate the determinants of currency exposure (as international sales proxied by the ratio of foreign sales to total sales, foreign currency liabilities, firms sized proxied by market value of equity). Theory suggests that depreciation in the currency leads to significant equity return decreases in most industrial sectors (see Flota, 2014). Large firms with significant international sales on average gain from currency depreciations due to hedging practices (Nance et al., 1993; Allayannis & Ofek, 2001) and specifically foreign debt is also used as a successful hedging mechanism.

Another strand of future research for the author is to examine the short and long-run relationship between stock prices and exchange rates in Indonesia and establish the direction of causality. Granger, Huang and Yang (2000) support the case of bivatiate causality: currency depreciation led to lower stock prices and declining stock prices led to depreciating currencies during the Asian crisis of 1997.

At microeconomic level stock prices react ambiguously to changes in the exchange rate. Depreciation could either raise or lower the value of a company depending on whether it mainly imports or exports. Importing companies will suffer from depreciating exchange rate because of higher costs and will have lower earnings, thus lower share prices. The author may examine the short-term effects of currency depreciation on sales and net income and the expected long-term impacts on market capitalization and asset values of Indonesian listed companies (breakdown of firms per firm characteristics: 1) producing traded and non-traded goods; 2) share of foreign sales; 3) debt ratio; 4) firm size; 5) level of profitability).

5) In the "Conclusions" section the author may add some policy recommendations to listed companies to develop robust foreign exchange management framework of internal and external hedging practices to avoid fluctuations associated with currency movements.

Appendix I

Publication Agreement

__/__/201 _

Title:_____

_____

Submission Date:_____

All the author(s) agree the above paper for publication in the *Business and Management Studies* (published by Redfame Publishing). The above-mentioned paper is the author(s)' original work and has not been published before, and is not currently under consideration for publication elsewhere.

Thanks.

Signature(s) of all author(s) in order:

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Moderation Effect of Exchange Rate to Signaling Theory Validity in Indonesia Stock Exchange

ABSTRACT

Asymmetric information occurs between management and stakeholders and it is especially important for investors to pushed the company to provide a credible signal, which will differentiate itthe company concerned with otherfrom other companies that are not performing well. In aThe previous study that examined the relationship between the variables of capital structure, the company's growth and profitability of the enterprise value, it has been concluded that these three variables haves a positive relationship and are credible signals related to the value of yourany company's future. The conclusions of many of similarthese studies supports and areis consistent with the signaling theory. It is hypothesised that Mmacroeconomic conditions in which the company operates is hypothesised willwould moderate the relationship that already exists, so that the capital structure, asset growth and profitability are no longer considered by investors as a credible signal on the value of theyour company's future.

The purpose of this study was to determine the effect of the exchange rate as a moderating variable on the validity of signaling theory in the Indonesia Stock Exchange.

The researchstudy was designed as a descriptive study and verification by using secondary data. The Rresearch was carried out on non-financial industry issuers listed on the Indonesia Stock Exchange (BEI) coveringfor the observation period from 2009 to 2013 year. TheElection of members of the sample have been selected using stratified random sampling. Data were analyzed using panel data regression.

Based on the analysis of regerssioni panel data, we concluded that the exchange rate variable proved to havebe a quasi moderating influence on theof pre-existing relationship between the variables of capital structure, the company's growth and profitability of the enterprise value. The moderating effects of exchange rate variable causes inthe particular the variables capital structure and profitability tois be no longer a credible signal to the value of theyour company's future.

Keywords: *Profitability, Company's Growth, Capital Structure, Value of the firm and Moderating Variables, Credible signal.*

Introduction

The main objective of the company is to maximize wealth or shareholders'value of the company. Maximizing shareholders'the value of the company is very important for a company, because to maximize value also means maximizing shareholder wealth.

Theoretically the value of the company is an investor perception of the company's performance, which is often associated with the stock price,. where the price is the value agreed upon by the buyer and the seller when the transaction occurrsed. This happens because the stock price is perceived by investors as the fair value of the net assets of the company on the transaction date. High stock prices make the company's value is also high. AccordingIn to the perception of the market the value of the company is willing to pay the price of a portrait by is the price potential buyers are willing to pay when the company is sold.

