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EFFECT OF INSTITUTIONAL OWNERSHIP AND COMPANY SIZE AGAINST DEBT POLICY IN PROPERTY AND REAL ESTATE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2012-2016

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Abstract

Debt policy is a policy in determining the funding of companies sourced from external funds (debt). Debt policy is very important for the company because the debt is part of the fulfillment of the operational. The manager of the company must be able to determine the appropriate debt policy taking into account the risks that will be generated from the debt. This study aims to examine the effect of institutional ownership and firm size on debt policy at property and real estate firms listed on the IDX for the period 2012-2016. The data used in this study is secondary data obtained from corporate financial statement documents. Sample data in this study amounted to 65 of 13 samples of property and real estate companies using the method of purposive sampling. The analysis technique used is F Test analysis. Simultaneously test result variable institutional ownership and firm size have effect on debt policy.

Keywords: Debt Policy, Firm Size, Institutional Ownership

1. INTRODUCTION

The national economic development of the property sector has a vital role. The property focuses on the construction of public facility buildings was one sector that absorbs large amounts of labor and the multiplier effect was quite long. Therefore, this sector has a large impact on attracting and encouraging the development of other economic sectors (Satriagung, 2016), especially affecting the macroeconomic situation, which has an impact on the real sector and economic growth, especially as the main key to the national economy.

Debt policy was significant for companies because debt was part of fulfilling the company's operational funding needs in determining its capital structure. Determination of debt policy is related to capital structure because debt is one of the compositions in the capital structure. The company is considered risky if it has a large portion of debt in its capital structure, but otherwise if the company does not use debt at all, then the company is considered unable to utilize external funds. Definition of Debt Policy According to Sari (2015) explained that "Debt policy is a policy taken by companies to finance through debt. Debt policy is often measured by a debt ratio. " The same thing stated by Rambe (2014) explains that "Debt policy is a policy taken by companies in financing through debt. Policies taken by the company. When debt is fulfilled, the company must be able to produce profits in large quantities. If the company fails to manage the debt that has been obtained, the company will suffer losses." Meanwhile, Suryani & Khafid (2015) explains that "Debt policy is a policy in determining corporate funds from external

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sources. Managers should determine the proportion of debt that was appropriate by taking into account the risks of the debt itself." Debt development of property and real estate companies was dominated by an increase in the amount of debt that continues to increase every year (see Table 1).

Table 1: Debt Growth of Property and Real Estate Companies listed on the IDX for the 2012- 2016 Period (Served in Millions of Rupiah)

No	Emiten Code	Year				
		2012	2013	2014	2015	2016
1	APLN	8.846.739	12.467.226	15.223.274	15.486.506	15.741.191
2	ASRI	6.214.542	9.096.298	10.553.173	12.107.460	12.998.286
3	BIPP	93.735	126.968	164.803	250.419	444.202
4	BSDE	6.225.014	9.156.862	9.661.295	13.925.458	13.939.299
5	CTRA	6.542.647	10.349.358	11.862.107	13.208.497	14.774.323
6	DART	1.455.445	1.841.772	1.867.445	2.311.459	3.623.348
7	DILD	2.140.816	3.430.426	4.534.717	5.517.743	6.782.582
8	LPKR	13.399.189	17.122.789	20.114.772	22.409.794	23.528.544
9	MDLN	2.365.906	4.972.112	5.115.802	6.785.594	7.944.774
10	MKPI	843.680	920.106	2.154.420	2.880.176	2.897.296
11	MTLA	461.934	1.069.729	1.213.581	1.407.525	1.430.126
12	PLIN	1.717.982	1.967.053	2.177.801	2.264.521	2.301.325
13	PWON	4.431.284	5.195.736	8.487.671	9.323.066	9.654.448
14	SMRA	7.060.987	9.001.470	9.386.842	11.228.512	12.644.764

Source: http://www.idx.co.id (Data processed)

The data on Table 1 above describes the debt of property and real estate companies listed on the Stock Exchange Indonesia (BEI) shows that the use of debt in the 2012-2016 period was dominated by a significant increase in the amount of debt from year to year. But an increase in the amount of debt that is too high can have a negative impact on the company. Indications of an increase in debt were due to increased assets along with Asset data for property and real estate companies for the period 2012- 2016. The property and real estate sector operates using fixed assets in the form of land and buildings. Companies with higher institutional ownership will cause external control of companies that are also getting stronger, so that they can supervise the policies carried out by management in funding through debt. On the other hand, the larger the size of a company makes it easy to obtain a flow of funds from outside the company. This is because the amount of assets owned by the company provides certain trust for investors to invest their funds. Likewise with creditors to channel debt funds to the company. Size of company According to Hartono (2015) "Variable size of assets (assets size) is measured as the logarithm of total assets.

