THE MODERATING EFFECT OF GROWTH OPPORTUNITIES ON THE RELATIONSHIP BETWEEN FINANCING DECISION, DIVIDEND POLICY, PROFITABILITY AND LIQUIDITY TOWARD FIRM VALUE

Prayogo Teguh Ansori[1]

Ardianto[2]

ABSTRACT

This research examine the factors that affecting firm value (Tobin's Q), and whether the growth opportunity could enhance the relationship between independent variables and firm value. there are four independend variables used in this research which are financing decision, dividend policy, profitability and liquidity. Growth opportunity's proxy with MVE/BVE as moderating variable.

This research use quantitative approach, in which sample used is 60 listed companies in LQ-45 index for period 2010-2012 consecutively. There are three models used in this research, the first model was conducted using multiple regression analysis, the second model was using multiple regression analysis and the third model is using moderate regression. Calculation and hypotheses testing is using EViews statistic 6.10.

The result shows that financing decision have the negative relationship toward the firm value. Liquidity and dividend policy has non-relationship toward the firm value. Profitability has the positive relationship toward the firm value. In addition, growth opportunity act as quasi moderator in relationship between each of financing decision, profitability, and liquidity toward firm value. But, growth opportunity is unable to moderate the relationship between dividend policy and firm value.

Keyword : **Growth Opportunity, Investment Opportunity Set (IOS), Financing Decision, Dividend Policy, Profitability, Liquidity, Firm Value, Moderated Regression Analysis**

INTRODUCTION

The company's main objective is to maximize the firm value. Firm value used to measure succesfulness of the company, due to the increasing of the firm value means that the increasing prosperity of the owner of the company (Brigham , 2010:7).

Firm value can be determined by three factors: internal factor, external factor, and a technical factor. In this reseacrh is mainly focused on the internal factor. Internal Factor analysis is often referred to as the company's critical factor, since it's nature can be controllabl by the manager. Financing decision, dividend policy, profitability and liquidity are example of the critical internal factors.

[1] Alumni Universitas Airlangga

[2] Dosen Fakultas Ekonomi dan Bisnis, Universitas Airlangga

On other hand, firm value is indicated not a stand-alone value. The research by Myers (1977) views the value of a firm as the total of the value of assets in place and the growth prospect of options to make future discretionary investments. The research by Jensen (1986) the growth opportunities has arises by underinvestment and overinvestment problem in the company.

Growth is expected to provide positive aspects for the company thereby increasing the demanded opportunity to invest of the company. For investors the company's growth is a favorable prospects, because the investment expected to provide a high return in the future. Growth oportunity also called as investment opportunities. Investment opportunities are options to invest in positive net present value project.

The first motivation in this research is to expand on previous firm value research already done in the past. The are only few researcher who examined the interaction between internal factors and growth opportunity to the firm value. Also there are less research which aware about nature and type of growth opportunity as moderator effect to the firm value. The second motivation in this research, the result about firm value in the previous research have inconsistencies result and remain debatable. The third motivation in this research is the sample of research. LQ-45 is famous index in the indonesia stock exchange. LQ 45 is a liquid stock market capitalization, has a high-frequency of trading, have variable growth prospects and good financial condition. This index consists of 45 company’s stocks with high liquidity, selected through multiple assessment criteria. Since LQ-45 maintain the high level of liquidity refer to the high level of current asset. It is make LQ-45 companies has strong indication of overinvestment problem. Based of this indication, it make LQ-45 become the approriate sample for the research of growth opportunity.

Problem Statement

Based on the research background elaborated above, the problems will be discussed in this research are :

1. Does financing financing decision, dividend policy, profitability and liquidity effect firm value ?

2. Does growth opportunity moderate the relationship between independent variables toward firm value?

Research Purposes

Based in the research background raised above, the objective(s) of this research are :

1. To analyze the effect of financing decision, dividend policy, profitability and liquidity on firm value.
2. To examine whether growth opportunity could moderate the relationship between independent variable and firm value.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Financing Decision and Firm Value

According to Brigham and Houston (2001), the increase in debt is defined by outsiders about the company's ability to pay future obligations or the presence of low business risk, it will be responded positively by the market.

Financing decision perspective related with firm value was divided into twotheory. Those theory are represented by the pecking order theory and trade-off Theory. Pecking Order theory establishes a sequence of financing decisions where the manager will first choose to use retained earnings, debt and the issuance of shares as a last option (Mamduh, 2004). According Brigham (1999), the company prefers to use debt as compared to the issuing of new shares due to costs resulting from the debt is less than the costs incurred when issuing new shares. Trade-off theory states that the optimal capital structure can be achieved if there is a benefit for the use of leverage or debt. Based Tradeoff Theory, debt levels are effected by the rate of growth of the company. In accordance with the Tradeoff Theory, companies that have high growth rates tend to finance their investments by debt, because of the relatively high share price.

Dividend Policy and Firm Value

Dividend policy on issues concerning the use of profits that belong to the shareholders. Basically, the profits can be distributed as dividends or retained for reinvestment. The profit can then be reinvested in operating assets used to purchase securities, used to pay off the debts of the company, and or distributed to the shareholders (Brigham, 2010 : 66).

