

VALUE OF THE FIRM IN CAPITAL STRUCTURE PERSPECTIVE (Case study of tourism companies in Indonesia Stock Exchange)

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SUMMARY

This study aims to examine whether profitability, firm size, institutional ownership, growth affect the capital structure and whether profitability, firm size, institutional ownership, growth affect the value of the company through the capital structure. The sample used in this research is the tourism industry sector companies listed in Indonesia Stock Exchange 2007-2014 period, which has complete financial report and published in Indonesian Capital Market Directory (ICMD) as many as 19 companies. The data collected were analyzed using Path Analysis. Path analysis obtained that Return on Equity (ROE), Institutional Ownership (KIS), Growth Assets (GA) and Debt Asset Ratio (DAR) is the direction or positive with Value of the Firm (PRICE) where every increase ROE, KIS and GA followed by a rise in PRICE. On the other hand Firm Size (SIZE) has a negative relation to PRICE where every increase of SIZE is followed by decrease of PRICE.

Keywords: Capital Structure, Value of the Firm, and Path Analysis.

INTRODUCTION

Increased tourism sector tourism and investment destinations make this sector one of the sectors that can increase state revenues, job creation, business development and infrastructure. Based on United Nation World Tourism Organization (UNWTO) data in 2014 despite the global crisis has occurred several times but the number of international tourists travel continues to show a positive growth, the 1950 world tourist movement reached 25 million people, continues to increase to 278 million people in 1980 and 528 million people in 1995 and doubled in 2014 by 1138 million people. Economically activity of Tourism gives multiplayer effect to other business field. When an increase in tourist visits will affect the transport sector, both land, sea and air. On the other hand the tourist visit will increase the occupancy rate of the hotel, the income of the people in the tourist attraction, foreign exchange of the State (from the visits of foreign tourists), merchant souvenir (SME) Restaurant and so on.

The growth of the tourism industry sector in Indonesia is currently quite increasing along with the increase of foreign tourist arrivals and the increasing movement of domestic tourists. The number of foreign tourist arrivals in 2007 - 2013 increased from 5,505 million in 2007 to 8,802 million people in 2013 as well as 222.39 million tourists and 228.39 million tourist travelers in 2013 and in 2013 at 248 million person as can be seen in table 1 below:

Table 1 Increase of foreign tourists and Indonesian tourists in Indonesia (In millions)

Years	Foreign Tourists	Growth	Indonesian Tourists	Growth
2006	4,871	-	204,55	-
2007	5,505	13%	222,39	8,72%
2008	6,234	13%	225,04	1,19%
2009	6,323	1%	229,73	2,08%
2010	7,002	11%	234,38	2,02%
2011	7,649	9%	236,75	1,01%
2012	8,044	5%	245,29	3,61%
2013	8,802	9%	248,00	1,10%

Source: Minister of Tourism of Indonesia (2013)

The development of foreign tourists visit and the movement of Indonesian tourists in Indonesia during the period of course will have an impact on the revenue of the tourism industry sector in the form of increased occupancy of the hotel and the number of passenger flights which of course also affects the investment interest in this sector.

Growth of foreign tourists visit and the movement of Indonesian tourists in Indonesia is also an impact on the development of investment, especially in the tourism industry sector. Data related to investment in this sector as obtained from Foreign Development Investment (FDI) and Domestic Development Investment (DDI) from 2006-2012 can be seen in table 2 below:

Table 2 Investment Growths in Indonesian Tourism Sector

Year	FDI (USDMIL)	DDI (USD MIL)	TOTAL (USD MIL)	% Growth
2006	111,5	18,0	129,5	-
2007	136,4	12,7	149,1	15,17 %
2008	156,9	23,8	180,7	21,18 %
2009	306,5	35,7	342,2	89,32 %
2010	346,4	39,0	351,1	2,60 %
2011	242,2	39,4	279,8	-20,31%
2012	786,3	101,5	869,8	210,86%

Source: Indonesian Investment Coordinating Board (2012)

Another indicator of the development of tourism industry sector can be seen from the increase of companies listing on the Indonesia Stock Exchange (IDX) for the last 10 years. The development of the listed tourism industry sector continues to increase, from 12 companies listed on the Indonesia Stock Exchange (BEI) up to 2003 to 20 companies by the end of 2013, this means experiencing a growth rate of 67% of the total number of companies in 2003.

