

## **Influence of Size Company and the Company's Financial Performance Against the Value of Banking Listed In The Indonesia Stock Exchange Period 2013-2016**

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**Abstract:** This research aims to know the influence of the size of the company and the financial performance of the company towards the banking companies listed on the Indonesia stock exchange period 2013 – 2016. The company's financial performance measurement for researchers using the return on asset (ROA), whereas for the measurement of the value of the banking company using price to earnings ratio (PER). A sample of this company is a banking company reported financial statements in successive – join in the period of 2013 – 2016. The data were analyzed using SPSS 23.0. The results of this research show that the size of the company doesn't have an effect on the value of the company. This indicates that the company is not his little big influence on the value of the company. While the company's financial performance affects the value of banking companies. This indicates that the company's financial performance is good or bad can reflect the value of the company, the greater the financial performance of the company then the company value anyway.

**Keywords:** financial performance, the value of the company, the size of the

### **1. INTRODUCTION**

Developing countries such as Indonesia and other Asian countries, understanding the most public of the bank is still a bit, still in urban communities. Rural communities still consider the existence of the bank only for some particular people.

The modern era, the role of the banks is enormous in encouraging economic growth of a country. Almost all business sectors, including sectors of industry, trade, agriculture, forestry, housing, and services are in need of a bank as a partner in the conduct of financial transactions.

The Bank has a role in muster community Fund because it is the institution that is trusted by the people

from various circles in placing their funds in safe (Kuat, 2009)

Based on law No. 10 The year 1998 on "Changes in the law No. 7/1992 on banking, financial institution bank consists of a public bank and the bank of the people. Public Bank and the bank of the people may choose to carry out its business activities on the basis of the principle of a conventional bank or bank based on Shariah principles (Budisantoso & Triandaru, 2006).

For the bank based on Shariah principles not known the term interest in providing services to a mass storage device as well as the borrower. The main advantage of the banking business that is based on conventional principles derived from the difference in interest deposits given to the depository with interest a

loan or credit is channeled. Profit from the difference in interest at the bank is known by the term spread is based. If a bank is experiencing a loss of interest, where the difference between the interest rates on deposits larger than the credit interest rates, then the term is known as the negative spread.

The establishment of a company has a clear purpose. The company's first goal is to achieve the maximum profit or profit the most. The purpose of the second company is to memakmurkan the owner of the company or the owners of the shares. The purpose of the third company is maximizing the value of the company which is reflected in its stock price. The third purpose of the company is in fact substantially is not much different. According to Rahayu (2010) States, the value of the company is a value to measure the level of quality of the company and a value that describes how large the interest rate a company in the eyes of its customers. Corporate values reflect the value of assets owned by companies such as securities. The stock is one of the securities issued by the company's low stock price is high, much influenced by the issuers. One of the factors that affect stock prices is the ability of companies to pay dividends.

The size of the company (Firm Size) in this study measured with logarithmic assets companies (Rahmat, 2006:326).

Financial performance is a feat that has been achieved by the work of the company within a certain period and contained in the financial statements of the company in question (Munawir, 2014).

The value of the company is the perception of investors against the company, which is associated with the stock price (Sujoko and Soebiantoro, 2007). A high stock price indicates the high value of the company. This suggests the market believes not only on

the current performance of the company but also the prospect of the company in the future (Hardiyanti, 2012).

Based on this research gap above research try mengemukakan if there is "the effect of the SIZE of the COMPANY and the COMPANY'S PERFORMANCE AGAINST the CORPORATE VALUE in the BANKING COMPANY LISTED on the INDONESIAN STOCK EXCHANGE YEARS 2013-2016 "

## **2. RESEARCH METHODS**

This study uses secondary data included in the quantitative research. This secondary data on research in documentation can be in the form of data that is published by the competent parties (BEI), through banking financial statements data listed on the Indonesia stock exchange (IDX) registered in BEI routine published annually in print or internet data download. The research period is used than in 2013-2016.

## **3. METHODS OF DATA ANALYSIS**

### **3.1 Descriptive Test**

Descriptive statistics are intended to describe the State of the data as-is through the parameters – parameters such as mean, median, mode, frequency distribution and size of other statistics.

