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Submission date: 28-May-2022 10:23AM (UTC+0700)

Submission ID: 1845732962

File name: COMPANY_GROWTH_ON_COMPANY_VALUE_IN_PROPERTY_AND_REAL_ESTATE.pdf (475.71K)

Word count: 3460

Character count: 17892



Received: 08.12.2021; Revised: 09.02.²⁵2022, Accepted: 25.03.2022, Published Online: 21.04.2022

DOI: 04.3596/oeco.584766

COMPANY GROWTH ON COMPANY VALUE IN PROPERTY AND REAL ESTATE COMPANIES

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ABSTRACT

This research was conducted because of the importance of a company assessment for the company and an investor who will invest or have invested in the company. Therefore, the researcher has a research objective, namely to analyze the company's growth on the value of the company in property and real estate companies.

The research sample was 21 companies for 3 years so that there were 63 sample data ¹⁷listed on the Indonesian stock exchange for the 2017-2019 period. By using purposive sampling method is a sampling technique that uses certain criteria. This study uses a panel data regression analysis tool.

²The results of this study indicate that company growth has a significant positive effect on firm value. Keywords: company growth, company value, real estate company.

BACKGROUND

The economy of a country cannot be separated from how many companies have succeeded in establishing their business and also how many investors have invested in a country. A company is never separated from how investors or third parties value it. It is this assessment that gives the company a standing and provides funds to carry out its production or activities. This assessment gives the company more strength in dealing with all crises, especially in the current economic conditions where all lines are forced to struggle and survive.

The company's long-term goal is to optimize the company's value by minimizing the company's cost of capital. The higher the value of the company, the more prosperous the owner of the company is. The use of debt policy can be used to create the desired company value, but debt policy also depends on company growth which is also related to company size. This means that a large company and has a good company growth rate shows the company's ability to pay interest on debt if it uses debt to run the company's operations. Therefore, linking company growth and company value is very relevant.

Company growth has a significant and positive effect on firm value. This means that the faster the growth of the company, the higher the value of the company. The company's growth indicates the company's ability to maintain its business continuity. Company growth can be proxied by sales growth. Sales growth is used to measure the effectiveness of the company in maintaining its economic position, both in the industry and in overall economic activity.

The company's growth in this study was measured using asset growth indicators. Total Asset Growth (TAG) reflects the company's current asset growth compared to changes in total assets in the previous year. Companies that have a large Total Asset Growth (TAG) will find it easier to get attention from investors and creditors because it reflects the company is able to generate profits that can be used to increase the number of assets which can then increase the value of the company.

Value of firm which will be forwarded to the company value, for companies that have not gone public are a number of costs that prospective buyers are willing to pay if the company is sold, while for companies that have gone public, the company value of a company can be seen from the size of the value of the company's shares in the market. capital. Every company that goes public has a goal to maximize the value of the company where it is used as a benchmark for the company's success because with an increase in company value the prosperity of the owners and shareholders of the company also increases.

Firm value has a great influence on investment decisions in a company. Investors in making investment decisions tend to look at the value of the company first. Companies that have high corporate values will have good prospects for future company growth, so that they can attract investors to invest and vice versa.

Research that discusses the effect of company growth on firm value has been carried out by previous researchers such as Suwardika and Mustanda, (2017) which state that company growth has a significant negative effect on firm value. While the research conducted by Dhani and Utama, (2017), (Suastini, et al, (2016), Suryandani, (2018), Ramdhonah, et al, (2019), Gustian, (2017), Russia, et al, (2017), and Sumarsono, (2016) stated the results that company growth had a significant positive effect on firm value, as well as the results of research conducted by Yanda, (2018) and Ukhriyawati and Dewi, (2019) where the results of the analysis did not show the effect of company growth on the value of the company.

Based on the differences in the research above, the researcher is interested in examining the effect of company growth on firm value. Apart from the reasons for the differences in the research above, researchers are interested in taking this because the condition or value of the company is an important aspect of an investor's assessment of a company. As an investor, the company must know what the prospects of a company are for the future.

The selection of research samples on real estate companies is based on the reason that in the past few years this company is a group of companies that have the most investors, therefore researchers are interested in researching this group of companies. In addition to the 2017-2019 election, because in that year there had not been an epidemic that made the economy slump, the researcher wanted to examine when conditions were normal. Based on these reasons, the researcher is interested in researching this research with the title *Company Growth on Company Value in Property and Real Estate Companies Listed on the Indonesia Stock Exchange for the 2017-2019 Period*.