According to the signalling theory, investors can infer information about a firm's future earnings through the signal coming from dividend announcements, both in terms of the stability, and changes of dividends. Dividends contain information about the firm's current and future cash flows, and managers have incentives to convey their private information to the market through dividend payments in order to close the information gap. The announcement of dividend will be taken as good news and the market will bid up share prices accordingly.

Profitability and Firm Value

High profitability reflects the company's ability to generate high profits for shareholders. the greater it is benefits the greater the company's ability to pay dividends, and this affects the increase in the value of the company. With high profitability ratios that owned a company will attract investors to invest in the company.which will be captured by investors as a positive signal of the company which further simplify the management company to attract capital in the form of shares. If there is an increase in demand for stocks a company, then it will indirectly raise the stock price in the market.

Liquidity and Firm Value

Liquidity is the ability of an asset level financial or otherwise turned into cash at any time necessary with minimum losses. The company's categorize as liquid company if it is can be meet short term obligations at it's maturity.

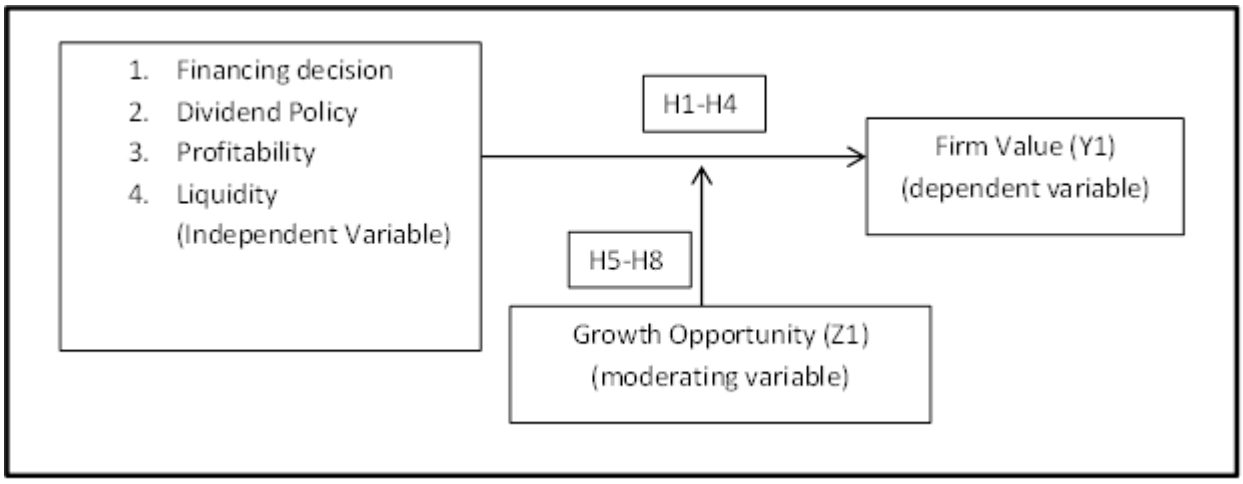
Choosing to hold its assets in liquid form, the firm will often help company to invest in higher expected return investment The alternative reason that focus on is a precautionary motive for keeping a high level of liquidity. Liquid assets provide a cushion that would allow the firm to survive a period of low earnings during which the firm might be unable to access capital markets or could do so only at a very high cost

Growth Opportunity Interaction toward Firm Value

Myers (1977) The value of a firm as the total of the value of assets in place and the value of options to make future discretionary investments. Records the distinction as between assets that can be regarded as call options to purchase real assets where ultimate value depends on further discretionary investment by the firm, and real assets with a market value which does not depend on further discretionary investment.

Chung and Charoenwong (1991) stated that the essence of the growth of a company is the existence of investment opportunities that generate profits. If there are investment opportunities Advantageously, the manager tried to take the opportunity - the opportunity to maximize shareholder wealth. The greater the chance of profitable investment, the investment will be greater.

Conceptual Model for Research



Pict. 1 Conceptual Framework for Research

Research Hypotheses

In order to answer the research question the following hypotheses were formulated:

H1 :There is a positive relationship between financing decision and firm value.

H2 : There is a positive relationship between dividend and firm value.

H3 : There is a positive relationship between profitability and firm value.

H4 : There is a positive relationship between liquidity and firm value.

H5 : Growth opportunity will moderate the relationship between financing decision and firm value.

H6 : Growth opportunity will moderate the relationship between dividend policy and firm value.

H7 : Growth opportunity will moderate the relationship between profitability and firm value.

H8 : Growth opportunity will moderate the relationship between liquidity and firm value.

METHODOLOGY

Research Method

Approaches or methods used for this study is a quantitative approach. Quantitative research is structured study and quantify the data. Quantitative research also emphasizes the hypothesis that is supported by theory, fact, previous studies based on statistical procedures.