Investors set up a company to maximize profits so that the company can maintain its survival, keep growing and a promising return for its owners so as to increase prosperity. at least there are three things that the purpose of the establishment of a company, among others: first to achieve maximum profits, both want to prosper the company owner or the shareholders, and third to maximize the value of the company.

The value of a company is a certain condition that has been achieved by a company as a picture of public confidence in the company after through a process of activity for several years, ie since the company was established until now. Investors' exposure to their investment is to obtain the greatest return with certain risks. This expectation will actually happen if the investor has a very good ability in assessing the company's performance and sensitive to the financial condition of a country and the global economy. Investors 'and prospective investors' confidence in the prospect

of the company is important for the issuer, the more potential investors who believe in the issuer, the desire to invest in the issuer is expected to increase. By looking at the value of the company, investors and potential investors will be able to measure how the prospects ability companies generate return so for investors are expected to provide prosperity, while for potential investors will be a consideration to make an investment. How investors and potential investors measure Value of the Firm can be done with various approaches. There are two analyzes that are always used by investors and potential investors to measure the value of the company for investment decisions, namely fundamental analysis and technical analysis. Besides, the company's value can also be measured from several approaches such as earnings approach, cash flow approach, dividend approach, asset approach, stock price approach, and Economic Value Added (EVA) approach.

In an effort to generate maximum return, the company needs adequate funding to support its operations. To meet the financing needs of the company can be selected alternative sources of funds from internal (own capital) in the form of share capital and retained earnings and external sources of funds (foreign capital) obtained from debt. Comparison of the amount of foreign capital with its own capital used by the company is called the capital structure. The amount of capital structure is an important thing that must be considered by the company because good bad capital structure will have a direct effect on the financial position of the company that will ultimately affect the value of the company. Companies can minimize the amount of risk derived from the debt, namely by optimizing the company's capital derived from external that is fully used to finance the company so as to increase the company's own profits. Therefore, in the utilization must be efficient so that it can make it more optimal. Optimal capital structure is capital structure that can minimize average capital cost and maximize Value of the Firm. Capital structure can be influenced by several factors including: profitability, size, asset growth, sales growth, interest rate, stability of earnings, asset structure, risk level of assets, amount of capital needed, capital market condition, management nature, companies, and so on.

LITERATURE REVIEW

VALUE OF THE FIRM

Corporate value is an important concept for investors, as it is an important indicator of how the market perceives the company as a whole. The market value of the public is determined by the stock market price. The stock market price reflects the potential of the company in the future or the overall investor's assessment of its own capital owned by a particular company. Value of the Firm can be reflected through the stock price. The higher the share price means the shareholder's prosperity will increase. The market price also shows the value of the company. Basically the stock price is calculated from the present value of the dividend to be received, so the higher is also the value of the company related to the purpose of the company itself that is maximizing shareholder wealth.

The financial ratios used by investors to know the market value of the company. These ratios can provide an indication for management regarding investor appraisal of past company performance and prospects in the future. There are several ratios that are considered to provide the best information is Tobin's Q. Tobin's Q provides an overview of the fundamental aspects / and the extent to which the market assesses the company from various aspects seen by outsiders including investors. Thus Tobin's Q is a more rigorous measure of how effectively management makes use of economic resources. It is often difficult to determine whether high Tobin's Q reflects the superiority of management or the benefits of having a patent Breally and Myers (2003) say that companies with high Tobin's Q values typically have a very strong corporate brand image. While companies that have a value of Tobin's Q low is generally in a highly competitive industry or a small starting industry.

CAPITAL STRUCTURE

Capital structure theory is the basis of conceptual argumentation to explain the difference of debt ratio in this empirical study: static trade-off theory, agency theory, asymmetric information theory and signal theory. The static trade-off theory described by Jensen and Meckling (1976) describes the relationship between wealth or shareholders' wealth and the expenditure or expenditure of managers in a Cartesian graph as shown in Figure 4. The letter "F" represents the expenditure of managers in the form of luxury (non-pecuniary -benefits), while the symbol "V" on the other hand represents the value of the company and the wealth of the owners. When viewed from the picture, then at point F111 the insiders have a company or share of 1-2x (showing the company owned by outsiders).