[1,2)]. **Economic Faculty, Tarumanagara University, Indonesia**

Lenders as one of the stakeholders perceive the company's enterprise value asof the company's ability to pay all of its obligations on loans that have been granted in the form of interest and principal at maturity. As for the government direflesikanthe enterprise value isof

the company's ability to generate revenue, income and the ability to pay the its entire tax obligations to the state treasury. The management and employees reflect the enterprise value asof the company's ability to pay the bonuses, incentives and salaries.

Associated with the value of the company at least there are some interested parties, namely, the government as a regulator whichand has a stake-holder's interests in terms of tax revenues, in particular value added tax and income tax. The management and the employees of the company as a stakeholders's are also concerned with bonuses, incentives and salaries they receive.

For iInvestors who dipermasalahkannya are interested in the variables that determine instead of stock price fluctuationsrising or falling prices, but rather determine what variables, that can reflect if the stock price is going up or going down in the future. Changes in stock prices in the short term are due to the allegedly more external variables, in particular macro-economic indicators, such as the SBI(what does this acronym stand for?) interest rate, exchange rate fluctuations, oil prices and the trade balance deficit. Internal variables such as profitability, capital structure and growth of the company are reflected in the annual financial statements or quarterly company reports issued in Indonesian Stock Exchange, which presumablyallegedly diddo not affect the price changes daily on the exchange, but is influenced by changes in the price of a couple of days before or after the issuance of the financial statements to the public, both interim reports and annual reports.

In the process of determining the fair market value of a company, potential investors will identify variables throughthat technical and fundamental analysis of the financial statements of public companies, which allegedly can give a credible signal about the value of the company.

One of the hypothesized internal variables that affect the value of the company is the potential of the ability of the company to generate 's profits / its profitability. Profitability is hypothesised to havebe a positive influence on the value of the company. For-profit companiesy that will sendrespond in a positive sign, prompting investors to buy more shares of the company resulting in a rise in the market price of the company's stock.

AnotherOther internal variables hypothesized to have a positive effect on firm value areis the variable company growth of the company and the company's capital structure. Both internal variables have also been hypothesized to affect posisif will affectpositively the value of the company. The increase in these two variables will give a positive signal that will boost the company's value.

Several previous studies that try to explain the influence of fundamental variables on the value of the company, came to the conclusion that these three variables have a positive effect on firm value (Sudarmadji and Sularto, 2007). Thus, it can be interpreted that these three variables give a credible signal about the value of the company. Research studies conducted at the stock exchange are different, they include different populations, which is not the same observation periods, the basic use of different theories and different macro-economic conditions, thus they can only provide the results to a different conclusion. Theseis conditions implyies that the use of the results of previous studies as the basis for the formation of the hypothesesis in a study may be invalid, especially if these differences in particular, are caused by differences in macroeconomic conditions.
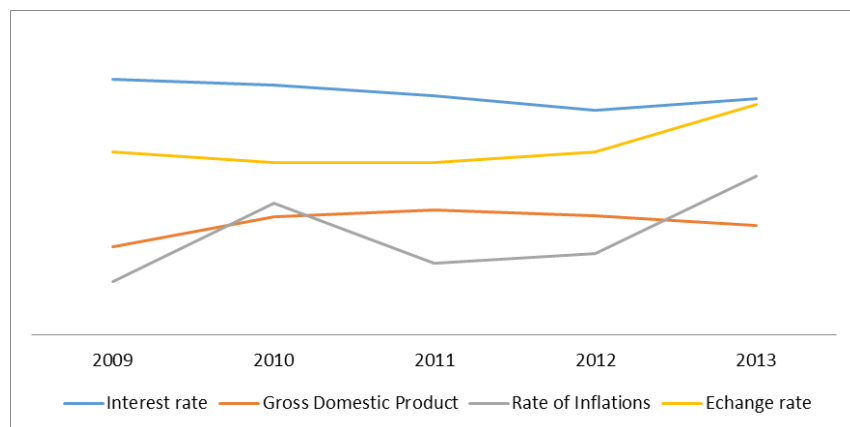
The Rrelationship of macroeconomic indicators with JCI (explain the abbreviation first), theoretically could correlated positively or negatively. Stable macroeconomic conditions would tend to push JCI and vice versa. Research conducted by bPurnamawati and Werastuti (2013), deals with the influence of macro-economic indicators onare LQ45 stock price, and to concludes from some macroeconomic indicators studied concludedthat the variable rate of inflation andcan significantly influence on stock prices in the short term LQ45. Macroeconomic variables such as economic growth, the value of the US dollar (US)

against the Indonesian Rupiah and the interest rate of Bank Indonesia, shows insignificant effect as variable.