The type of data required in this study is secondary data. According Sugiyono (2012:402) secondary data is the source of the data that does not directly provide data to data collectors, for example through other people or documents. Secondary data in the form of evidence, records or historical reports that have been arranged in the archive (data documents) are published.

Population and Sample

The population in this study is firms that had joined in the group LQ-45 during the period 2010 to 2012. The population is consist of 135 companies. This research using non-probability sampling and pusposive sampling to get proper sample among population.

1. The company went public listed in Indonesia Stock Exchange and included in the LQ-45 indexed for the period:
    a. February 2010 - July 2010
    b. August 2010 - January 2011
    c. February 2011 - July 2011

d. August 2011 - January 2012

e. February 2012 - July 2012

f. August 2012 - January 2013

2. The company publishes a complete annual report for the year 2010 and 2012, which have been audited, officially published and can be downloaded via the official website IDX, and the company's website.
3. Companies selected into the sample is non-banking companies, non-financial. These criteria are intended for banking and finance industry has special characteristics and regulations.
4. The company did not stop its activities in the capital market, and do not stop operations during 2010-2012.
5. Company lisiting on LQ 45 since february 2010 until january 2013 that pay the divident for the year 2010, 2011 and 2012
6. The Company has the necessary data and information and related variables to be studied.

The sampling is resulted 20 companies as the final sample of research. Observation period for this study using the data the annual report and financial statements of companies included in the LQ-45 index for the years 2010 ,2011, and 2012. So, the total sample used in this research is 60 sample.

Variable Measurement

Table 1. Operational Variable

Variable	Variable Concept	Indicator	Scale
Financing Decision	According Brigham (2010) The financing decision is a decision with regard to the amount of funds provided by the company, whether it is debt or equity capital.	Debt Equity Ratio	Ratio
Divident Policy	Dividends according to Weston and Copeland (2005) Dividends are corporate profits granted to shareholders	Divident Payout Ratio	Ratio
Growth Opportunity	Ghalandari (2013) Growth opportunities indicates the company ability to make a future investment positive	MVE/BVE	Ratio

	NPV project.		
Value of The Firm	According to (Brigham, 2001) The value of the company is the price that buyers are willing to pay if the company is sold	Tobin's Q	Ratio
Profitability	Kusumawati (2005) profitability is the company's ability to generate profits in the future and is an indicator of the future success of the operation company	ROE	Ratio
Liquidity	Liquidity is defined as the ability of a company meets financial obligations in the short term or that must be paid (Mamduh, 2004).	Current Ratio	Ratio

Analysis Model

$$Y = \alpha + \beta_1 P + \beta_2 DP + \beta_3 FD + \beta_4 L + e \qquad \text{(Model 1)}$$

$$Y = \alpha + \beta_5 P + \beta_6 DP + \beta_7 FD + \beta_8 L + \beta_9 GO + e \qquad \text{(Model 2)}$$

$$Y = \alpha + \beta_{10} P + \beta_{11} DP + \beta_{12} FD + \beta_{13} L + \beta_{14} GO + \beta_{15} FD*GO + \beta_{16} DP*GO + \beta_{17} P*GO + \beta_{18} L*GO + e$$
(Model 3)

Information of equation :

Y = Firm value

α = constant,

β = Regression Coeeficient

P = profitability

FD = financing decision

DP = dividend policy

L = liquidity

GO = Growth Opportunity

ε = Error term

- Model I Regression was conducted in purpose to examine the direct relationship between independent variable toward dependent variable

- Model II was conducted in purpose to examine the moderating effect, specifically determine the relationship between moderator variable to criterion **and/or** predictor variable.
- Model II was conducted in purpose to examine the moderating effect, specifically interaction between moderator variable **with** predictor variable

Analysis Technique

Analysis technique used in this research is data panel regression by using Eviews 6.0. Modeling using panel data regression can be done in three models as OLS Pooled Least Square, Fixed Effect Method, Random Effect Method. The chow test and haussman test is used as estimation tool to choose the best between those three models.

Chow test is used to select the pooled least square or fixed effect model (FEM) that should be used in the research. Hypotheses of Chow test is as follows:

H_0: OLS pooled Least Square (Common Effect)

H_1: fixed effect model (FEM)

If the results of probability value is x <0.05 then, H0 is reject, OLS pooled least square is not appropriate model. So, that H1 is accept, the research best done by FEM model. Vice versa.

Hausman test is used to choose between the fixed effect model (FEM) or the random effects model (REM) which should be used in this study. Hypotheses to perform Hausman test is as follows::

H0: random effect model(REM)

H1: fixed effect model(FEM)

If the results of probability value is x <0.05 then, H0 is reject, REM is not appropriate model. So, that H1 is accept, the research best done by FEM model. Vice versa.