In Static Trade off Theory or Balancing Theory, there are 4 (four) main sources of fund: (i) debt, (ii) preferred stock, (iii) ordinary shares and (iv) retained earnings. Each of these financing sources requires different compensation and different forms of engagement with respect to the risks attached to it. A proportional combination of these financing sources is expected to provide what is called the cost of capital, which serves as the cost of rate in investment decisions. The next question is: is it possible to combine these financing sources optimally for optimal capital cost?

The capital structure refers to the different options companies use to finance their capital (Saleem et al., 2013). The Company strives to maintain an optimal capital structure by balancing costs and benefits with varying degrees of leverage in order to maximize corporate value (Cheng et al., 2010). Antwi et al. (2012) concluded that the variable of capital structure does affect the value of the company. The existence of a capital structure contributes a lot in determining the market value of a firm.

Research by Ahmed et al., (2010) states that the capital structure is influenced by profitability, growth, and assets structure. Profitability is a company's ability to earn profits. Based on the conclusions, profitability has significant opposite relationship to capital structure. This is related to the pecking order theory that the company prioritizes the use of retained earnings because it is the cheapest financing (Ramlall, 2009). Research Saleem et al. (2013) states different results that profitability has a positive effect on capital structure. However Rafique (2011) states that profitability is not found any significant relationship with the capital structure. High profitability shows good prospect of company so it responded positively by investor and impacted to increase Value of the Firm. Growth (growth) of companies have a negative and significant effect on capital structure. Rapid growth rates, tend to require more external funds. Another statement regarding the absence of a significant relationship between growth and capital structure. The growth of the company can also affect the change of corporate value that is high growth rate; corporate image in the eyes of the investor is considered good and will increase the value of the company. Assets structure or asset structure affects company flexibility in determining external funding alternatives. The asset structure based on the tangibility of total assets ratio represents the proportion of fixed assets to total assets (Liu and Ren, 2009). A company that has a large amount of fixed assets tends to use its own capital more than foreign capital. The opposite results of research are expressed by Frank and Goyal (2007) that capital structure is positively influenced by the structure of assets, because firms tend to increase leverage when they have more fixed assets. However Wardani (2010) found no significant association of asset structure with capital structure.

MATERIALS AND METHODS

This research was conducted at a tourism industry sector company listed on Indonesia Stock Exchange (BEI), which published its financial report and has been audited from 2007 until 2014. The central location of the company's administration is spread in Indonesian territory but the data needed in this research can be accessed via the internet on its Indonesia Stock Exchange website at Indonesia Capital Market Directory (ICMD).

The type of data used in this study is to use quantitative data, which are stated in numbers and are secondary data or indirect data. The data sources used in this study are from Indonesia Capital Market Directory (ICMD) published in 2007 until 2014. In the form of annual report (annual report) for companies engaged in the tourism industry sector listed in Indonesia Capital Market. The data collection procedure in this study is to collect data of audited financial reports (annual report) issued by Indonesia Capital Market Directory (ICMD) for companies engaged in the tourism industry sector listed on the Indonesia Stock Exchange. Data are collected by time dimension and time sequence and are cross sectional and time series or also called panel data.

The population used in this study is the tourism industry sector companies listed in Indonesia Stock Exchange period 2007-2014 period that has complete financial report and published in Indonesian Capital Market Directory (ICMD). There are 20 companies listed on BEI but 1 of them is PT Bukit Uluwatu Villa (PT.BUVA) must be removed from the sample because it is not eligible. This is due to the company's new IPO on the Indonesia Stock Exchange in 2010 so that data 2007 - 2009 cannot be found.