COMPANY GROWTH

Growth is a company with a high growth rate will imply a higher demand for external funding needs.

The growth of a company can be described through various elements of a financial report. These elements are from sales, assets and also net income of a company which is reflected in the financial statements. Although it can be seen from various elements, the three elements are a single unit having the same basic principle. The view of company growth is an increase in the value of a business in a certain period in each period.

Basically, when a company is able to grow quickly and get good results, there will be a strengthening of its position in the competitive business world. and this ensures that the company will increase sales results as well as market share. The good impact again with the increase in growth is forcing existing resources, both human resources and other resources to work optimally to meet market needs and demands. Human resources occupy the highest rank for running a business and also maximizing the implementation of company activities. For the increase that goes up, the company gains not only material benefits but also non-material benefits, such as corporate image and brand image.

The company's growth can be seen from the financial ratios in the form of growth ratios. The growth ratio describes how successful the company and company management are in managing finances and also each company's production line. a company that has a profit as well as a balance in finances and everything is in accordance with the company's goals will make the company continue to grow well and always be able to produce something good, in other words the company will be well managed in fulfilling its responsibilities, both social responsibility and production responsibilities. order.

VALUE OF FIRM

Company value is an assessment or view of investors or third parties on the company. Investors' views have an important role for a company, both a developing company and an advanced company. An increase in the company's valuation by investors will increase the company's share price. for the company the goal is to generate the maximum profit and increase the wealth and value of the company. For a company, a good assessment of a company is an illustration of how the company is able to prosper its shareholders and become a company that is able to always carry out a sustainability system for every good thing that the company will do.

The stock price is considered a reflection of a company's valuation. A high share price is an assessment of the company's success in creating an assessment and providing hope for shareholders. The hope for shareholders is in the form of large profits for shareholders. Analysis of firm value uses market ratios, namely using price book value (PBV). This ratio is used to measure the performance of the stock price in the market at its book value.

The value of the company assessed from the market ratio can see the actual condition of the investor's condition, what investors want, and also how the investor is psychologically. The market provides an assessment of what the company has produced and done. Companies that have met maximum results, of course, the market will provide rewards by buying shares according to what the market feels is

appropriate. Therefore, it can be concluded that the higher the level of share price offered, the more favorable the company's assessment will be.

HYPOTHESIS

Based on the objectives and background of this research, the hypothesis that can be formulated is as follows: Company growth has a significant positive effect on the Value Of Firm in Property and Real Estate Companies Listed on the Indonesia Stock Exchange for the 2017-2019 Period.

RESEARCH METHODS

This research uses descriptive and verification methods. In this study, each variable will be described and explain the influence between the variables studied. While the type of influence between the variables used is causality, namely the independent variable affects the dependent variable. The data analysis used is panel data regression analysis. In this study, the author uses a data management program with eviews version 10.

The population in this study is property and real estate company listed on the Indonesian stock exchange for the 2017-2019 period. The sample of this study was determined by purposive sampling technique. The provisions in this study have criteria, namely, property and real estate companies listed on the Indonesian stock exchange during 2017 – 2019.

Panel data regression analysis in this study can be formulated as follows:

$$Y = + X +$$

Information:

Y= Firm value

= Constant

X= Company growth

= error term

ANALYSIS RESULTS AND DISCUSSION

DESCRIPTION ANALYSIS

The results of the calculation of this study are a description of the variables of company value and company growth in property and real estate companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The average firm value variable is -3.633666 with a median value of -3.473768, a minimum value of -9.21034 and a maximum value of -2.349677. This means that this variable data is quite varied. The average value of the Company Growth variable is -2.766292 with a median value of -2.645075, a minimum value of -6.074846 and a maximum value of 0.185068. This illustrates that the data on the variable company growth varies.

MULTICOLLINEARITY TEST

Based on the results of this study indicate that the value of the correlation coefficient of the independent variable is less than 0.9. So it can be concluded that the data used in this study does not occur multicollinearity or in other words there is no relationship between the independent variables.

HETEROSCEDASTICITY TEST

Based on the white test in this study, the probability value of Chi-Square Obs was obtained. R-squared $0.152 > 0.05$. So it can be concluded that the data used in the study did not occur heteroscedasticity.

