

CHAPTER V

CONCLUSION AND LIMITATION

5.1 Research Conclusion

Equity value is very important for a company because it reflects the performance of the company in a public. One of the factors that can affect and has strong relations with the equity value is earnings. Beside earnings and equity value, the company's investment growth which can give contingency effect is also a factor that can affect the value of the company. This research aims to give empirical evidence about the influence of investment growth on relation between equity value and earnings in all listed companies in Indonesia from 2008-2011.

According to the the description and data analysis which have been described in the previous chapter, the objective of this research aims to test the effect of investment growth in the relation between earnings and equity value. Investment growth is measured by Investement Opportunity Set (IOS) because when the company has high opportunity for growth, it assumes that company also to do investment growth (Hasnawati, 2005). This study used pool data on a sample of 255 manufacturing companies listed on Indonesian Stock Exchange during 2008 until 2011 which meets the sample criteria.

The result of this research shows that the hypothesis is accepted. This finding is consistent with research conducted by Hao et al. (2011).

Their result said that investment growth is positively affect the relation of equity value and earnings. The investment growth in this research is strengthen the earnings in affecting equity value.

This result means that the investment growth affects the relation between earnings and equity value. The regression result of this study shows that investment growth has positive effect to the relation between earnings and equity value.

5.2 Research Limitation

This reseach has some limitation due to the limit of the availability of the financial statements and the closing price because the publication date some of companies were not available. There are a lot of financial statement data which already damaged. To measure the investment growth, this research only use investement opportunity set as proxies, and the writer use only the investment proxy. Therefore, this research cannot compare with the other measurements of investment growth.

5.3 Suggestion for Future Research

Suggestion that could be given for future research is to add more year of research. Other suggestion is related to the measurement of equity value and investment growth. Further researches can use more measurement model for example using *Tobins Q* to find the equity value and the investment growth can be measured by using the avergae realize

annual growth rate of equity book value (Hao et al., 2011). Another proxies for IOS like in Kallapur and Trombley (1999) can be used also to make a comparison between each model in measuring the investment growth to show the effect of investment growth in the relation between earnings and equity value.



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<http://www.bkpm.go.id> Accessed in July 3, 2013



Appendix 1: List of Samples

No.	Code	Name
1	AALI	Astra Agro Lestari Tbk
2	ABBA	Abdi Bangsa Tbk
3	ABDA	Asuransi Bina Dana Arta Tbk
4	ACES	Ace Hardware Indonesia Tbk
5	ADES	Ades Waters Indonesia Tbk
6	ADHI	Adhi Karya (Persero) Tbk
7	ADMF	Adira Dinamika Multi Finance Tbk
8	AGRO	Bank Agroniaga Tbk
9	AHAP	Asuransi Harta Aman Pratama Tbk
10	AIMS	Akbar Indo Makmur Stimec Tbk
11	AKKU	Aneka Kemasindo Utama Tbk
12	AKPI	Argha Karya Prima Industry Tbk
13	AKRA	AKR Corporindo Tbk
14	AKSI	Asia Kapitalindo Securities Tbk
15	ALMI	Alumindo Light Metal Industry Tbk
16	AMAG	Asuransi Muti Artha Guna Tbk
17	AMFG	Asahimas Flat Glass Tbk
18	ANTM	Aneka Tambang (Persero) Tbk
19	APIC	Pan Pacific International Tbk
20	APLI	Asiaplast Industries Tbk
21	ARNA	Arwana Citramulia Tbk
22	ARTI	Ratu Prabu Energy Tbk
23	ASBI	Asuransi Bintang Tbk
24	ASDM	Asuransi Dayin Mitra Tbk
25	ASGR	Astra Graphia Tbk
26	ASII	Astra International Tbk
27	ASJT	Asuransi Jasa Tania Tbk
28	ASRI	Alam Sutera Realty Tbk
29	ASRM	Asuransi Ramayana Tbk
30	AUTO	Astra Otoparts Tbk
31	BABP	Bank Bumiputera Indonesia Tbk
32	BACA	Bank Capital Indonesia Tbk
33	BAEK	Bank Ekonomi Raharja Tbk
34	BAPA	Bekasi Asri Pemula Tbk
35	BATA	Sepatu Bata
36	BAYU	Bayu Buana Tbk
37	BBCA	Bank Central Asia Tbk
38	BBKP	Bank Bukopin Tbk
39	BBLD	Buana Finance Tbk
40	BBNP	Bank Nusantara Parahyangan Tbk
41	BBRI	Bank Rakyat Indonesia Tbk