### **3.2 classic Assumption Test**

#### **a. Normality Test**

The normal distribution is a distribution of a continuous random variable and is a symmetric distribution. To test normality, then one way to do that is using the Kolmogorov-Smirnov method. Data normality is fulfilled if the value of significance (probability)  $> \alpha$  (0.05) and if the value of significance or

distribution then  $0.05 <$  data distribution is not normal.

b. Test Heteroskedastisitas

Heteroskedastisitas test aimed at testing whether the regression model is a variant of the residual inequality occurred one other observation to observation. Test heteroskedasticity test is performed using Spearman. By using the absolute value of the Spearman test, residual diregresi at each – each independent variable. The heteroskedasticity problem occurs if any of the variables are statistically significant. In this test when the results of the data processing, namely the level of probability of significance  $0.05 >$  independent variable, then it can be said to contain heteroskedasticity. (Ghozali,2005:105 – 109)

c. Test Autocorrelation

Autocorrelation can be interpreted as a correlation that occurred between members – members of a series of observations that lie berderetan in series in the form of time (if the data time series) or the correlation between the places adjacent, if data cross-sectional. Autocorrelation arises due to successive observation all the time related to each other

d. Test for Multicollinearity

Multicollinearity is a situation that indicates the existence of a correlation or strong ties between two or more free variables in a model multiple regression.

### 3.3 regression analysis

Multiple linear regression models were made to the model proposed by using SPSS software to measure how big the influence of the size of company disclosure and financial performance of

the company with the value of the company.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + e$$

Description:

Y = Price to Earning Ratio (PER)

X 1 = The Size Of The Company

X 2 = Return On Assets (ROA)

e = error term

$\beta_0$  = Constant

$\beta_1, \beta_2, \beta_4$  = Regression Coefficient

With a return on assets (ROA), return on equity (roe), and the debt to equity ratio (der) have inconsistent results. It makes the researchers want to examine more deeply the variables as to whether to return the shares. based on the background, then the researcher is interested in doing the research, entitled the influence of return on assets, return on equity, debt to equity ratio towards return company stock property and real estate in Indonesia stock exchange period 2012-2016.

## 4. RESEARCH METHODS

The data used in this research is secondary data derived Indonesia stock exchange official site ([www.idx.co.id](http://www.idx.co.id)). the entire property and real estate Companies listed on the Indonesia stock exchange during the years 2012-2016.

## 5. METHODS OF DATA ANALYSIS

### 5.1 Descriptive Test

Descriptive statistics include meaning, a minimum, maximum and standard deviation which aimed to know the distribution of the data into the sample research (Arikunto, 2006).

### 5.2 classic Assumption Test

Classical assumptions the regression model testing is required prior to testing the hypothesis. This test consists of a test

of normality, test multikolinearitas, autocorrelation test, and test heteroskedasticity.

### 5.3 regression analysis

Multiple regression analysis was conducted to test the influence of two or more independent variables the dependent variables against one (Ghozali, 2016).

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

Description:

Y = Return on stock

a = Constant

B1-3 = regression Coefficient

X 1 = Return On Asset (ROA)

X 2 = Return On Equity (ROE)

X 3 = the Debt to Equity Ratio (DER)

e = Error

#### 5.3.1 t-test

T-test aims to find out if there is a significant influence of the independent variable that is the size of the company and its financial performance against variable the dependent is profit management. Steps did as follows:

#### 5.3.2 F Test

The F-test is used to see the influence of the independent variable the dependent variables against simultaneously. The F-test is done by comparing the calculated F with F table. Sugiyono (2012:286) If F calculate > F table at the level of significance of 5% then the hypothesis is accepted and vice versa.

Variabel Bebas	Toleran ce	Standar d	VIF	Stan dard	Keterangan
Ukuran Perusahaan	1,000	< 0,1	1,000	> 10	Tidak Terjadi Multikolinearitas
Return On Assets (ROA)	1,000	< 0,1	1,000	> 10	Tidak Terjadi Multikolinearitas

### 5.3.3 The's of Determination

Sugiyono (2012) in the analysis of the correlation of a number called the coefficient of Determination (R<sup>2</sup>) that the magnitude of the correlation coefficient is quadrant. The coefficient of determination is called the coefficient of variance due to deciding that the dependent variable occurs at can be explained through the variances that occur on the independent variable.

## 6. RESULTS AND DISCUSSION

### 6.1 Test The Classical Assumptions

#### 6.1.1 Test of Normality

Variabel	Standard	Asymp. Sig. (2-tailed)	Keterangan
Ukuran Perusahaan			
Return On Assets (ROA)	0,05	0,200	Normal
Price to Earning Ratio (PER)			

Normality tests are used to determine whether data is Gaussian or not. For testing normality test performed using the Kolmogorov-Smirnov. If the significance is greater than 0.05 distribution data then normal, but on the contrary, if smaller than 0.05 significance then Gaussian data is not normal

#### 6.1.2 Test Multicollinearity

Multicollinearity test is done to find out if there are independent variables the correlation in the regression model. To detect whether or not there are symptoms of multicollinearity can be seen from the values of tolerance and VIF criteria when the value of the tolerance value 0.1 and VIF > < 10.