Hypotheses Testing

Hypotheses testing for model 1 equation which is focus on the direct effect relationship between independent variable toward dependent variable is as follow :

1. Determine the level of significance, significance level is 5%
2. Determine the significance of the t test. T-tests of significance in this study using a significance level of 5%.
    a. H0 is accept H1-H4 reject; if the p-value ≥ 5% significance level, then the individual independent variable has no effect on the dependent variable
    b. H0 is reject H1-H4 accept; if the p-value <significance level of 5%, then the individual independent variables affect the dependent variable

Hypotheses testing for model 2 and 3 equation (H5-H8) which is focus on the moderating effect of moderator variable on relationship between independent variable toward dependent variable is as follow :

Table 2

Typology of Specification Moderator Variables

	Related to Criterion and/or predictor	**Not Related to Criterion and Predictor**
No interaction with predictor	Intervining, Exogenous, Antecendent, Suppressor, Predictor	Moderator (homologizer)
Has interaction with predictor variable	Moderator (quasi moderator)	Moderator (pure moderator)

Source : Sharma et. al (1981)

- β_9 (model 2) Significant and $\beta_{15}/\beta_{16}/\beta_{17}/\beta_{18}$ (model 3) significant , growth opportunity is quasi moderating variable.
- β_9(model 2) Significant and $\beta_{15}/\beta_{16}/\beta_{17}/\beta_{18}$ (model 3) non significant , growth opportunity is intervening, suppressor, predictor variable.
- β_9(model 2) Not Significant and $\beta_{15}/\beta_{16}/\beta_{17}/\beta_{18}$ (model 3) significant , growth opportunity is pure moderating variable.
- β_9(model 2) Not Significant and $\beta_{15}/\beta_{16}/\beta_{17}/\beta_{18}$ (model 3) not significant , growth opportunity is homologizer

RESULT AND DISCUSSION

Chow test

The result of F-statistic (chow test) as below :

Table 3

Chow Test Result : model 1 equation

Redundant Fixed Effects Tests

Pool: POOL

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.598394	(19,36)	**0.1106**
Cross-section Chi-square	36.703101	19	0.0086

Based on table 4.3, it shows that F significant level is 0,1106. It means that the value is higher than 0,05, so the H_0 is accept and $H_1$is reject. It can interpret that the best model used of the first equation is on OLS Pooled Least Square.

Table 4

Chow Test Result : Model 2 equation

Redundant Fixed Effects Tests

Pool: POOL

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.951680	(19,35)	**0.5324**
Cross-section Chi-square	24.989301	19	0.1609

Based on table 5, it shows that F significant level is 0,5324. It means that the value is higher than 0,05, so the H_0 is accept and $H_1$is reject. It can interpret that the best model used of the second equation is on OLS Pooled Least Square.

Table 5

Chow Test Result : Model 3

Redundant Fixed Effects Tests

Pool: POOL

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.628841	(19,31)	**0.8547**
Cross-section Chi-square	19.560151	19	0.4215

Based on table 4.4, it shows that F significant level is 0,8547. It means that the value is higher than 0,05, so the H_0 is accept and $H_1$is reject. It can interpret that the best model used of the third equation is on OLS Pooled Least Square.

Regression Result

Table 6

The Summary of OLS pooled least square t-Test for model 1-3

Variables	Equation	t-statistic	Probability Value	Significant/Not Significant
Financing Decision	Model 1	-2.300110	0,0253	Significant*
Dividend Policy	Model 1	0.592412	0,5924	Not Significant*
Profitability	Model 1	8.331706	0,0000	Significant*
Liquidity	Model 1	1.195278	0,2371	Not Significant*
Growth Opportunity (β_9)	Model 2	7.611053	0,0000	Significant*
Financing Decision*Growth Opportunity (β_{15})	Model 3	3.748914	0.0005	Significant*
Dividend Policy*Growth Opportunity (β_{16})	Model 3	1.068260	0.2905	Not Significant*
Profitability*Growth Opportunity (β_{17})	Model 3	-6.787319	0.0000	Significant*
Liquidity*Growth Opportunity (β_{18})	Model 3	2.567119	0.0133	Significant*

*****At Significant Level of 5%

The Effect of Financing Decision toward Firm Value

The first hypothesis (H1) stated that financing decision has positive effect toward firm value. The research result using multiple regression shows the financing decision has negative effect toward firm value (model 1). This result can seen from the significancy of financing decision toward firm value is 0,0253 with the coefficient value -2,300110. It depict that in the interaction of company growth opportunity, increasing financing decision of debt would affect decreasing on firm value at the significant level 5%. As a conclusion, the research is reject the first hypothesis (H1).

This result is linier with Cortez & Stevie (2012) and Fama (1978). The greater debt lead to higher level of bankruptcy probability. Because the company can not pay interest and principal. The investor will response negativelyt o these signals and may be able to Decrease the value companies that reflected the company's stock price

The Effect of Dividend Policy toward Firm Value

The second hypothesis (H2) stated that dividend policy has positive effect toward firm value. The research result using multiple regression shows dividend policy does not effect the firm value (model 1). This result can seen from the significancy of dividend policy toward firm value is 0,5560 with the coefficient value 0,592412. It depict that dividend policy would not affect decreasing nor

increasing on firm value at the significant level 5%. As a conclusion, the research is reject the second hypothesis (H2).