42	BCAP	Bhakti Capital Indonesia Tbk
43	BEKS	Bank Pundi Indonesia Tbk
44	BFIN	BFI Finance Indonesia Tbk
45	BHIT	Bhakti Investama Tbk
46	BIMA	Primarindo Asia Infrastructure Tbk
47	BIPP	Bhuwanatala Indah Permai Tbk
48	BISI	Bisi International Tbk
49	BKSW	Bank Kesawan Tbk
50	BMRI	Bank Mandiri (Persero) Tbk
51	BMSR	Bintang Mitra Semestaraya Tbk
52	BMTR	Global Mediacom Tbk
53	BNBA	Bank Bumi Artha Tbk
54	BNBR	Bakrie & Brothers Tbk
55	BNGA	Bank CIMB Niaga Tbk
56	BNII	Bank International Indonesia Tbk
57	BNLI	Bank Permata Tbk
58	BRNA	Berlina Tbk
59	BSDE	Bumi Serpong Damai Tbk
60	BSWD	Bank Swadesi Tbk
61	BTEL	Bakrie Telecom Tbk
62	BTON	Betonjaya Manunggal Tbk
63	BTPN	Bank Tabungan Pensiunan Nasional
64	BUDI	Budi Acid Jaya Tbk
65	BVIC	Bank Victoria International Tbk
66	CENT	Centrin Online Tbk
67	CFIN	Clipan Finance Indonesia Tbk
68	CKRA	Citra Kebun Raya Agri Tbk
69	CMPP	Centris Multi Persada Pratama Tbk
70	CNKO	Central Korporindo Internasional Tbk
71	COWL	Cowell Development Tbk
72	CPDW	Cipendawa Agroindustri Tbk
73	CPIN	Charoen Pokphand Indonesia Tbk
74	CPRO	Central Proteinaprima Tbk
75	CSAP	Catur Sentosa Adiprana Tbk
76	CTRA	Ciputra Development Tbk
77	CTRP	Ciputra Property Tbk
78	CTRS	Ciputra Surya Tbk
79	CTTH	Citatah Industri Marmer Tbk
80	DART	Duta Anggada Realty Tbk
81	DEFI	Danasupra Erapacific Tbk
82	DGIK	Duta Graha Indah Tbk
83	DILD	Intiland Development Tbk
84	DKFT	Central Omega Resources Tbk
85	DLTA	Delta Djakarta Tbk

86	DSFI	Dharma Samudera Fishing Industries Tbk
87	DUTI	Duta Pertiwi Tbk
88	DVLA	Darya-Varia Laboratoria Tbk
89	EKAD	Ekadharna International Tbk
90	ELSA	Elnusa Tbk
91	EPMT	Enseval Putra Megatrading Tbk
92	ETWA	Eterindo Wahanatama Tbk
93	EXCL	XL Axiata Tbk
94	FAST	Fastfood Indonesia Tbk
95	FASW	Fajar Surya Wisesa Tbk
96	FMII	Fortune Made Indonesia Tbk
97	FORU	Fortune Indonesia Tbk
98	FREN	Mobile-8 Telecom Tbk
99	GEMA	Gema Grahasarana Tbk
100	GGRM	Gudang Garam Tbk
101	GJTL	Gajah Tunggal Tbk
102	GMCW	Grahamas Citrawisata Tbk
103	GMTD	Gowa Makasar Tourism Development Tbk
104	GPRA	Perdana Gapuraprima Tbk
105	GSMF	Equity Development Investment Tbk
106	GZCO	Gozco Plantations Tbk
107	HDTX	Panasia Indosyntec Tbk
108	HERO	Hero Supermarket Tbk
109	HMSP	HM Sampoerna Tbk
110	HOME	Hotel Madarine Regency Tbk
111	IATA	Indonesia Air Transport Tbk
112	ICON	Island Concept Indonesia Tbk
113	IDKM	Indosiar Karya Media Tbk
114	IGAR	Kageo Igar Jaya Tbk
115	IMAS	Indomobil Sukses Internasional Tbk
116	INAF	Indofarma Tbk
117	INAI	Indal Aluminium Industry Tbk
118	INDF	Indofood Sukses Makmur Tbk
119	INDS	Indospring Tbk
120	INDX	Indoexchange Tbk
121	INPC	Bank Artha Graha International Tbk
122	INPP	Indonesia Paradise Property Tbk
123	INTD	Inter Delta Tbk
124	INTP	Indocement Tunggal Prakarsa Tbk
125	JECC	Jembo Cable Company Tbk
126	JIHD	Jakarta International Hotel & Development Tbk
127	JKON	Jaya Konstruksi Manggala Pratama Tbk
128	JPFA	JAPFA Tbk
129	JPRS	Jaya Pari Steel Tbk