PANEL DATA REGRESSION ANALYSIS

TEST CHOW

Based on the results of the Chow test, it appears that the probability value of the cross-section F for the estimated results of the Chow test is 0.0003. This value means that the probability value is < 0.05 which can be concluded that the results of this test accept the first hypothesis or model, the fixed effect model is better than the common effect model.

HUMAN TEST

Based on the research results, it can be seen that the random cross-section probability value from this study is $0.0375 < 0.05$, so it can be concluded that the Husman test results prove the hypothesis or fixed effect model in this study is appropriate to use.

PANEL DATA REGRESSION

To see the effect on the model, regression analysis of fixed effect estimation panel data is used. The results of the estimation calculations in the table above are explained by the equations of the estimation results as follows:

$$\text{Firm Value (Y)} = -3.099794 + 0.192992X$$

The following is the interpretation of the regression:

- If the variable LnCorporate Value is not influenced by the independent variable Company Growth (zero), then the average value of the Company will be -3.099794 units.
- If the Company's Growth increases by 1%, then The value of the company will increase by 0.192992 units. The elasticity coefficient for the Company Growth variable has elasticity < 1 , meaning that a larger percentage change in Company growth only results in the least change The value of the company.

HYPOTHESIS TEST

Hypothesis:

H0 : $B_1 = 0$ Company growth has no effect on firm value.

H1 : $B_1 \neq 0$ Company growth has an effect on firm value.

The results of the t-test based on processing are presented in the following table:

Based on the table above, the following results are obtained:

The market share variable has a probability value ($0.0263 < 0.05$), then Ho is rejected. Therefore, it can be concluded that there is a significant effect of company growth on firm value.

DETERMINATION COEFFICIENT ANALYSIS (ADJUSTED R2)

Based on the test results, the Adjusted R-squared value obtained is 0,238806. this shows that the

growth of the company contributes to the value of the company by 23.88% while the remaining 76.12% is influenced by other factors outside the study.

DISCUSSION

The results of the hypothesis test indicate that the company's growth has a positive and significant effect on firm value. This means that when the company's growth increases, the value of the company will increase. The high growth of the company will illustrate the many processes that are passed to develop the company's business. Likewise, when the company's growth declines, the business picture will also decline.

The development of the company is illustrated by how the company's development is positive or negative. Positive development means development that continues to rise and continues towards the top. While the development in a negative direction means that the company's development is declining to the point of decline. The development of the company is determined by how much effort the company has. The company will continue to make great efforts to achieve the goals of the company. The development of the company is a signal for third parties, such as investors and the public. The development of a company can be seen from how much sales or production is to fulfill the interests or demands of customers. Customers make a request to the company because the customer believes in the company's capabilities. The more the company is able to provide customer demand, the greater the company's development will be. This means that the company has a high demand for sales. However, this must also be compared with the costs that are sacrificed, how much profit is obtained by increasing sales.

The development of the company can be seen by the number of company sales. The higher the sales of food, the higher the level of company development. And vice versa when sales are low, the level of company development will be lower. The development of the company is not only a signal but also a determinant of how stakeholders and shareholders view the company's value.

The high value of the company in this study is also illustrated by the high development of the company. The development of the company is illustrated by the high number of sales and customer requests for the company's production. This illustrates that the profit earned by the company is also high, so the company is able to prove that the company is able to develop well. For the development of the company that continues to rise, the higher the assessment of the company will be.

A high company value gives a good signal for investors so that investors believe in the funds they have invested. And vice versa when the company's value is low, the lower the investor's confidence in the company. This can be seen based on the stock price in the market. Thus, the higher the profit and sales, the higher the company's valuation, and vice versa.

The results of this study are supported by previous research conducted by Dhani and Utama, (2017), (Suastini, et al, (2016), Suryandani, (2018), Ramdhonah, et al, (2019), Gustian, (2017), Russia, et al, (2017), and Sumarsono, (2016) state the results that company growth has a significant positive effect on company value. The higher the company's growth, the higher the level of company value and similarly when company growth decreases, the company value will also decrease.

CONCLUSION

¹⁴ Based on the results of the analysis and discussion that have been carried out previously, the conclusions in this study are: Company growth has an effect on company growth and has a positive and significant effect on the value of the Property and Real Estate company.

One of the efforts to improve the economy is by making direct investments or Foreign Direct Investment is abbreviated as FDI, where a company from one country establishes or expands its company in another country. Direct investment to support economic growth and foster a competitive non-oil and gas sector at the international level. Therefore, in order for foreign direct investment to run well, it is necessary to pay attention to the influencing factors.

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