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### 6.1.3 Test Autocorrelation

<i>Durbin Watson</i> (tabel)	Nilai DW hitung	4-dU	Hasil	
dL	dU			
1,24 37	1,65 05	2,084	2,3495	Tidak terdapat Autokorelasi

To detect autocorrelation or no then use Durbin Watson test (DW), the value will be compared to DW table. The criteria used are as follows:

- If  $DW < dL$  or  $DW > 4-dL$ , mean there is autocorrelation.
- If DW is located between dU and  $dU-4$ , meaning there is no autocorrelation.

If DW is located between the dL and dU or between  $4-dU-4$  dL, and then not produce definite conclusions.

Based on table 4.7 shows the value of  $DU$   $4-DW < < DU$  or  $1.6505 < 2.084 < 2.3495$ , then it can be inferred that didn't happen

## 6.2 The Regression Test

Model	B
1 (Constant)	-1,254
Ukuran perusahaan	1,254
Return On Assets (ROA)	-0,237

Binary regression test was used because the independent variable or predictory more than one. Multiple

regression analysis is used to find out the influence between independent variables (the size of the company and the financial performance of the company in this respect ROA) each from influential or not against the dependent variable (the value of the company in terms of This PER).

Based on the chart above to t-test the variable size of the company has a value t calculate the value and significance of  $1.345$   $0.189$  which means t calculate value tables and  $t < \text{significance}$  greater than  $0.05$ , then it can be concluded the company's size has no effect against the value of the banking company listed on the Indonesia stock exchange period 2013 – 2016.

Based on the chart above to t-test the variable size of the company has a value t calculate the value and significance of  $2.556-0.016$  meaning-t calculate  $>-t$  table and a value smaller than  $0.05$  significance, then it can be summed up the company's financial performance effect on the value of banking companies were listed on the Indonesia stock exchange period 2013 – 2016.

### 6.2.1 F Test

F hitung	F tabel	Sig.	Standard	Keterangan
4,211	4,18	0,027	<0,05	Model layak digunakan

This test is done to find out the influence of the independent variables (the size of the company and the financial performance of the company in this respect ROA) towards the dependent variable (the value of the company, in this case, PER) together – identical or simultaneous. The following test results feasibility models:

The result value of  $F > \text{count table}$  ( $4.211 > 4.18$  and significance

$< 0.05$  ( $0.027 < 0.05$ ) then  $H_0$  is rejected ( $H_a$  accepted). Thus the simultaneous independent variables (the size of the company and the financial performance of the company in this respect ROA) effect on the dependent variable (the value of the company in this case PER). So it can be concluded that the model is worth to use.

### 6.2.2 The's of Determination

Model	<i>Adjusted R Square</i>
1	0,167

Determination of coefficient of test done to find out how big the ability of independent variable in explaining the dependent variable. To find out how big the ability of independent variables can be found based on the adjusted r squared.

Based on the results of the above testing value adjusted r square of 0.167 means that the dependent variable, in this case, the value of the banking company 16.7% can be affected by the independent variable in this case the size of the company and the financial performance of the company. While the dependent variable 83.3% of the value of the banking company is affected by the other independent variables. Previous research conducted by the Nuraina (2012)

shows the value of determination of definiens seen from the adjusted  $R^2$  of 0.070 or 7.0%. This indicates that the size of the influential company of 7%, while 93% are influenced by other variables. The research results of Sri rahayu (2010) adjusted the  $R^2$  value of 10.5%. This indicates that the independent variable (the financial performance of the company) influential 10.5% against the

dependent variable the value of the company, whereas 89.5% are affected by other variables.

## 7. DISCUSSION

### 7.1 Influence the size of the company against the value of corporate banking in this case PER.

Variable size company has a value t calculate the value and significance of 1.345 0.189 which means t calculate value tables and  $t < \text{significance}$  greater than 0.05, then it can be concluded the company's size has no effect against the value of corporate banking listed on the Indonesia stock exchange period 2013 – 2016.

### 5.2 the influence of corporate financial performance against the value of corporate banking in this case PER.

Based on the chart above to t-test the variable size of the company has a value t calculate the value and significance of 2.556-0.016 meaning-t calculate  $> -t$  table and a value smaller than 0.05 significance, then it can be summed up the company's financial performance effect on the value of banking companies were listed on the Indonesia stock exchange period 2013 – 2016.

## 8. CONCLUSION

This research aims to test the influence of the size of the company and the financial performance of the company towards the banking companies listed on the Indonesia stock exchange period 2013 – 2016. This research takes 10 sample companies that comply with the criteria of the study.

Based on the results of hypothesis 1 States the size of the company doesn't have an effect on the value of the

banking company. This can occur because of the size of the company cannot describe the condition of large company so small size companies did not have an impact on the value of the company. Hypothesis 2 stating the company's financial performance affects the value of banking company. the company's financial performance

because it can describe the condition good or bad companies, so if the company's financial performance is good then the company is viewed positively by the public and investors, neither the opposite in the financial performance of the company's bad then bad company's value also is seen by the public and investors.