

Impact of Company Growth on Company Value in Property and Real Estate Companies Registered on the Indonesia Stock Exchange

Franciscus Dwikotjo Sri Sumantyo

Fakultas Ekonomi dan Bisnis, Universitas Bhayangkara Jakarta Raya, Indonesia

Article Info	ABSTRACT
Keywords: Company growth, Company value, Impact of company growth, Property and real estate companies, Property and real estate sector	The company's long-term goal is to optimize the value of the company by minimizing the company's cost of capital. The higher the value of the company, the more prosperous the owner of the company. The use of debt policy can be used to create the desired company value, but this policy also depends on the growth of the company which is also related to the size of the company. The purpose of this study is to analyze the company's growth on the firm value of property and real estate companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The research sample was 33 companies for 3 years so that there were 99 sample data. Data analysis used panel data regression analysis, using a data management program with the help of eviews version 9 software.

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Corresponding Author:

Franciscus Dwikotjo Sri Sumantyo,
Fakultas Ekonomi dan Bisnis
Universitas Bhayangkara Jakarta Raya, Indonesia
Jl. Raya Perjuangan No.81, Bekasi Utara, Jawa Barat, Indonesia. 17143
franciscus@dsn.ubharajaya.ac.id

INTRODUCTION

The economy of a country cannot be separated from how many companies have succeeded in building their businesses and how many investors have invested their capital (Andreica & Maricescu, 2011). A company cannot be separated from how investors or third parties judge it. This assessment provides a position for the company and provides funds to carry out its production or activities. (PricewaterhouseCoopers, 2012) This assessment also gives the company more strength in facing any crisis, especially in the current economic conditions when all lines are forced to struggle and survive.

To reflect the prospects of a company in the future, the value of a company is used as a basis for seeing the company's performance. In addition, it can also be an index of market assessment of a company as a whole (Musabbihan and Purnawati, 2018). The value of the company that is seen through the stock price will illustrate the existence of a good investment probability, because it is able to share a positive signal to investors about the welfare of investors and prospects in the future, so as to be able to make the value of a company increase (Rizqi and Anwar, 2021). Firm value in this test is proxied using price to book value (PBV). The higher the PBV ratio, the higher the welfare of investors in a company.

The value of the company is influenced by the growth of the company, the more positive the growth of the company, the value of the company will increase. The company's growth shows its position in industry and its growth over time (Fahmi, 2012; Kasmir, 2016). This can be reflected in the

growth sales, profit, earnings per share, dividends, and total assets. The higher the company's growth rate, the higher the value of the company. Growing company generally have good investment opportunities produces a positive net present value (Liow, 2010). So that investors view this growth as a positive thing signals about the company's future performance and rush to buy company shares that will push stock prices increased (Gregory, Tharyan, & Whittaker, 2014).

Company growth has a significant and positive effect on firm value. That is, the faster the growth of the company, the higher the value of the company. The company's growth shows the company's ability to maintain its business continuity. (Hestinoviana & Handayani, 2010) The company's growth can be described 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. Research that discusses the effect of firm growth on firm value has been carried out by (bandanuji, 2020) who found that firm growth has a significant negative effect on firm value. Meanwhile (dhani et al., 2017), (Suastini et al., 2016), (Suryandani, 2018), (Ramdhonah et al., 2019) revealed that company growth has a significant positive effect on firm value. Then, (Dani, 2017) and (Martin et al., 2021; Novietta et al., 2020) state that the results of the analysis do not show the effect of firm growth on firm value. The existence of a gap in previous research, could be due to the use of proxies for calculating each variable to determine the value or growth of the company.

In this study, company growth is measured by 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 TAG will more easily get the attention of investors and creditors because it shows that 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's assets. Based on the explanation of the differences in the results of the research above, researchers are interested in studying the effect of company growth on firm value. In addition, the condition or value of the company is an important aspect of investor assessment of a company. As investors, companies must know how the prospects of a company in the future.