This research uses path analysis to know and analyze the influence of exogenous variables on endogenous variables. Path analysis was developed with the aim of explaining the direct and indirect consequences of the variable set, as the cause variable, against a set of other variables that are the result variables. The path diagram model used based on the relationship paradigm between variables can be described as follows:

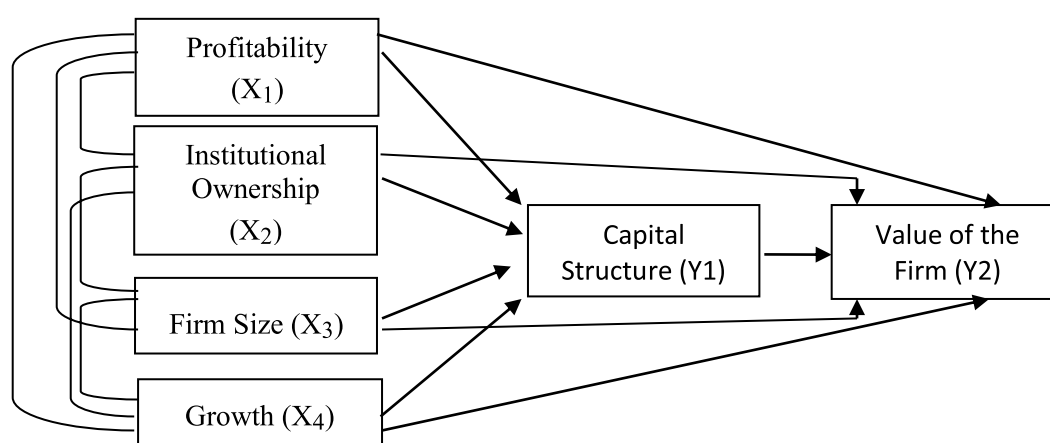


Figure 1 Path Analysis Model

RESULTS AND DISCUSSION

The research variables analyzed in this research are: Profitability proxy with Return On Equity (ROE), Institutional Ownership (KIS), Company Size (SIZE), Company growth proxies by Growth Asset (GA), Capital structure proxies by Debt asset Ratio (DAR) and Value of the Firm which is proxies with share price (Price). The descriptive analysis can be seen in table 3 below:

Table 3 Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	SD
PRICE	152	50.00	5700.00	715.64	896.81298
ROE	152	-158.40	143.18	8.5788	25.39108
KIS	152	18.67	97.27	74.8129	19.08934
SIZE	152	9.24	16.08	12.4695	1.72950
GA	152	-62.65	705.02	17.8926	73.78980
DAR	152	0.02	4.06	0.5010	.44756

Source: authors' calculation based on data from Indonesia Capital Market Directory (ICMD).

From table 3 it shows that the amount of data used in this study amounts to 152 data obtained from the financial report data for the tourism industry companies listed on the BEI in the period 2007-2014, using the panel of samples taken from 19 firms with a year of observation of 8 years.

Value of the Firm data of 152 with minimum value 50 and maximum value 5700 and average value 715.64 while the standard deviation value of 896.81. This shows that the condition of the Price data is very fluctuating because the difference between the maximum data with the minimum data is large enough where the standard deviation value is greater than the average value of Price. This shows that Price variable data is not normally distributed.

Data Return On Equity (ROE) of 152 with a minimum value of -58.40 and a maximum value of 143.18 and an average value of 8.5788 while the standard deviation of 25.3910. This shows that ROE data condition is very fluctuate because the difference between maximum data and minimum data is big enough where the standard deviation value is greater than ROE average value. This shows that the ROE variable data is not normally distributed.

Institutional Ownership Data is 152 with minimum value 18.67 and maximum value 97,27 and average value 74,8129 while deviation standard value equal to 19,089. This shows that KIS data condition is very fluctuate because the difference between maximum data with minimum data is big enough but deviation standard value is smaller than the average value of KIS. This shows that KIS variable data is normally distributed.

Size variable of company with amount of data 152 has minimum value equal to 9,24 and maximum value 16,08 value average 12,4695 with standard deviation 1,7295. The data fluctuation varies and the range of values between the minimum and maximum values is not too large because the standard deviation value is less than the average value, indicating that the firm size variable is normally distributed.

Company growth variable with total data of 152 samples has a minimum value of -62.65 and a maximum value of 705.02 and an average value of 17.8926 with a standard deviation of 73.7898. The data are very volatile and the range of values of these variables is large because the standard deviation is greater than the average value, indicating that the GA variable is not normally distributed.

The Debt Asset Ratio (DAR) variable with a total of 152 data has a minimum value of 0.02 and a maximum value of 4.06 and an average value of 0.5010 with a standard deviation of 0.44756. Fluctuations vary and the range of values between the minimum and the maximum values is not too large as indicated by the standard deviation value less than the average value. This shows that the DAR variable is normally distributed.