This result is linier with Afzal and Abdul (2012), Fodio (2009), Jiang and Komain (2013), Mardiyanti, et al. (2012), and Susanti (2010). Dividends not always be a positive signal to investors. By distribute dividend t, investors assume that corporate managers are less sensitive to investment opportunities that can generate profits and bring good prospect to the company

The Effect of Profitability toward Firm Value

The third hypothesis (H3) stated that profitability has positive effect toward firm value. The research result using multiple regression shows the profitability has positive effect toward firm value (model 1). This result can seen from the significancy of profitability toward firm value is 0,0000 with the coefficient value 8,332706. It depict that increasing in profit would affect increasing on firm value at the significant level 5%. As a conclusion, the research is accept the third hypothesis (H3).

The results are linier with research Pasaribu (2008), Kusuma (2009), and Nurmalasari (2009). High profitability shows good prospects for the company, so that investors will respond positively to these signals and may be able to increase the value companies that reflected the company's stock price

The Effect of Liquidity toward Firm Value

The fourth hypothesis (H4) stated that liquidity has positive effect toward firm value. The research result using multiple regression shows the liquidity has no effect toward the firm value (model 1). This result can seen from the significancy of liquidity toward firm value is 0,2371 with the coefficient value 1,195278. It depict that increasing in liquidity would not affect decreasing nor increasing on firm value at the significant level 5%. As a conclusion, the research is reject the fourth hypothesis (H4).

The results are linier with research by Mahendra (2011). Liquidity is simply does’nt have effect toward firm value. This matter likely due to liquidity is just information regarding the composition of assets, liabilities and do not describe the actual value of the company.so that changes from liquid assets owned by the company does not have an impact on investors perception, there is no increase nor decrease in the value of the company as reflected the company stock price.

Effect of Growth Opportunity on the Relationship between Financing Decision and Firm Value

The fifth hypothesis (H5) stated that growth opportunity will moderate the relationship between financing decision and firm value. Based on table 6, growth opportunity is act as quasi moderator variable to the relationship between financing decision and firm value. This deduction

taken from (β_9) is significant and (β_{15}) is also significant. The significance value of interaction model of financing decision and growth opportunity is less than 0,05, which is 0,0005. As the conclusion, the research accept the hypothesis (H5) at significant level of 5%. It means that growth opportunity is able to moderate and significantly enhance the effect of financing decision toward firm value.

Effect of Growth Opportunity on the Relationship between Dividend Policy and Firm Value

The sixth hypothesis (H6) stated that growth opportunity will able to moderate the relationship between dividend policy and firm value. Based on table 4.9, growth opportunity is unable to moderate and tend to act between intervining, exogenous, antecendent, suppressor, predictor variable to the relationship between dividend policy and firm value. This deduction taken from (β_9) is significant and (β_{16}) is not significant. the significance value of interaction model of dividend policy and growth opportunity is more than 0,05 which is 0,2905. As the conclusion, the research reject the hypothesis (H6) at significant level of 5%. It means that growth opportunity is not able to moderate do not significantly enhance the effect of dividend policy toward firm value.

Effect of Growth Opportunity on the Relationship between Profitability and Firm Value

The seventh hypothesis (H7) stated that growth opportunity will able to moderate the relationship between profitability and firm value. Based on table 6, growth opportunity is act as quasi moderator variable to the relationship between financing decision and firm value. This deduction taken from (β_9) is significant and (β_{17}) is also significant. the significance value of interaction model of profitability and growth opportunity is less than 0,05 which is 0,000. As the conclusion, the research accept the hypothesis (H7) at significant level of 5%. It means that growth opportunity is able to moderate and significantly enhance the effect of profitability toward firm value.

Effect of Growth Opportunity on the Relationship between Liquidity and Firm Value

The eight hypothesis (H8) stated that growth opportunity will able to moderate the relationship between liquidity and firm value. Based on table 6, growth opportunity is act as quasi moderator variable to the relationship between financing decision and firm value. This deduction taken from (β_9) is significant and (β_{18}) is also significant. the significance value of interaction model of liquidity and growth opportunity is less than 0,05 which is 0,0133. As the conclusion, the research accept the hypothesis (H8) at significant level of 5%. It means that growth opportunity is able to moderate and significantly enhance the effect of liquidity toward firm value.

CONCLUSION

The conclusions as follows :

1) Conclusion for independent variable as follows :
   a) Financing decision has negative effect toward firm value. The greater the debt the higher the level of probability bankruptcy because the company can not pay interest and principal.
   b) Dividend policy has no effect toward firm value. Dividends not always be a positive signal to investors. It arises because investors assume that corporate managers are less sensitive to investment opportunities that can generate profits and bring good prospect to the company.
   c) Liquidity has no effect toward firm value. It arises due the liquid company, not necessarily illustrated a good firm if too many fund reserve. So that changes from liquid assets owned by the company does not have an effect on the increase or decrease in the value of the company.
   d) Profitability has positive effect toward firm value. High profitability shows good prospects for the company, so that investors will respond positively to these signals and may be able to increase the value companies that reflected the company's stock price.
2) Conclusion for moderating variable as follows :
   a) The growth opportunity moderate and acts as quasi moderator on the relationship between financing decision toward firm value.
   b) The growth opportunity moderate and acts as quasi moderator on the relationship between liquidity toward firm value.
   c) The growth opportunity moderate and acts as quasi moderator on the relationship between profitability toward firm value.
   d) The growth opportunity unable to moderate the relationship between dividend policy and firm value. Growth opportunity act as between intervining, exogenous, antecendent, suppressor, or predictor.