The company's long-term goal is to optimize the value of the company by minimizing the company's cost of capital. The higher the value of the company, the more prosperous the owner of the company. The use of debt policy can be used to create the desired company value, but this policy also depends on the growth of the company which is also related to the size of the company. (Firza Alpi, 2020) This means that large companies and have good company growth rates show the company's ability to pay interest on debt if they use debt for company operations. So, linking company growth and company value is very relevant. The selection of research samples for real estate companies is based on the reason that in recent years these companies are a group of companies that have the most investors, so researchers are interested in researching this group of companies. In addition to the 2017-2019 Pilkada, in that year there was no epidemic that made the economy slump, the researcher wanted to study when conditions were normal. Researchers are interested in conducting this research with the title Company Growth Against Company Value in Property and Real Estate Companies Listed on the Indonesia Stock Exchange for the 2017-2019 Period.

RESEARCH METHOD

This research uses descriptive and verification methods. Each variable and the influence between the variables studied will be explained. The type of influence between variables used is causality, ie the independent variable affects the dependent variable. Data analysis used panel data regression analysis. The researcher uses a data management program with evIEWS version 10. The population in this study is property and real estate companies listed on the Indonesia Stock Exchange for the 2017-

2019 period. The research sample was determined by purposive sampling technique. The criteria for selecting the sample are property and real estate companies listed on the Indonesia Stock Exchange during 2017 – 2019. This study is a replication of (Febriyanto, 2018; Halfiyah & Suriawinata, 2020; Pratiwi et al., 2021).

This research is secondary data in the form of panel data. Secondary data is data obtained from sources that are not directly related to the object under study or other sources related to research where this data is obtained from related agencies or institutions. There is 1 independent variable and 1 dependent variable in this study. 1 independent research variable represents the company's growth which is proxied from the value of Total Asset Growth (TAG). According to Prasetyo (2011) to find total asset growth is as follows:

RESULT AND DISCUSSION

The results of this research calculation are in the form of a description of the company's value variables and company growth in property and real estate companies listed on the Indonesia Stock Exchange for the 2017-2019 period.

Table 1. Descriptive

	Company Growth (TAG)	Firm Value (PBV)
mean	-2.77	-3.63
median	-2.65	-3.47
Maximum	0.19	-2.35
Minimum	-6.07	-9.21
Std. Dev.	1.37	0.99
Skewness	-0.17	-3.26
Kurtosis	2.84	17.40
Observations	99	99

Based on the output results above, that the probability value in the model is <0.05 , it can be concluded that the residuals are not normally distributed in the model.

Table 2. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistics	1.317815	Prob. F(1.84)	0.2542
Obs*R-squared	1.328352	Prob. Chi-Square(1)	0.2491
Scaled explained SS	3.540857	Prob. Chi-Square(1)	0.0599

Based on the table above, it appears that the probability value of obs*R-Square for the model is >0.05 , it can be concluded that there is no violation of the heteroscedasticity assumption.

Table 3. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistics	1.960154	Prob. F(2.95)	0.1465
Obs*R-squared	3.923465	Prob. Chi-Square(2)	0.1406

Based on the table above, it appears that the probability value of obs*R-Square for the model is >0.05 , it can be concluded that there is no violation of the autocorrelation assumption.

Table 4. Multicolonearity Test

Variance Inflation Factors
Date: 03/25/22 Time: 05:28
Samples: 1 99
Included observations: 99

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.051048	5.142248	NA 1.00000
TAGS	0.005374	5.142248	00

Based on the table above, the VIF value < 10 , it can be concluded that there is no multicolonearity violation.

Table 5. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistics	df	Prob.
Cross-section F	2.140628	(32.65)	0.0047
Cross-section Chi-square	71.251769	32	0.0001

Based on the table above, it appears that the value of prob. chi-square in the model is 0.001. Because the prob value. chi-square < 0.05 , it can be concluded that the model used is a fixed effect model. Because the test results show the four selected models are fixed effect, then the analysis is continued with the Hausman test to choose between models fixed effect or random effects.

Table 6. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	0.655093	1	0.4183

Based on the table above, it can be seen that the prob value. chi-square has a prob value above 0.05, it can be concluded that the approach uses Random Effects. Because the selected model is Random effect, then the analysis is continued with the test lagrange to choose between the Common Effect or Random Effect model.