Formation theory assumes macroeconomic conditions ceteris paribus, have implications when there is a relatively large change in one of the macro-economic indicators, then those changes could affect the validity of the theory in explaining the empirical phenomena in the field.

Assuming macroeconomic indicators as independent variables or moderating variables in a model study, should be based on how the variables are hypothesized to affect the dependent variable. When a variable is hypothesized to affect directly or because changes on the dependent variable, then the variable is called independent variable. Conversely, if a variable is hypothesised to influence only in the direction to strengthen or weaken the initial relationship that has existed between the independent and the dependent variable, by interacting with the independent variable, it is called a moderating variable.

Indonesian trend of macro-economic indicators for the year 2009 until 2013 exhibits the following development:

Figure 1
Description Trends of Macro Economic Indicators

Figure 1 shows that over the period 2009 to 2013 the interest rate of national private banks decreased, from 15.51% in 2009 to 11.88% in 2012, and increased again to 12.51% in 2013. GDP growth of 4.8% in 2009 pushed up to 6.61% in 2011. However, for the past two years, the Gross Domestic Product has decreased to 6.26% in 2012 and in 2013 it fell again to 5.79%. Changes to the IDR against the US dollar during the observation period is also a portrait of fluctuation, which in 2010 IDR strengthened compared to the previous period, and in 2011 through 2013 IDR depreciated where the IDR dropped from IDR9.100/US in 2011 to IDR9.670/US in 2012 and eventually reached IDR12.189/US in 2013.

The trend of IDR depreciation against the US dollar from 2011 until 2013 may explain why during the same period the growth of the company's assets and profitability of listed companies in the non-financial sector declined. Depreciation increases the cost of production, and at the same time

reducesing export sales effort. For companies that received loans in foreign currency it entailswill increased the losses due toin the form of the difference in the exchange rate.

Figure 2 below presents Reality of what happened the situation in the Indonesian Stock Exchange for the period 2009-2013, by using stock market prices as a proxy value of listedthe companyies, based on the results of preliminary research conducted seen theon the relationship ofamong profitability, growth and capital structure and to the company's value, as follows, a portrait of the following trends:
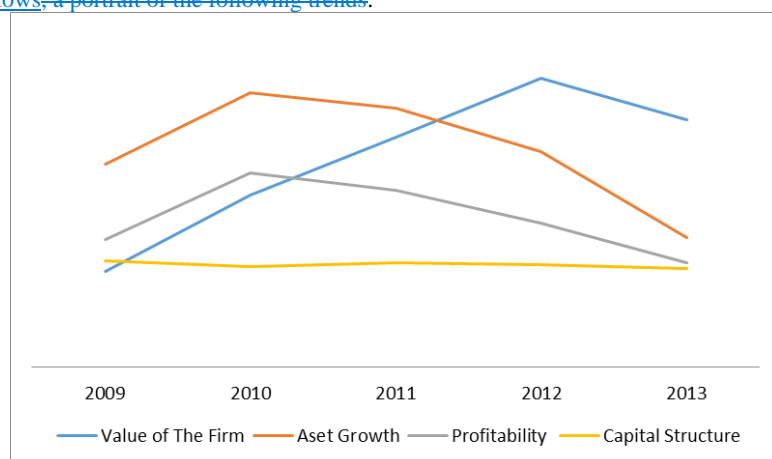

Figure .2
Descriptions Trend Profitability, Asset Growth, Capital Structure & Value of the Firm Year 2009 – 2013

From Figure 2 above it can be seenshowsthat the variable value of the company by proxiedy by stock market prices from 2010 to 2012 grew at a fairly high growth rate on average byof 48.25% and in 2013 thisa relatively large value of listedthe companiesy fell by -14% from itsthe previous year. The Vvariables company's growth and profitability in the same period of 2010 to 2012 haves decreased and in 2013 thise decline continued and it was relatively larger. The Vvariable capital structure was of the year 2009, decreasin after 2009ed by 5.8% after a yearuntil the year 2013, when it has increased with abut relatively small rate ofat 3.:43%. %.The Iimproved capital structure is relatively small from 2010 to 2013 allegedly due to the increase in current liabilities for working capital purposes. The conditions from the perspectives of signaling theory are considered to be anomalies, especially in thefor variables company growth and profitability for the period 2010 to 2012, where the two variables haves decreased but the variable company value of the company have increased. The same thing happened to the variable capital structure where in the same period it increased a relatively small, but the variable company value of companies, has showedremained relatively large increase.