BIBLIOGRAPHY

Afzal, Arie dan Abdul Rohman. 2012. Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan. *Journal of Accounting*, 1(2): h:9

Ahmad Rodoni dan Herni Ali . 2010. *Manajemen Keuangan*. Jakarta : Mitra Wacana

Anderson, Ronald. 2002. Capital Structure, Firm Liquidity and Growth. *National Bank of Belgium NBB Working Paper No. 2.*

Baltagi, Badi H. 2005. *Econometric Analysis of Panel Data*. John Wiley & Sons Ltd, Chichester.

Baltagi, Badi H., Young-Jae Chang. 1994. Incomplete Panels, A Comparative Stud of Alternative Estimators for the Unbalanced One-way Error Component Regression Model, *Journal of Economotrics*, 67-71.

Boanyah, Ebenezer Adu, Desmond Tutu Ayentimi and Osei Yaw Frank. 2013. Determinants of Dividend Payout Policy of Some Selected Manufacturing Firms Listed on The Ghana Stock Exchange. *Journal of Finance and Accounting*, 4(5): pp: 49-60.

Bolek, Monika. 2012. Profitability or Liquidity : Influencing the Market Value. International *Journal of Economics and Finance*; Vol. 4, No. 9.

Brigham, Eugene F and Joel F Houston. 2011. *Dasar-dasar Manajemen Keuangan. Edisi Kesebelas*. Buku 2. Jakarta : Salemba Empat.

Carlton, Dennis W. And Jeffrey M. Perloff. 2000. *Modern Industrial Organization : Second Edition*. Boston : Pearson Addison Wesley.

Chung, K. and Charoenwong, C. 1991 Investment options, assets in place, and the risk of stocks, *Journal of Financial Management*, 20, 21–33.

Collins, D.W., and S.P. Kothari. 1989. An Analysis of Inter-Temporal and Cross-Sectional Determinants of Earnings Response Coefficients,*Journal of Accounting and Economics* (11, 2/3, 1989), pp.143-181

Darmawati, D; Khomsiyah; dan R Rahayu. 2004. Hubungan Corporate Governace dan Kinerja Perusahaan. *Simposium Nasional Akuntansi* VII 2-3 desember, Denpasar Bali.

Darmawati, dkk. 2005. Hubungan Corporate Governance dan Kinerja Perusahaan. *Jurnal Riset Akuntansi Indonesia* Vol, 8, No 6, Hal 65-81

de Andre, Pablo. 2005. Financial Decisions and Growth Opportunities: a Spanish Firm's Panel Data Analysis. *Applied Financial Economics, 2005, 15, 391–407 Published by Routledge Taylor and Francis Group*

Dj, Alfredo Mahendra. 2011. Pengaruh Kinerja Keuangan terhadap Nilai Perusahaan (Kebijakan Dividen Sebagai Variabel Moderating) Pada Perusahaan Manufaktur di Bursa Efek Indonesia, Tesis Program Pascasarjana Universitas Udayana, Denpasar

Fama, E.F dan French, K.R. 2001. Testing Trade-off and Pecking Order Predictions about Devidends and Debt. *The Review of Financial Studies*. Vol.15, No.1, pp.1-33

Gamba, Andrea dan Triantis, Alexander. 2008. The Value of Financial Flexibility. The *Journal of Finance*. Vol.63 No.5, pp.2263-2296.

Gaver, J., and Gaver. 1993. Additional evidence on the association between the investment opportunity set and corporate financing, dividend, and compensation policies, *Journal of Accounting and Economics*, vol. 16, no. 1–3, p. 125–160.

Ghalandari, Kamal. 2013. The Moderating Effects of Growth Opportunities on the Relationship between Capital Structure and Dividend Policy and Ownership Structure with Firm Value in Iran: Case Study of Tehran Securities Exchange. *Research Journal of Applied Sciences, Engineering and Technology* Vol. 5, No. (4): Maxwell Scientific Organization.

Gujarati, Damodar. 2003. *Basic Econometrics : Fourth Edition*. New York : McGraw-Hill, Inc.

Hanafi, Mamduh M. 2004, *Manajemen Keuangan*. Yogyakarta: BPFE

Hananeh, Shahteimoori Ardestani. 2013. Dividend Payout Policy, Investment Opportunity Set and Corporate Financing in the Industrial Products Sector of Malaysia. *Journal of Applied Finance & Banking*, vol. 3, no. 1, Scienpress Ltd.

Hardiningsih, Pancawati. 2009. Effect Decisions Investment, Financing Decisions, and Dividend Policy Against Firm Value. *Simposium Nasional Akuntansi* XIII Purwokerto 2010.