Institutional ownership according to Beny (2013) explains that: "Institutional ownership is share ownership by parties in the form of institutions such as banks, insurance companies, pension funds and other institutions." According to Trisnawati (2016) explained that: "Institutional ownership shows the percentage of shares held by institutional parties at the end of the year." Institutional ownership according to Wahyu and Parwestri (in (Nuraina &

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Kurniawati, 2012)) explains that: "The ownership structure owned by the company is expected to influence the company's funding decisions." Meanwhile, according to Dewi & Sudiartha (2017) argues that, "company size is a measure or size of assets owned by a company, indicated by the natural logarithm of total assets".

In a previous study conducted by Sari (2015) stated that the net profit margin has a positive effect on debt policy. Further, Beny (2013) states that there is an influence of institutional ownership on debt policy. According to Trisnawati (2016) states that there is an influence of company growth on company policy. While according to Safitri & Asyik (2015) and D. P. Sari et al. (2019) states that institutional ownership has a negative effect on debt policy. According to Suryani & Khafid (2015) states that the growth of the company does not have a significant effect on debt policy.

Based on the background and phenomenon of the high level of debt to the issuers of property and real estate and referring to previous research, researchers are interested in conducting research on "The effect of Net profit margin, institutional ownership, company growth and company size on debt policy in property and real estate companies listed on the IDX for the 2012-2016 Period".

2. METHODOLOGY

2.1 Types of Research

The type of research used in this study is quantitative research with the type of associative research. Associative research is research that aims to determine the relationship between two or more variables (Sugiyono, 2017). This is to find out the relationship between three variables, namely Net profit margin, institutional ownership and company growth towards Debt Policy at Property and Real Estate Companies listed on the IDX

2.2 Operational Variables

Institutional Ownership (X1)

$$\text{Institution} = \frac{\text{Number of shares owned by the institution}}{\text{Number of shares outstanding}}$$

Source : (Beny, 2013)

Company Size (X2)

$$\text{Company Size} = \text{Natural Log Total Assets}$$

Source : (Hartono, 2015)

Debt Policy (Y)

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Source : (Lukman, 2016)

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2.3 Population

According to Sugiyono (2017) states that: "Population is a generalization area consisting of: objects / subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions". The population used in the study is in the property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) of 48 companies.

2.4 Sample

Further, Sugiyono (2017) states that: "Samples are part of the number and characteristics possessed by the population". Sampling conducted by researchers in research is by using a purposive sampling technique. Based on the criteria used by researchers in this study determine the number of samples to be used, namely as many as 13 property and real estate companies for 5 years. So, the research sample amounts to 13 x 5 = 65.

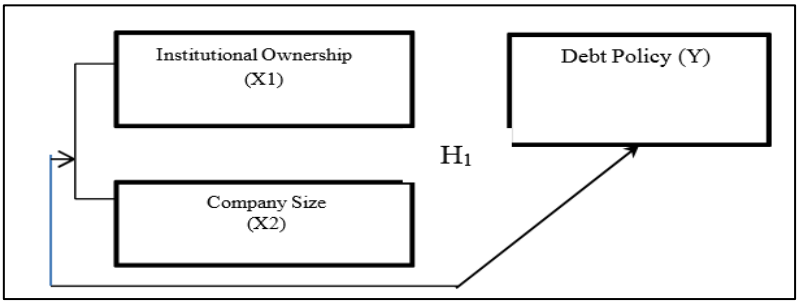
Table 2: Sampling Process

No.	Sample Criteria	Amount
1.	Property and real estatecompanies listed on the Indonesia Stock Exchange (IDX).	48
2.	Property and real estatecompanies that conductIPOs on the Indonesia Stock Exchange (IDX) from 2012	(41)
3.	Property and real estatecompanies that publishfinancial statements in full on the Indonesia Stock Exchange (IDX)	(40)
4.	Property and real estatecompanies that have positive profits in 2012 to 2016	(30)
5.	Property and real estate companies that experienced a rise in debt in succession in 2012-2016.	(13)
Total sample of property and real estate companies for 2012-2016		13
Total Research Sample, n = 13 x5 (2012-2016)		**65**

Source: www.idx.co.id (Data processed)

2.5 Conceptual Framework

Figure 1: Conceptual Framework Hypothesis



The hypothesis is a temporary answer to the research problem formulation. Therefore, based on the formulation of the problem, the study of theory and the framework described earlier, the hypothesis proposed by the researchers in this study is H1: Institutional ownership and company size together have a significant effect on Debt Policy.

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3. RESULTS AND DISCUSSION

3.1 Descriptive Statistic

Table 3 below describes the descriptions of each independent variable, namely institutional ownership, and company size. While the dependent variable is debt policy (DER).