The influence of the variablephenomenon of the company valuevalue of the company to be is interesting to befor further studiedy in order to obtain answers to a phenomenon that occurs. The presentThis study is expected to answer the question whether the exchange rate variable to behaves as a moderating variable in validating the signaling theory.

Literature Riview and Hypotheses
The Value of the Firm (VOF)

The theoretical value of companies is investor perception of the value of the company, which is often associated with stock prices (Bringham and Gapenski, 1996). Increasing the value of the company is the purpose of a company since~~due to the~~ the high value of the company will bring~~which will be followed by a~~ high prosperity to shareholders (Salvatore, 2005). The higher the stock price the higher the value of the company. High corporate value is~~to be the~~ desired~~d of~~by the owners of the company, because ~~with a~~ high value indicates prosperity to shareholders ~~also high.~~as well. The~~Shareholder and the company is represented by the~~ market price of the shares~~,~~ is a reflection of the results of investment decisions, financing, and management of business operations~~. have been~~ conducted by the management in the current year. The market price of the stock is formed between buyers and sellers when transactions occur and is perceived as a reflection of the true value of the company's assets.

In the process of determining the value of a company, potential investors will identify the fundamental financial variables of ~~financial~~ companies, which allegedly can reflect the value of the company. These variables for investors are~~is~~ seen as a meaningful signal which is positively ~~posisitif~~ or negatively related to the value of the company.

Akerlof (1970) was the first to explain the uneven distribution of information~~that is not evenly distributed~~ among ~~the~~ parties when~~will~~ exchang**ing**~~e~~ an item. Unbalanced information situation is a condition where one or more persons have superior relevant ~~–~~information ~~relevant~~ than others, when~~will~~ perform**ing** an exchange. Judging from the aspects of financial management, information that is not balanced is a condition that indicates the existence of groups with information and others that do not have the information. Asimmetry information can lead to a loss but could also lead to a benefit for the parties involved in a transaction. The P~~p~~resence of information asimmetry have encouraged the emergence of signaling theory.

The concept of signaling theory was originally studied in the context of work and product markets by Akerlof and Arrow and subsequently developed into a signal equilibrium theory by Spence (1973), according to whom a good company can differentiate itself from a bad company by sending a signal that is credible about the quality of the capital markets.~~,~~ A signal will be credible only if the enterprise category of bad ~~(bad~~ firms~~)~~ can not replicate ~~the company~~ both company categories (good and bad firms) by sending the same signal. If the signal is higher costs for companies category worse than the company both categories, the company will probably feel bad category there are no benefits to imitate, and thus signaling trustworthy.(Consider rephrasing – it is not very clear what the author would like to say)

Signaling theory~~, a theory that~~ explains the perception of foreign investors about the company's prospects as a result of corporate action (Ross, 1977). Research results of Mc Connel and Muscarella (1984) found that the increase in capital expenditure ~~peningkatanreturn~~ impact on stocks. Along with McConnell and Muscarella (1984), in a research of Trueman (1986) it was stated that the increase in capital expenditures will be followed by a significant increase in stock price. It is based on the assumption that the management, in order to achieve the company's goal ~~is~~ to maximize ~~the~~ share price, ~~it~~ would undertake an investment that has a positive net present value. The~~So when an~~ increase in capital expenditure is assumed by, investors ~~capture~~ as a positive signal and the opposite is true - ~~and reverse~~ the decline of capital expenditure, will be captured by investors as a negative signal.

Ross (1977) shows how ~~the~~ debt can be used as a signal to separate ~~the~~ good companies from bad ones~~company~~. Under~~In the~~ conditions of ~~occurs~~ asymmetric information between management and investors, the ~~where~~ the manager**s** know~~s~~ the actual distribution of ~~the~~ profits, but investors do not and~~are not,~~ then the company's ability to get funding source will give a positive signal about~~to~~ the company's future. The S~~s~~ignal higher debt show**s**~~ed~~ an optimistic future and high-quality companies will use more debt while low-quality companies have lower debt levels.