Hasnawati, Sri. 2005. Implikasi Keputusan Investasi, Pendanaan, dan Dividen terhadap Nilai Perusahaan Publik di Bursa Efek Jakarta. *Usahawan. No. 09/Th XXXIX*. September 2005 : 33-41.

I Made Sudana. 2011. *Manajemen Keuangan Perusahaan: Teori dan Praktek*. Jakarta : Penerbit Erlangga

James C. Van Horne dan John M. Wachowicz. 2005. *Fundamental of Financial Management : Buku satu edisi ke dua belas*.Jakarta : Salemba Empat

Jiang, Jun and Komain Jiranyakul. 2013. Capital Structure, Cost Of Debt And Dividend Payout of Firms in New York And Shanghai Stock Exchanges. *International Journal Of Economics and Financial Issues*, 3(1): pp:113-121.

Jones, S. and Sharma, r. 2001. The association between the investment opportunity set and corporate financing and dividend decisions: some Australian evidence. *Managerial Finance*, vol. 27, no. 3, pp. 48-64.

Jones, Stewart. 2006. The Association Between the Investment Opportunity Set and Corporate Financing and Dividend Decisions: Some Australian Evidence. *Managerial Finance 2006 27:3 , 48-64 Emerald Group Publishing, Management Consultant Bradford UP Ltd.*

Kallapur, Sanjay, and mark A. Trombley. 1999. The Association Between Investment Opportunity Set and Realized Growth. *Journal of Business, Financial, and Accounting*, 96. pp. 505-519

Kasmir. 2010. *Pengantar Manajemen Keuangan*. Jakarta: Kencana

Keown, Arthur J., Martin, John D., Petty, J.W, & Scott, David. 2008. *Manajemen Keuangan (Prinsip dan Penerapan).* Edisi Kesepuluh. Jakarta : PT.Indeks.

Kieso, Donald E., dan Jerry J. Weygant. 1995. *Intermediate Accounting*. Penerbit Binarupa Aksara, Jakarta.

Klapper, Leora and I. Love, 2002. corporate governance, inverstor protection and performance in emerging markets. *World Bank Working Paper*, http:www. ssrn.com

Mardiyanti, Umi, Gatot Nazir Ahmad dan Ria Putri. 2012. Pengaruh Kebijakan Dividen, Kebijakan Hutang dan Profitabilitas terhadap Nilai Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2005-2010. *Jurnal Riset Manajemen Sains Indonesia* (JRMSI), 3(1): h:1-17.

Myers, S. 1977. Determinants of Corporate Borrowing.*Journal of Financial Economics* (5, 1977), pp.147-175

Rini, Lihan. 2010. Influence Decisions Investment, Financing Decisions, and Dividend Policy Against Firm Value. *Simposium Nasional Akuntansi XIII Purwokerto.*

Sekaran, Uma. 2006. *Metodologi Penelitian UntukBisnis*. Jakarta: Salemba Empat

Sharma, Subhash, Durand, Richard M., dan Gur-Arie. 1981. Identification and Analysis of Moderator Variables. *Journal of Marketing Research*, 28,291

Subagyo, Herry. 2011. Capital Structure Policy Effectiveness in Enhancing Firm Value. *Jurnal Bisnis dan Ekonomi* (JBE), Maret 2011, Hal. 59 – 68 Vol. 18, No. 1

Sugiyono. 2012. Metodologi Penelitian Bisnis. Bandung : Alfabeta

Taghizadeh, Vahid. 2013. The Effect of Capital Structure on Liquidity and Investment Growth Opportunity in Tehran Stock Exchange. *Journal of Basic and Applied Scientific Research* 2013, TextRoad Publication.

Wahyudi, Untung dan Pawestri, Hartini Prasetyaning. 2006. Implikasi Struktur Kepemilikan Terhadap Nilai Perusahaan: Dengan Keputusan Keuangan sebagai Variabel Intervening. *Simposium Nasional Akuntansi* 9.KAKPM 17.

Weston, J.F dan Copeland. 2008. *Dasar–Dasar Manajemen Keuangan*. Jakarta : Erlangga.

Widarjono, Agus. 2013. *Ekonometrika Pengantar dan Aplikasinya : DisertaiPanduan Eviews*. Yogyakarta : UPP STIM YKPN.