Table 7. Test Results Lagrange Multiplier

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives			
	Cross-section	Hypothesis Test time	Both
Breusch-Pagan	6.967553 (0.0083)	1.304577 (0.2534)	8.272130 (0.0040)
Honda	2.639612 (0.0042)	-1.142181 --	1.058844 (0.1448)
King-Wu	2.639612 (0.0042)	-1.142181 --	-0.467878 --
Standardized Honda	2.771238 (0.0028)	-0.897447 --	-3.450258 --
Standardized King- Wu	2.771238 (0.0028)	-0.897447 --	-3.041477 --
Gourieriou, et al.*	--	--	6.967553
(< 0.05)			
*Mixed chi-square asymptotic critical values:			
	1%	7.289	
	5%	4.321	
	10%	2,952	

Based on the table above, it can be seen that the prob value. Breusch-Pagan the model has a prob value below 0.05, it can be concluded that the approach uses a random effect.

Table 8. Hypothesis Testing

Dependent Variable: PBV				
Method: Panel EGLS (Cross-section random effects)				
Date: 03/25/22 Time: 05:17				
Sample: 2017 2019				
Periods included: 3				
Cross-sections included: 33				
Total panel (balanced) observations: 99				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.028694	0.001842	15.57923	0.0000
TAGS	0.060741	0.005233	11.60690	0.0000
Effects Specification				
			SD	Rho

Random cross-section		0.007508		0.2809
Idiosyncratic random		0.012012		0.7191
Weighted Statistics				
R-squared	0.582258	Mean dependent var		0.023221
Adjusted R-squared	0.577952	SD dependent var		0.018456
SE of regression	0.011990	Sum squared resid		0.013945
F-statistics	135.2009	Durbin-Watson stat		2.198044
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.538164	Mean dependent var		0.034222
Sum squared resid	0.019278	Durbin-Watson stat		1.590063

Based on the table above, the results of the prob. smaller than 0.05. Because the prob value. (0.000) < 0.05 then H_0 is rejected. Therefore, it can be concluded that there is a positive and significant effect of company growth on firm value. With an R-squared value of 0,538, this shows that the company's growth contributes to the value of the company by 53.8% while the remaining 46.2% is the contribution of other variables besides the independent variables studied.

The results of statistical calculations show that the company's growth has a positive and significant impact on the value of the company, this is indicated by the prob value. smaller than 0.05. In line with research conducted by Ghazali et al., (2018), Tarmidi et al. (2020), when the company's growth increases, the value of the company will increase (Ghozali et al., 2018; Tarmidi et al., 2020). The high growth of the company illustrates the many processes that are passed to develop the company's business. However, when the company's growth declines, the business picture will also decline. The development of the company is described by how the company is positive or negative. Positive development means development that continues to climb and continues towards the top. Meanwhile, developments in a negative direction mean 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 makes. The company will continue to make great efforts to achieve the company's goals. The development of the company is a signal for third parties, such as investors and the public. The development of the company can also be seen from how much sales or production is needed to meet customer interests or demands.

Customers make requests to the company because customers believe 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. On the other hand, this must also be compared with the costs sacrificed, how much profit is gained by increasing sales. (Hidayat et al., 2021) The company's development can be seen from the number of company sales. The higher the sales, the higher the level of development of the company. Conversely, 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 value of the company. In this study, the high value of the company is also illustrated by the high development of the company. The company's development is illustrated by the high sales figures and customer demand 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. If the development of the company continues to increase, then the assessment of the company will be higher. A high company value is a good signal for investors so that they believe in the funds they have invested. Conversely, when the value of the company is low, the investor's confidence in the company is getting lower. This can be seen from the stock price in the market. 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 (dhani et al., 2017), (Suastini et al., 2016), (Suryandani, 2018), (Ramdhonah et al., 2019), (Martin et al., 2021; Novietta et al., 2020) which revealed that company growth had a significant positive effect on firm value. The higher the growth of the company, the higher the level of company value and vice versa.

CONCLUSION

Based on the results of the analysis and discussion above, it can be concluded that the company's growth 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 investment or Foreign Direct Investment (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. In order for foreign investment to run well, it is important to pay attention to the factors that influence it.

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