130	JRPT	Jaya Real Property Tbk
131	JSMR	Jasa Marga Tbk
132	JTPE	Jasuindo Tiga Perkasa Tbk
133	KAEF	Kimia Farma Tbk
134	KBLI	KMI Wire and Cable Tbk
135	KBLM	Kabelindo Murni Tbk
136	KBLV	First Media Tbk
137	KDSI	Kedawung Setia Industrial Tbk
138	KIAS	Keramika Indonesia assosiasi Tbk
139	KICI	Kedaung Indah Can Tbk
140	KIJA	Kawasan Industri Jababeka Tbk
141	KLBF	Kalbe Farma Tbk
142	KOIN	Kokoh Inti Aremba Tbk
143	KONI	Perdana Bangun Pusaka Tbk
144	KPIG	Global Land Development Tbk
145	LAMI	Lamicitra Nusantara Tbk
146	LCGP	Laguna Cipta Griya Tbk
147	LMAS	Limas Centric Indonesia Tbk
148	LMPI	Langgeng Makmur Plastik Industry Ltd Tbk
149	LPCK	Lippo Cikarang Tbk
150	LPGI	Lippo General Insurance Tbk
151	LPIN	Multi Prima Sejahtera Tbk
152	LPKR	Lippo Karawaci Tbk
153	LPLI	Star Pacific Tbk
154	LPPF	Matahari Departement Store Tbk
155	LPPS	Lippo Securities Tbk
156	LSIP	PP London Sumatera Tbk
157	LTLS	Lautan Luas Tbk
158	MAIN	Malindo Feedmil Tbk
159	MAMI	Mas Murni Indonesia Tbk
160	MAPI	Mitra Adiperkasa Tbk
161	MAYA	Bank Mayapada Tbk
162	MCOR	Bank Windu Kentjana Internasiona Tbk
163	MDLN	Moderland Realty Tbk
164	MEGA	Bank Mega Tbk
165	MERK	Merck Tbk
166	META	Nusantara Infrastructure Tbk
167	MFIN	Mandala Multifinance Tbk
168	MICE	Multi Indocitra Tbk
169	MIRA	Mitra Rajasa Tbk
170	MITI	Mitra Investindo Tbk
171	MLBI	Multi Bintang Indonesia Tbk
172	MLPL	Multipolar Corporation Tbk
173	MNCN	Media Nusantara Citra Tbk