Moderating variable is a variable that has ~~the effect of dependence (~~contingent effect~~)~~ ~~on strong on~~ the association of the independent variables with the dependent variable, and thus~~where~~ the presence of moderating variables alter the initial relationship between both~~free~~ independent ~~variable~~ and dependent variable (S~~s~~ekaran~~:~~ 2003). The contingent e~~E~~ffect ~~of dependency which is owned by a~~due to the moderating variable ~~results in these variables~~ will influence~~contribute~~ significantly ~~to~~ the ability of the independent variables to affect the dependent variable.

The decision to use~~put in a model, if~~ an~~variable is the~~ independent variable as a~~, or~~ moderating one depend~~sing~~ on how th~~at~~ese variable~~s~~ affect~~s~~ the dependent variable in~~of~~ the model. A variable will be an~~the~~ independent variable~~s~~ if it~~these variables~~ directly affect~~s~~ or ~~be~~ cause~~s~~ changes ~~or the emergence of~~in the dependent variable. While moderating variables are variables that influence the initial strength~~en~~ or weak~~ness~~en of the relationship that has existed between the independent~~free variable~~ and the dependent variable~~s~~.

In an enterprise value model, the variable firm size, profitability and capital structure are~~is the~~ independent variable~~s~~, because, all these variables directly affect or ~~be the~~ cause ~~of~~ change in~~or~~ the variable value of the company. While the macro-economic indicators ~~variables~~ such as the exchange rate as a concept are hypothesized as moderating variables that affect the ~~veriabel~~variable company value ~~of the company~~ by way of interacting with the independent variables, so that interaction ~~plays~~ strengthen~~s~~ or weaken~~s~~ a previously existing relationship~~/beginning~~ between the independent variables with the dependent variable.

The Company's Growth (AG).

The company's growth is a concept that can be perceived as a measure of sales achieved by the company in a year or as a measure of total assets used in operations. Companies with total assets of relatively large size and used entirely for the company's operation~~s~~, will portray ~~the~~ enormous potential to generate~~of the company concerned in~~ profit~~s~~. The management of ~~the~~ companie~~s~~y with significant amount of total assets have ~~to be~~ greater flexibility in making ~~all the~~ decisions, both in the scope of operating, investing and financing activities. Such~~The Company will~~companies have ~~the~~ high economic flexibility ~~of high economic sanggat~~ in utilizing every opportunity ~~in usaqha~~ to enhance shareholder value. Companies with large value of total assets ~~of large~~ when~~and~~ managed optimally will give a positive signal about ~~for~~ the company. Large amount of T~~t~~otal assets ~~were great~~ would allow companies to maximize the turn-over of their business, undertake~~get an~~ investment~~s~~ with a high rate of return as well as attract ~~gain~~ capital resources at~~along with~~ the most optimal cost.

Research conducted by Dewi and Wirajaya (2013) related to the effect of capital structure, profitability, and growth in~~on~~ the value of the company, concluded that the company's growth variables have positive and significant impact on the value of the company. The conclusion is in line with ~~the~~ signaling theory, where increasing the company's growth will be perceived as a positive signal about the~~coming dimada~~its business prospects, prompting investors to increase their holdings in company shares.

Capital Structure (CS).

Policies regarding the capital structure of a company under conditions of~~with a~~ very steeper competition ha~~ve~~s turned into one of the strategic policies with~~that have~~ long-term implications for future business success. The capital structure of a~~for a~~ company is a portrait of ~~comparison or~~ the balance between its long-term debt and~~with~~ share capital. Companies with an optimal capital structure, would minimize the cost of use of funds (cost of funds or cost of capital) and~~that~~would ultimately increase shareholder value. Policies regarding capital structure basically determine~~s~~ the mix or a~~the~~ comparison between the long-term debt and~~with~~ the most optimal capital stock, so as to maximize shareholder value.

Research conducted by Soliha and Taswan (2002) related to the effect of ~~the~~ debt policy ~~to~~on~~e~~ the value of the company, concluded that ~~the~~ debt policy has a positive and significant relationship to the value of the company. The conclusion is in line with the signaling theory, because the ability of the company to attract~~get~~ funding source~~s~~ will give a positive signal about~~to the~~ company's future. The S~~s~~ignal higher debt show~~s~~ed an optimistic future and high-quality companies will use more debt while low-quality companies have lower debt levels.