Yuliani. 2012. Diversification, Investment Opportunity Set, Envinronmental Dynamics and Firm Value (Empirical Study of Manufacturing Sectors in Indonesia Stock Exchange.*Jurnal Bisnis dan Ekonomi (JBE)*, Maret 2011, Hal. 59 – 68 Vol. 18, No. 1

Attachment 1 : Research Sample

No.	Code	Company Name	Source

1.	AALI	Astra Agro Lestari, Tbk.	IDX Publication website
2.	ADRO	Adaro Energy, Tbk.	IDX Publication website
3.	ANTM	Aneka Tambang (Persero), Tbk.	IDX Publication website
4.	ASII	Astra International, Tbk	IDX Publication website
5.	GGRM	Gudang Garam, Tbk	IDX Publication website
6.	INDF	Indofood Sukses Makmur, Tbk.	IDX Publication website
7.	INDY	Indika Energy, Tbk.	IDX Publication website
8.	INTP	Indocement Tunggal Prakasan, Tbk	IDX Publication website
9.	ITMG	Indo Tambangraya Megah, Tbk.	IDX Publication website
10.	JSMR	Jasa Marga (persero), Tbk.	IDX Publication website
11.	KLBF	Kalbe Farma, Tbk.	IDX Publication website
12.	LPKR	Lippo Karawaci, Tbk.	IDX Publication website
13.	LSIP	London Sumatera Plantation, Tbk	IDX Publication website
14.	PGAS	Perusahaan Gas Negara, Tbk.	IDX Publication website
15.	PTBA	Tambang Batubara Bukit Asam (persero), Tbk.	IDX Publication website
16.	SMGR	Semen Gresik (persero), Tbk.	IDX Publication website
17.	TINS	Timah (persero), Tbk.	IDX Publication website
18.	TLKM	Telekomunikasi Indonesiae (persero), Tbk.	IDX Publication website
19.	UNTR	United Tractors, Tbk.	IDX Publication website
20.	UNVR	Unilever Indonesia, Tbk	IDX Publication website

Attachment 2 : Firm Value Pooled Least Square (PLS) for model 1 from Eviews 5.10 Year 2010-2012

Dependent Variable: TOBINSQ?
Method: Pooled Least Squares
Date: 12/24/14 Time: 12:49
Sample: 2010 2012
Included observations: 3
Cross-sections included: 20
Total pool (balanced) observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.449779	0.825756	-0.544688	0.5882
CR?	0.001197	0.001002	1.195278	0.2371
ROE?	0.109604	0.013155	8.331706	0.0000
DPR?	0.008805	0.014864	0.592412	0.5560
DER?	-0.010143	0.004410	-2.300110	0.0253

R-squared	0.772037	Mean dependent var	2.613667
Adjusted R-squared	0.755458	S.D. dependent var	2.555073
S.E. of regression	1.263515	Akaike info criterion	3.385327
Sum squared resid	87.80580	Schwarz criterion	3.559855
Log likelihood	-96.55980	Hannan-Quinn criter.	3.453595
F-statistic	46.56676	Durbin-Watson stat	1.781334
Prob(F-statistic)	0.000000		

Attachment 3 : Firm Value Pooled Least Square (PLS) for model 2 from Eviews 5.10 Year 2010-2012

Dependent Variable: TOBINSQ?
Method: Pooled Least Squares
Date: 01/07/15 Time: 15:55
Sample: 2010 2012
Included observations: 3
Cross-sections included: 20
Total pool (balanced) observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.830018	0.602775	1.376995	0.1742
CR?	0.001240	0.000702	1.766454	0.0830
ROE?	-0.003003	0.017434	-0.172234	0.8639
DPR?	0.014753	0.010449	1.411982	0.1637
DER?	-0.016470	0.003201	-5.145116	0.0000
IOS?	0.394697	0.051858	7.611053	0.0000

R-squared	0.890019	Mean dependent var	2.613667
Adjusted R-squared	0.879835	S.D. dependent var	2.555073
S.E. of regression	0.885711	Akaike info criterion	2.689787
Sum squared resid	42.36213	Schwarz criterion	2.899222
Log likelihood	-74.69362	Hannan-Quinn criter.	2.771709
F-statistic	87.39843	Durbin-Watson stat	1.833011
Prob(F-statistic)	0.000000		

Attachment 4 : Firm Value Pooled Least Square (PLS) for model 3 from Eviews 5.10 Year 2010-2012

Dependent Variable: ZTOBINSQ?
Method: Pooled Least Squares
Date: 12/22/14 Time: 10:31
Sample: 2010 2012
Included observations: 3
Cross-sections included: 20
Total pool (balanced) observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.255649	0.038692	6.607304	0.0000
ZCR?	0.223517	0.044060	5.073036	0.0000
ZROE?	0.108372	0.101688	1.065729	0.2917
ZDPR?	0.023641	0.055120	0.428905	0.6698
ZDER?	0.040398	0.029543	1.367432	0.1776
ZIOS?	1.741548	0.114320	15.23395	0.0000
ZCRIOS?	0.224810	0.087573	2.567119	0.0133
ZROEIOS?	-0.397060	0.058500	-6.787319	0.0000
ZDPRIOS?	0.085626	0.080155	1.068260	0.2905
ZDERIOS?	0.494903	0.132012	3.748914	0.0005

R-squared	0.963346	Mean dependent var	-6.67E-07
Adjusted R-squared	0.956748	S.D. dependent var	1.000000
S.E. of regression	0.207971	Akaike info criterion	-0.151827
Sum squared resid	2.162591	Schwarz criterion	0.197230
Log likelihood	14.55482	Hannan-Quinn criter.	-0.015292
F-statistic	146.0116	Durbin-Watson stat	2.340943
Prob(F-statistic)	0.000000		