174	MPPA	Matahari Putra Prima Tbk
175	MRAT	Mustika Ratu Tbk
176	MTDL	Metrodata Electronics Tbk
177	MTFN	Capitalinc Investment Tbk
178	MTSM	Metro Supermarket Realty Tbk
179	MYOH	Myoh Technology Tbk
180	MYOR	Mayora Indah Tbk
181	MYRX	Hanson International Tbk
182	NIPS	Nipress Tbk
183	OCAP	JJ NAB Capital Tbk
184	PANR	Panorama Sentrawisata Tbk
185	PBRX	Pan Brothers Tex Tbk
186	PDES	Destinasi Tirta Nusantara Tbk
187	PGLI	Pembangunan Graha Lestari Indah Tbk
188	PICO	Pelangi Indah Canindo Tbk
189	PJAA	Pembangunan Jaya Ancol Tbk
190	PKPK	Perdana Karya Perkasa Tbk
191	PLAS	Polaris Investama Tbk
192	PLIN	Plazza Indonesia Realty Tbk
193	PNLF	Panin Life Tbk
194	POOL	Pool Advista Indonesia Tbk
195	PSKT	Pusako Tarinka Tbk
196	PTBA	Tambang Batu Bara Bukit Asam Tbk
197	PTSP	Pioneerindo Gourment International Tbk
198	PUDP	Pudjadi Prestige Limited Tbk
199	PWON	Pakuwon Jati Tbk
200	PYFA	Pyridm Farma Tbk
201	RALS	Ramayana Lestari Senotsa Tbk
202	RBMS	Ristia Bintang Mahkotasejati Tbk
203	RICY	Ricky Putra Globalindo Tbk
204	RMBA	Bentoel International Investama Tbk
205	RODA	Royal Oak Development Asia Tbk
206	SAIP	Surabaya Agung Industry Pulp Tbk
207	SCMA	Surya Citra Media Tbk
208	SDPC	Millenium Pharmacon International Tbk
209	SDRA	Bank Himpunan Saudara 1960 Tbk
210	SGRO	Sampoerna Agro Tbk
211	SHID	Hotel Sahid Jaya Intertantional Tbk
212	SIAP	Sekawan inti Pratama tbk
213	SIMA	Siwani Makmur Tbk
214	SKLT	Sekar Laut Tbk
215	SMAR	Sinar Mas Agro Resources Technology Tbk
216	SMCB	Holcim Indonesia Tbk
217	SMDM	Suryamas Dutamakmur TBk

218	SMGR	Semen Gresik (Persero) Tbk
219	SMMA	Sinar Mas Multiartha Tbk
220	SMMT	EatertainmentInternational Tbk
221	SMRA	Summarecon Agung Tbk
222	SMSM	Selamat Sempurna Tbk
223	SONA	Sona Topas Tourism Industry Tbk
224	SPMA	Suparma Tbk
225	SRSN	Indo Acidatama Tbk
226	SSIA	Surya Semestea Internusa Tbk
227	TBLA	Tunas Baru Lampung Tbk
228	TCID	Mandom Indonesia Tbk
229	TGKA	Tigaraksa Satria Tbk
230	TINS	Timah (Persero) Tbk
231	TIRA	Tira Austenite Tbk
232	TIRT	Tirta Mahakam Resources Tbk
233	TKGA	Toko Gunung Agung Tbk
234	TLKM	Telekomunikasi Indonesia (Persero) Tbk
235	TMAS	Pelayaran Tempuran Emas Tbk
236	TMPI	AGIS Tbk
237	TOTL	Total Bangun Persada Tbk
238	TOTO	Surya Toto Indonesia Tbk
239	TRIL	Triwira Insalestari Tbk
240	TRIM	Trimegah Securities Tbk
241	TRST	Trias Sentosa Tbk
242	TRUS	Trust Finance Indonesia Tbk
243	TURI	Tunas Ridean Tbk
244	ULTJ	Ultra Jaya Milk Tbk
245	UNIT	Nusantara Inti Corpora Tbk
246	UNTR	United Tractors Tbk
247	UNVR	Unilever Indonesia Tbk
248	VOKS	Voksel Electric Tbk
249	VRNA	Verena Oto Finance Tbk
250	WAPO	Wahana Phonix Mandiri Tbk
251	WEHA	Panorama Transportasi Tbk
252	WICO	Wicaksana Overseas International Tbk
253	WIKA	Wijaya Karya (Persero) Tbk
254	YPAS	Yanaprima Hastapersada Tbk
255	YULE	Yulie Sekurindo Tbk

Appendix 3: Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EV	1020	-598.27	916.75	1.6848	38.70833
E	1020	-345.44	12120.00	212.2738	864.79356
IG	1020	.00	586.97	2.6537	29.14860
ROA	1020	-112.48	509.54	2.5535	26.60845
Valid N (listwise)	1020				