Profitability (PR).

Profitability is a picture of a company's ability to earn a profit in a given period. The same sense was conveyed in a ~~by~~ research by Husnan (2014) who concluded that the profitability is the ability of a company to generate profits at the rate of sales, assets, and a specific share capital. The profitability of a company will affect the investment policy carried out within the company. Higher P~~p~~rofitability ~~is higher~~ than expected is a positive signal to investors with regard to the future business prospects of the company, which~~to~~ encourage~~s~~ them to buy shares of the company and vice versa. The~~As for the~~ company's level of profitability achieved ~~pencapaiaan u~~is used as a measure of performance management. Profitability can also portray the effectiveness of enterprise resource management during a given~~the~~ period. Companies with ~~a~~ high profitability are~~is~~ expected to grow their~~the~~ ~~company's~~ assets, which in turn results in~~affects the~~ rising value of the company.

Research conducted by Dewi and Wirajaya (2013) related to effect of capital structure, profitability, and the size of the company on~~in~~ the company value ~~of the company~~, concluded that the profitability variable has a positive and significant impact on the value of the company. The conclusion is in line with the signaling theory, where increasing profitability ~~perusahaanakan~~ is perceived as a positive signal, prompting investors to increase their holdings in company shares.

The IDR Exchange Rate (ER).

Studies~~The study~~ deal~~ings~~ with the influence of macroeconomic indicators on the Jakarta Composite Index (JCI) at the Indonesian Stock Exchange (BEI) ha~~ves~~ve been performed by many researchers, including ~~research conducted by~~ Rohmanda, Suhadak and Topowijono (2014), which examined the effect of exchange rates, inflation rates and the interest rate on the sectoral indices on the stock exchange from~~in~~ 2009 until 2013. T~~t~~heir results showed that only the exchange rate have a significant effect on stock prices of each sectoral indices on the stock exchange~~,~~ I~~i~~nflation does not significantly influence the price of shares of each sectoral indices on the stock exchange while the **BI** (explain abbreviation) rate has only a significant effect on the share price of six sectoral indices on the stock e~~E~~xchange. Another study o~~i~~n the same topic conducted by Kewal (2012), which examined the effect of inflation, interest rates, the rate of economic growth (GDP) on~~and~~ changes in the value of the rupiah against the US Dollar against the JSX Composite Index in the Indonesia Stock Exchange, concluded that only change in the value of the~~the~~ exchange rate has a significant influence on JCI, while the other variables had no significant effect.

Consequently~~Variable m~~acroeconomic indicators allegedly do not affect JCI directly as ~~an~~ independent variable~~s~~, but ~~affects JCI to~~ moderate the relationship that has existed between the variable~~s~~ firm size, capital structure and pro~~if~~itability~~as~~ and the ~~with~~ variable JCI, so that this~~with the~~ moderation ~~that c~~could be expected to strengthen or weaken the initial interaction~~communication has been there is~~ between the independent variables with the dependent variable. Moderating variable is a variable that has a contingent~~the effect o~~of dependence ~~(contingent effect) is strong against variabelindependen relationship with~~

~~variabel~~dependen, where the presence of ~~moderating variables~~ and alter~~s~~ the initial relationship between the independent ~~variable~~ and dependent variable~~s~~ (~~S~~sekaran~~,~~ 2003).

Based on the description of the theory and previous research, this study hypothesized as follows:

H1 : The rupiah exchange rate against the US dollar tends to weaken the relationship between the value of the company's capital structure.

H2 : The rupiah exchange rate against the US dollar tends to strengthen~~ing the~~ relation~~ships~~ between firm size and firm value.

H3 : The rupiah exchange rate against the US dollar tends to weaken the relationship between profitability and corporate value.

Research Method

The study was designed as a descriptive research and verification through a qualitative and quantitative approach using secondary data. The research objective was to determine the moderating effect of the rupiah against the US dollar in validating the signaling theory~~, is lacking then analyzed statistically to be concluded~~.

The population in this study is the aforementioned non-financial industry listed in Indonesia Stock Exchange (BEI) from 2009 to 2013. The total population in the Indonesia Stock Exchange listed ~~companies~~ as many as 492 companies, which are grouped into 9 industry groups ~~Industry~~. The number of companies that belong to the financial industry are as many as 81 ~~companies~~, so that the population for this study conducted on eight industry contained ~~with~~ a total of as many as 411 companies.