THE INFLUENCE OF COMPANY PROFITABILITY, COMPANY GROWTH, COMPANY SIZE AND COMPANY GROWTH ON CORPORATE VALUE THROUGH CAPITAL STRUCTURE

THE EFFECT OF PROFITABILITY ON CORPORATE VALUE

Testing the variable profitability of the company to the value of the Company positive and significant results and it can be concluded that the variable profitability of the company have a significant positive effect on the value of companies in the tourism industry sector listed on the Stock Exchange in 2007-2014. This means that increased profitability of the company will be followed by increased Value of the Firm. Company Profitability is the company's ability to generate profits and measure the level of operational efficiency and efficiency in using its assets (Chen, 2004). This result proved to accommodate the hypothesis, which states Profitability of company, Company growth, Company size and Company Growth on Value of the Firm.

Companies that have large corporate profitability and increase each year tend to be interested by investors. Investors consider a large profit company will generate a large return as well. The

company's size ratio with positive trends indicates the company's better prospects and will be captured by investors as a positive signal from the company. The better the company's profitability growth means the prospect of the company in the future is rated better, it means the better the value of the company in the eyes of investors. If the company's ability to generate profits increases, then the stock price will also increase. The rising stock price reflects a good corporate value for investors. Shareholder value will increase if the value of the company increases, which is marked by high return of investment to shareholders in dividend and the level of return of investment to shareholder, depends on the company's performance profit.

The results of this research are in line with the signaling theory that companies will do every thing best to give an idea to the company owner about the current state of the company. So it is clearer verification of signal theory to the result of this research. In the context of signal theory, the optimal development of corporate profits is a picture of future developments and prospects of the company. Different behavior of capital market actors makes this easily visible. Companies that tend to perform well will be rewarded by investors who are very fond of a return on profits in the form of dividends, so that capital market players or investors like this will try very much to get shares from companies that are performing well. The increase in demand, which then raises the stock price of the company and makes the value of the company's shares in the market increases.

The results of this research are supported by Hermuningsih (2013), which states that firm size has a positive and significant impact on firm value. However, the results of this study differ from the results of research Choudary (2013), which states the size of the company have no significant effect on the value of the company.

INFLUENCE OF INSTITUTIONAL OWNERSHIP OF COMPANY TO VALUE OF THE FIRM

The result of testing of the influence of institutional ownership of Company to Corporate Value shows positive and significant. These results indicate that the institutional ownership variables have a significant positive effect on the value of the Company in the tourism industry sector listed on the BEI in 2007 - 2014. This means that any addition of institutional ownership will have an impact on the value of the company.

Institutional ownership is the proportion of share ownership by the end of the year owned by the institution, such as insurance, banks or other institutions. Institutional ownership affects the value of the company, where the greater ownership by financial institutions the greater the power of voice and the drive to optimize the value of the company, Vernimmen (2009). Institutional ownership has important meaning in monitoring management. The existence of institutional ownership will encourage more optimal supervision. With institutional ownership believed to be able to monitor management in financial decision-making, the greater the institutional ownership the more efficient the utilization of company assets and is expected to also act as a deterrent to waste management. The higher institutional ownership will reduce the opportunistic behavior of managers who can reduce the agency cost which is expected to increase the value of the company. Given the effective supervision by institutional investors, it also has an impact on the increase in corporate value, as stated by Slovin and Sushka (1993) the value of the company can increase if the institution is able to be an effective monitoring tool. Institutional ownership is measured by dividing the number of shares owned by the institution by the number of shares outstanding. A high supervisory mechanism will minimize possible misappropriation of management resulting in a decrease in corporate value. In addition, through positive efforts, institutional investors will seek to increase the value of the companies they own.

THE INFLUENCE OF COMPANY SIZE ON CORPORATE VALUE

Testing the influence of Company Size on Corporate Value shows that firm size variables do not affect the value of companies in the tourism industry sector listed on the BEI in 2007 - 2014. Empirical facts of this study prove that the hypothesis that the size of the company affects the value of the company as stated in the hypothesis is unacceptable.