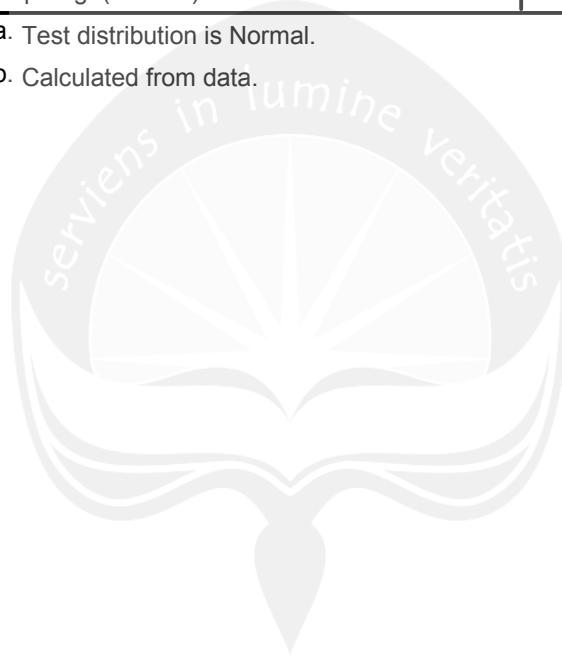
Appendix 4: Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		1020
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	38.68859923
Most Extreme Differences	Absolute	.447
	Positive	.409
	Negative	-.447
Kolmogorov-Smirnov Z		14.276
Asymp. Sig. (2-tailed)		.000

a. Test distribution is Normal.

b. Calculated from data.



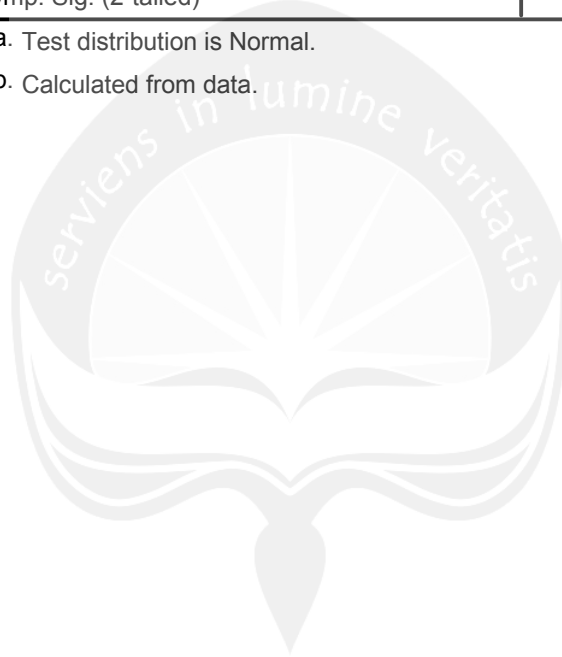
Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		790
Normal Parameters ^{a,b}	Mean	-.7326018
	Std. Deviation	.59906455
Most Extreme Differences	Absolute	.048
	Positive	.048
	Negative	-.041
Kolmogorov-Smirnov Z		1.350
Asymp. Sig. (2-tailed)		.052

a. Test distribution is Normal.

b. Calculated from data.



Appendix 5: Multicollinearity Test

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	ROA, E, IG	.	Enter

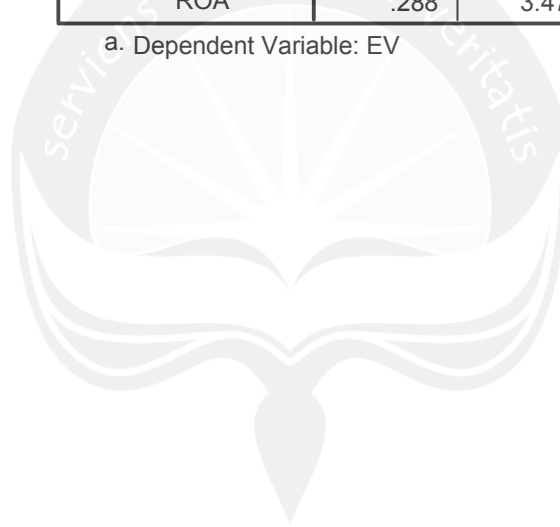
a. All requested variables entered.