The ~~Election of~~ members of the sample are selected based on probability sampling by using stratified random sampling method, from a total population of 411 companies with a significance level of 5%, and the sample size consists of approximately 191 companies. Of these 191 companies ~~that~~ only 100 companies ~~that~~ have complete information for the purposes of this study.

This study uses secondary data and is based on ~~reports the~~ data obtained from~~through~~ the ~~company's~~ annual financial statements of listed companies in the industry at~~to~~ the Indonesia Stock Exchange (IDX) ranging from 2009 to 2013.

Operational Definition and Measurement

Operationalization of the variables of this study are shown in the following table:

Table 1.
Operationalization of Research Variables

Variables	Definitions of Variables	Indicators	Scale
Value Of The Firm (VOF)	The selling price of the company's shares at the end of the year	Price of Stock (specify the ratio) EPS	Ratio
Asset Growth (AG)	The change in total assets of the company in the current period	(Total Asset$_{t+1}$-Total Asset$_t$) : Total Asset$_t$	Ratio
Capital Structure (CS)	Ratio of total liabilities to total assets of the company	Total Liability : Total Asset	Ratio
Profitability (PR)	The company's ability to obtain a net profit at the level of the total assets used in the	Net Income : Total Asset	Ratio

	current year.		
Exchange Rate (ER)	The number of domestic money needed to buy one unit of a particular foreign currency	Total IDR Rupiah per 1 US Dollar	Ratio

Research Model

In this study the hypothesized variables which is used as moderating variable that is the exchange rate. The moderating variables will interact with the variables growth, capital structure and profitability. Based on this hypothesis, the research model that will be tested in this study are:

$$VOF_{it} = \alpha_{it} + \beta_1 CS_{it} + \beta_2 AG_{it} + \beta_3 PR_{it} + \beta_4 ER_{it} + \beta_5(CS*ER)_{it} + \beta_6(AG*ER)_{it} + \beta_7(PR*ER)_{it} + \varepsilon_{it}$$

Information:

β_0 = *Intercept*
β_{1-7} = *Slope Coefficient*
VOF = Value of The Firm
CS = Capital Structure
AG = Asset Growth
PR = Profitability
ER = Exchange Rates Rupiah to US Dollar.
CS*ER = Interaction variable between Capital Structure with Exchange Rate
AG*ER = Interaction variable between Asset Growth with Exchange Rate
PR*ER = Interaction variable between Profitability with Exchange Rate
i = Cross Section (1,2,3...,n)
t = Time Series (2009 – 2013)
ε = *Error*

Results and Discussion

Descriptive statisticsal description of the variables built into the econometric model with the research sampleunit consisting of 100 listed non-financial industries for the observation period from 2009 through 2013 is illustrated in the following table:

Table 2.
Descriptive Statistics of Research Variables

	Value Of The Firm (VOF)	Capital Structure (CS)	Asset Growth (AG)	Profitability (PR)
Mean	232.0115	0.487369	0.097992	0.055688
Median	160.0000	0.517873	0.092804	0.049331
Maximum	990.0000	0.942681	0.898728	0.507910
Minimum	1.000000	0.003868	-0.660293	-0.633011
Std. Dev.	246.6978	0.188922	0.170000	0.084969
Skewness	1.105123	-0.392982	0.193120	-0.636910
Kurtosis	3.463644	2.665140	5.409905	13.69411
Jarque-Bera	106.0406	15.17523	123.8523	2411.553
Probability	0.000000	0.000507	0.000000	0.000000
Sum	115773.7	243.1969	48.89808	27.78811
Sum Sq. Dev.	30308172	17.77435	14.39227	3.595448
Observations	499	499	499	499

Cross sections	100	100	100	100

The Vvariable value of the company proxied by earnings per share (EPS), has an average value of 232.0115 with a standard deviation of 246.6978. The highest company value ofwas 990 and the lowest stood atwas 1.000.

The Vvariable capital structure proxied by debt to asset ratio (DAR), has an average value of 0.487% with a standard deviation of 0.18%. Capital structure highest value and theand lowest values are 0.9426% and 0.003%, respectively.