Company size influence to Value of the Firm because company having big size shows company progressed, and expected to give better return for investor higher. This will be responded positively by investors and make the company's stock price increase so that will increase the value of the company. The larger the company, the larger the required external fund, on the contrary, the smaller the company the fewer external funds the company needs. In addition, the size of the company will be a preliminary description for the creditors in determining their attitude on the disbursement of loan funds that will be used by companies in funding their new projects. From the management side, the large amount of assets will provide ease in controlling the company will increase the value of the company.

But Simon Herbert (1959), states that managers have a tendency to behave opportunistically by playing the funds invested by investors by finding a level appropriate for the growth of the company because they pay more attention to the assurance of ownership than to maximize the value of the firm to the holders stock. It is evident in the company's tourism industry sector that the size of the company is deemed not to have an important influence on the development of stock prices by investors. Therefore, according to investor, the company's size does not provide guarantee in terms of increasing return for shareholders and predicted by investors to look at other factors that are more influential on stock prices such as company performance (profitability proxies by ROE). The results of this study are in line with research conducted by Choudary (2013) and Debby, et al (2014).

THE INFLUENCE OF CORPORATE GROWTH ON CORPORATE VALUE

The company growth variable from the result of empirical test does not significantly affect the value of the company in the tourism industry sector listed on the BEI in 2007 - 2014. The results of this study indicate that hypothesis which states that the growth of companies proxied with growth asset cannot be proven. This fact shows that investors in the tourism industry sector companies do not view asset growth as a measure to assess the company as a basis for consideration of share purchase. In general, companies that have rapid growth often have to increase their fixed assets; the company's growth opportunities also cannot determine the behavior of tourism companies in Indonesia over its capital structure policy. Stakeholders in tourism companies in Indonesia prefer the level of profitability and positional importance within the company. Stakeholders are still prioritizing short-term benefits for both the company and for the company owner. Thus, firms with high growth rates need more funds in the future and also hold more profits. So growing companies usually do not divide earnings as dividends but are better used for expansion.

The results of this study are supported by the research of Choudary (2013) which stated that the company's growth does not affect the company's value, but not in line with Hermuningsih (2013), which states the company's growth has a positive and significant impact on the value of the company.

EFFECT OF CAPITAL STRUCTURE ON CORPORATE VALUE

The influence of the company's growth on firm value from the test result shows the result is not significant so Capital Structure has no significant effect on the value of the Company in the tourism industry sector listed on the BEI in 2007 - 2014. In order to generate maximum return, the company needs adequate funding to support operations. However Jensen and Meckling (1976)

argues that a company with substantial free cash flows tends to adopt investment projects with a negative net present value. The amount of capital structure is an important thing that must be considered by the company because good bad capital structure will have a direct effect on the financial position of the company that will ultimately affect the value of the company. Therefore, in the utilization must be efficient so that it can make it more optimal. The optimal capital structure is the capital structure that can minimize the average capital cost and maximize the value of the company. Based on the trade-off theory, if the capital structure position is above the optimal capital structure target, then any increase of debt will decrease the value of the company. Capital structure is key to improving productivity and company performance. Capital structure theory explains that the company's funding policy in determining capital structure aims to optimize the value of the company. However, in the position of the results of this study cannot support the theory. This can be stated as for the stakeholders in the company is not important about how the position of debt to assets or equity of the company. With prices as a proxy of firm value, then the market indicator becomes very important in determining the value of the company.

The results of this study are supported by the results of Ogbulu & Emeni, (2012) and Choudary (2013), reports that capital structure has no significant effect on firm value. However, the results of this study are not supported by Chowdhury and Chowdhury (2010), Cheng et. al. (2012), Hermuningsih (2013), Qureshi (2006) indicating that the capital structure has a positive and significant impact on firm value.

Influence of company size, Company growth, Company Size and Company Growth on Value of the Firm through Capital Structure.