b. Dependent Variable: EV

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	E	.996	1.004
	IG	.288	3.476
	ROA	.288	3.478

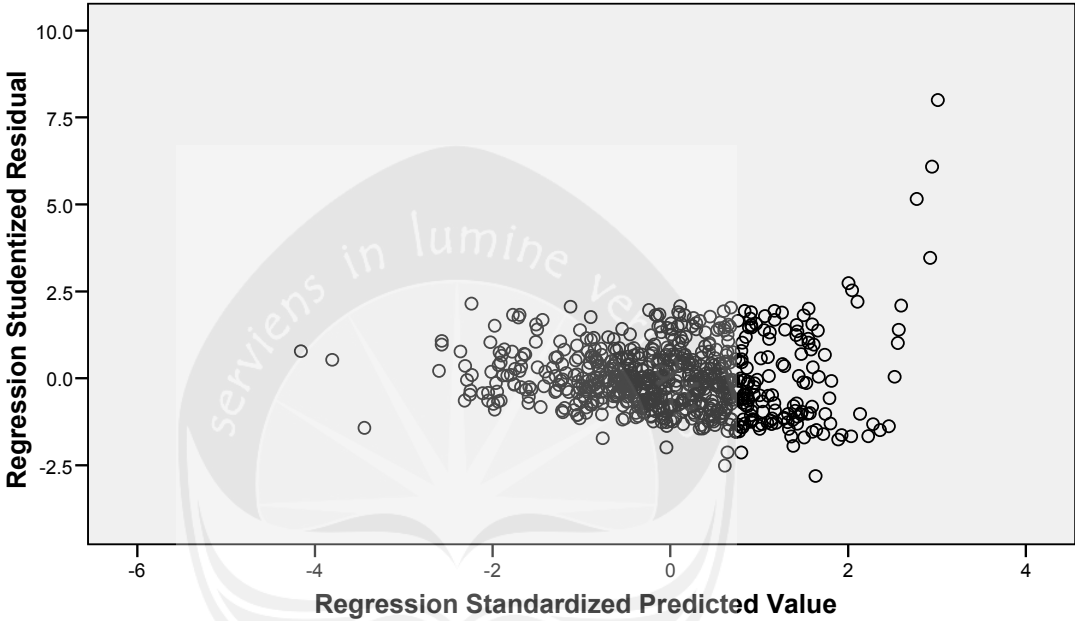
a. Dependent Variable: EV



Appendix 6: Heteroskedasticity Test

Scatterplot

Dependent Variable: EV



Appendix 7: Autocorrelation Test

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	ROA ^a , E, IG, E*IG	.	Enter

a. All requested variables entered.

b. Dependent Variable: EV

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.391 ^a	.153	.148	.62081	1.981

a. Predictors: (Constant), ROA, E, IG, E*IG

b. Dependent Variable: EV

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.821	4	11.955	31.020	.000 ^a
	Residual	265.548	689	.385		
	Total	313.369	693			

a. Predictors: (Constant), ROA, E, IG, E*IG

b. Dependent Variable: EV

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.652	.049		13.164	.000
	E	.072	.012	.205	5.771	.000
	IG	-.024	.031	-.203	-.781	.435
	E*IG	.010	.005	.540	1.994	.047
	ROA	-.002	.005	-.031	-.447	.655

a. Dependent Variable: EV

Appendix 8: Regression

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	ROA ^a , E, IG, E*IG	.	Enter

a. All requested variables entered.

b. Dependent Variable: EV

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.391 ^a	.153	.148	.62081

a. Predictors: (Constant), ROA, E, IG, E*IG

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.821	4	11.955	31.020	.000 ^a
	Residual	265.548	689	.385		
	Total	313.369	693			

a. Predictors: (Constant), ROA, E, IG, E*IG

b. Dependent Variable: EV

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.652	.049		13.164	.000
	E	.072	.012	.205	5.771	.000
	IG	-.024	.031	-.203	-.781	.435
	E*IG	.010	.005	.540	1.994	.047
	ROA	-.002	.005	-.031	-.447	.655

a. Dependent Variable: EV