The Vvariable company growth companies proxied by the percentage growth in assets, has an average value of 0.097 with a standard deviation of 0.17. The highest value of the company's growth is 0.89 and the lowest was -0.66.

The Vvariable profitability has an average value of 0.055 with a standard deviation of 0.084. The highest profitability value isof 0.55 and thea lowest value is of -0.63.

The rResults of model testing company value by moderating variables obtained as shown in panel 2 of the below table below (Table 3) shows that the model is feasible used with the F-test was significant at the 1% level. The value of adjusted R^2 or determination coefficient of 96.86% shows thatsaid that of the three independent variables can explain the variations in the value of the company amounted toby 96.86% and other variables of 3.14%. The coefficient of determination can be explained that the contribution of the company's fundamentals have a relatively large effect in influencing the variation of the value of the company, while the rest influenced by other variables that are not specifically formulated for external variables in the research model.

The constants of the model enterprise value havehas a value of 511 284, the maximum value of the value of the company amounted to 990.00. This means that 51.6% of the predicted value of the company is based on that model because of tthe variables in the short-term effect on the company's value is constant. It also means that the influence of the independent variables and the error of the predicted value of the company amounted to only 48.4%. A constant value is whenthen compared to a constant value of the results of testing models of the company's value without the moderating variable at 207.0780 (20.95%), and it showed that the variable moderating macroeconomic indicators proved to weaken the existing relationships between the variables of capital structure, the company's growth and profitability with a variable value of the company.

Partially the variable capital structure without moderating variables showed a significant and positive direction, with the moderating variables showed a negative and significant relationship at an alpha level of 20%, and moderating variables significant at alpha 10%. This shows that the partial moderating variables proved to moderate the relationship that has existed between the value of the company's capital structure to become weaker or even negative. In the perspective of signaling theory, of capital structure that previously provided a credible signal to the value of the company now can be assumed not to be not credible.

The Vvariable company growth, company without moderating variables, showed significant and positive direction. With the moderating variables showed positive and significant at the alpha level of 5%, and also moderating variable significant at alpha 5%. This shows that the moderating variables proved to moderate the relationship that has existed between the company's growth with the value of the company and it becomes stronger, It it can be seen that company growthfrom koeefisiennya where nowithout moderating variable stood at 9.29, while with moderating variables increased to 1164.19. In the perspective of signaling theory, previous research that capital growth provides a credible signal to the value of the company has been proved to be more credible.

Without the moderating variable, the variable profitability showed a significant and positive value. While the presence of moderating variable inluences of the relationship is negatively and significantly, and the moderating variable is also significant. This shows that the partial moderating variable proved to moderate the relationship that has existed between profitability and value of the company now becomes weaker or even negative. In the perspective of profitability before signaling theory give a credible signal to the value of the company now has been proven not to be not credible.

The estimation results complete research model is shown in the following table

Table 3.
The Result of Value of the Firm Model

Variables	Panel 1 Whitout The Moderating Variable		Panel 2 Whit The Moderating Variable	
	Coefficient	Probability	Coefficient	Probability
Constant	207.0780	0.0000	511.2844	0.0000
Capital Structure (CS)	52.76056	0.0001	-340.0637	0.1697
Asset Growth (AG)	9.292490	0.0465	1164.195	0.0011
Profitability (PR)	96.89283	0.0000	-1976.571	0.0028
Exchange Rate (ER)			-0.033849	0.0399
CS x ER			0.044871	0.0910
AG x ER			-0.123290	0.0011
PR x ER			0.219688	0.0022
F –statistic	837.3229		172.7336	
Probability (F-statistic)	0.000000		0.000000	
Adjusted R-squared	0.995344		0.974315	
R-squared	0.996535		0.968633	

Conclusion

Based on the hypothesis, a the variables capital structure, the company's growth and profitability have a positive relationship to the value of the company. The Vvariable exchange rate as one of the macroeconomic indicators that serve as a moderating variable proved to moderate the relationship betweenof these three variables, where the variables capital structure and profitability previously are having a positive relationship with the value of the company, not turns into a negative or weakened the relationship, while the variables of the company's growth is the opposite where a moderating variable strengthens ties whiche have been in existencethere. The findings of this study prove that the presence of macro-economic indicators weaken the validity of signaling theory, where variables capital structure and profitability and was were previously a credible signal increasingto increase the value of companies in the future, now prove to be have a sign opposite influence on the company value.

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