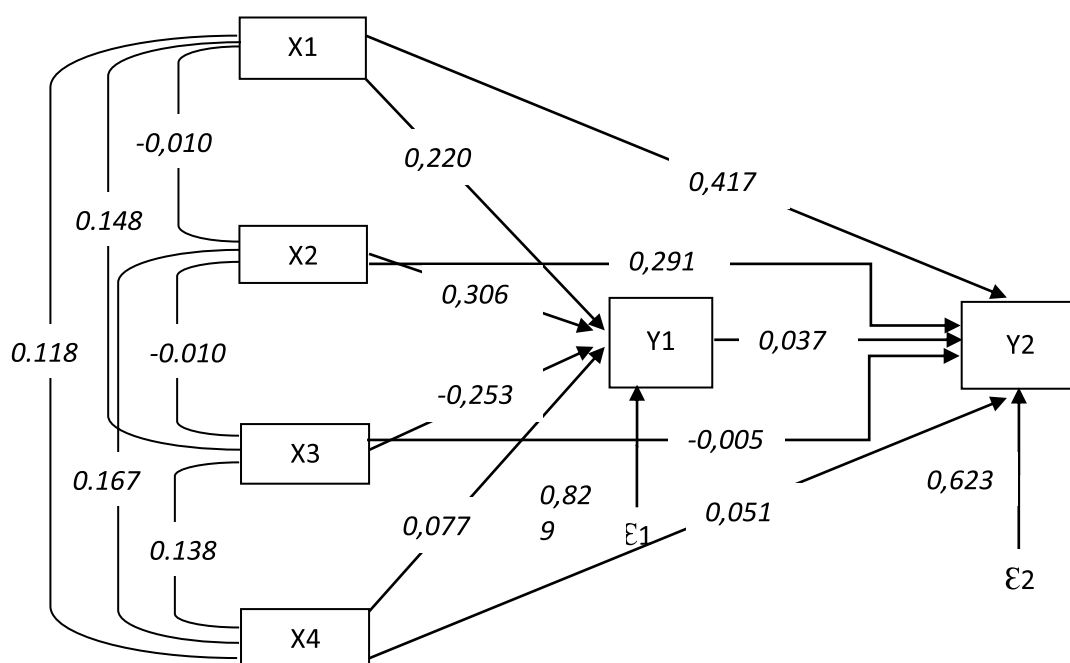


Figure 1 Path Analysis Result

Based on table 4. the test of path analysis obtained by the constant value of -92,018 indicates that if the independent variable of firm size, institutional ownership, firm size, company growth and capital structure are assumed to be zero then the value of Value of the Firm is -92,018. The coefficient b1 of 11.263 indicates that an increase in firm size of 1% will be followed by an increase in firm value of 1126% assuming all other independent variables are zero. The coefficient b2 of 5,815 indicates that the increase of 1% company growth variable will be followed by a 581% increase in firm value assuming all other independent variables are zero. The coefficient b3 of - 0.875 indicates

that the increase of 1% firm size variables will be followed by a decrease in corporate value of 87.5% assuming all other independent variables are zero. The coefficient b4 of 0.717 indicates that the increase of 1% growth assets variable will be followed by the increase of the Value of the Firm of 71.70% assuming all other independent variables are zero. The coefficient b5 of 49,682 indicates that the 1% capital structure variable increase will be followed by the increase of firm value 4968% assuming all other independent variables are zero.

Tabel 4 Result of Hypothesis Testing

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-92.018	187.559		-0.491	0.624
ROE (X_1)	11.263	1.986	0.417	5.671	0.000
KIS (X_2)	5.815	1.506	0.291	3.862	0.000
Size (X_3)	-0.875	13.749	-0.005	-0.064	0.949
GA (X_4)	0.717	1.017	0.051	0.705	0.482
DAR (Y_1)	49.682	104.418	0.037	0.476	0.635

Source: authors' calculation based on data from Indonesia Capital Market Directory (ICMD).

Furthermore, the direct, indirect and total influence of exogenous variables on endogenous variables as shown in table 5 can be explained as follows:

Tabel 5 Direct and Indirect Effect Between Variable

Direct Effect		Direct Effect	
$X_1 \rightarrow Y_1$	0,220	$X_1 \rightarrow Y_2$	0,417
$X_2 \rightarrow Y_1$	0,306	$X_2 \rightarrow Y_2$	0,291
$X_3 \rightarrow Y_1$	-0,253	$X_3 \rightarrow Y_2$	-0,005
$X_4 \rightarrow Y_1$	0,077	$X_4 \rightarrow Y_2$	0,051
		$Y_1 \rightarrow Y_2$	0,037
Indirect Effect		Indirect Effect	
$X_1 \rightarrow Y_1 \rightarrow Y_2$	0,00814	$X_1 \rightarrow Y_1 + X_1 \rightarrow Y_2$	0,454
$X_2 \rightarrow Y_1 \rightarrow Y_2$	0,011322	$X_2 \rightarrow Y_1 + X_2 \rightarrow Y_2$	0,343
$X_3 \rightarrow Y_1 \rightarrow Y_2$	0,0138	$X_3 \rightarrow Y_1 + X_3 \rightarrow Y_2$	-0,216
$X_4 \rightarrow Y_1 \rightarrow Y_2$	0,002849	$X_4 \rightarrow Y_1 + X_4 \rightarrow Y_2$	0,108

Source: authors' calculation based on data from Indonesia Capital Market Directory (ICMD).

Profitability variable directly affects the Value of the Firm of 0.417. While the total influence of profitability variables on Value of the Firm is 0.454. This shows that the capital structure variable can be an intervening variable that mediates the relationship between profitability and firm value because the total value of influence is greater than the value of the direct impact of profitability on firm value ($0.454 > 0.417$). Capital structure can be an intervening variable the relationship between profitability with firm value. Capital structure can not mediate the relationship between profitability with corporate value,

The institutional ownership variable directly affects the firm's value of 0.291. While the total effect

of institutional ownership of the firm value is 0.343. This shows that the capital structure variable can be an intervening variable on the relationship between institutional ownership and firm value because the total value of influence is greater than the value of direct influence of institutional ownership on firm value ($0.343 > 0.291$)

Variable size of the company directly affects the value of the company of -0.005. Sedangkan total influence of firm size to the value of the company -0.216. This shows that the variable of capital structure can mediate the relationship between firm size and firm value because the total value of influence is greater than the value of direct influence of firm size to firm value ($-0.216 > -0.005$)

Corporate growth variable has direct effect to Value of the Firm of 0.051 while total influence through capital structure is 0,108. It shows that capital structure variable can be intervening variable that mediate relationship between company growth and firm value because total value of influence of company growth to Value of the Firm is bigger than the value of the direct influence of company growth on firm value ($0.108 > 0.051$).

This result states that the capital structure can be an intervening variable the relationship between growth opportunities with firm value. Capital structure can mediate the relationship between sales growths with the value of the company.

CONCLUSSION AND RECOMMENDATION

Return On Equity, Institutional Ownership, Growth Assets and Debt Asset Ratio is direction or positive with Value of the Firm where every increase of Return on Equity, Institutional Ownership, Growth Assets followed by the increase in Value of the Firm. On the other hand Firm Size has a negative correlation to Value of the Firm where every increase of Firm Size is followed by impairment of Value of the Firm. Partial test by using t-test on profitability variable, institutional ownership, company growth and company size to Capital Structure influence each independent variable to dependent variable can be explained as follows: Return on Equity have significant effect to Debt Asset Ratio The variable of institutional ownership has a significant effect on Debt Asset Ratio, Growth Assets variable has no significant effect on Debt Asset Ratio, Firm Size has significant effect to Debt Asset Ratio listed on BEI 2007 - 2014.

Return On Equity, Institutional Ownership, Growth Assets and Debt Asset Ratio is direction or positive with Value of the Firm where every increase of Return on Equity, Institutional Ownership, Growth Assets are followed by a rise in Value of the Firm. On the other hand Firm Size has a negative relation to Value of the Firm where every increase of Firm Size is followed by decrease of Value of the Firm. Partial test by using t test indicate that: Return on Equity have significant influence to Value of the Firm, Institutional Ownership have significant influence to Value of the Firm, Growth Assets variable has no significant effect to Value of the Firm, Firm Size effect on Value of the Firm in tourism industry sector company listed on BEI 2007 - 2014.

Path analysis obtained that the profitability proxies with Return On Equity, Institutional Ownership, Growth Assets and Debt Asset Ratio is the direction or positive with Value of the Firm where every increase Return on Equity, Institutional Ownership, Growth Assets followed followed by a rise in Value of the Firm. On the other hand Firm Size has a negative relation to Value of the Firm where every increase of Firm Size is followed by decrease of Value of the Firm.

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