Table 3: Descriptive Statistics Result

	N	Mean	Std. dev.	Min.	Max.	Percentiles		
						25th	(Median)	75th
X1	65	0,531	0,234	0,07	0,9	0,38	0,515	0,76
X2	65	13,46	0,893	10,4	15,2	12,8	13,65	14,1
Y	65	0,494	0,101	0,23	0,66	0,4	0,504	0,57

Source: Data processed, 2019

Based on Table 3, it shows that each variable has a total of 65 data from the 2012-2016 observation period. Institutional ownership shows a minimum value of 0,07 and for maximum data of 0,90 with an average value of 0,5314 and standard deviation of 0,23383 Variable size structure of the company shows a minimum value of 10,42 and for a maximum data of 15,20 with an average value of 13,4605 and a standard deviation of 0,89345. The debt policy variable shows a minimum value of 0, 23 and for a maximum data of 0, 66 with an average value of 0, 4936 and a standard deviation of 0, 10095.

3.2 Classic Assumption Test

a. Normality Test

Table 4: One-Sample Kolmogorov-Smirnov Test

		Institutional_ Ownership_x1	Company_ Size_x2	Debt_ Policy_ y
N Normal Parameters [a] [b]	Mean	65	65	65
	Std.	,5314	13,4605	,4936
	Deviation	,23383	,89345	,10095
Most Extreme Differences	Absolute	,102	,104	,094
	Positive	,102	,059	,084
	Negative	-,101	-,104	-,094
Test Statistic Asymp. Sig. (2-tailed)		,102	,104	,094
		,087[c]	,078[c]	,200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Data processed, 2019

Based on Table 4, it is known Asymp. Sig. (2-tailed) in the Kolmogorov-Smirnov test of 0,087, 0,078 and 2,00 > 0,05, it can be concluded that the data in this study are normally distributed, thus meeting the assumptions of normality. Based on Table 4, it shows that each variable has a total of 65 data from the 2012-2016 observation period. Institutional ownership shows a

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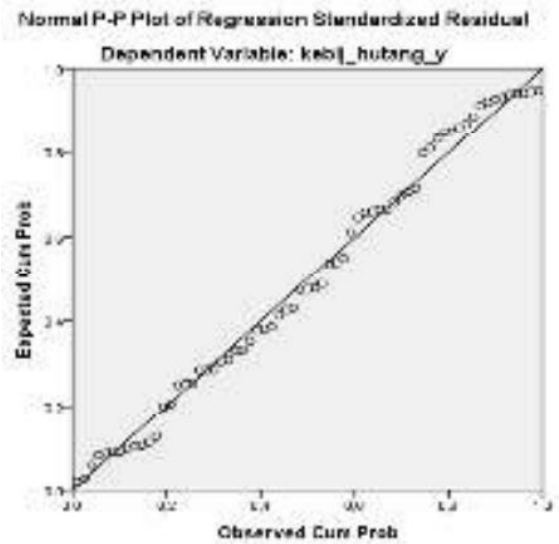
minimum value of 0, 07 and for maximum data of 0, 90 with an average value of 0, 5314 and standard deviation of 0, 23383. Variable size structure of the company shows a minimum value of 10, 42 and for a maximum data of 15, 20 with an average value of 13, 4605 and a standard deviation of 0, 89345. The debt policy variable shows a minimum value of 0, 23 and for a maximum data of 0, 66 with an average value of 0, 4936 and a standard deviation of 0, 10095.

b. Multicollinearity Test

Based on the results of data processing output obtained Based on Table 1.6, it is known that tolerance value 0.872 all independent variables> 0.10 and VIF value 1.147 independent variables <10, thus it can be concluded that there is no multicollinearity in the data.

c. Heteroscedasticities Test

Figure 2: Hererocedtasticities Test Result



Based on table 5, Normality of P- Plot, it can be seen that the point or data is near or following the direction of the diagonal line that it can be said that the residual value is normally distributed.

d. Autocorrelation Test

Table 6: Model Summary[b]

Model	R	R Square	Adj. R Square	Std. Error of the Estimate	Durbin Watson
1	,379[a]	,144	,116	,09491	1,339
a. Predictors: (Constant), institutional_ownership_x1, company_size_x2					
b. Dependent Variable: debt_policy_y					

Based on Table 6, the test results show the value of Durbin Watson is 1,339 with a research sample or N = 65, an independent variable of 2 so that the table for DL (Lower Bound, L) is 1.536 and for DU (Upper Bound, U) is 1,662. Because the DW value = 1,339. K = 3 (number of variables), K-1 becomes 3-1 = 2. So, 4-d = 4 - 1,339 = 2,661.

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Detection of Positive Autocorrelation:
If d> du becomes 1,339> 1,662 then there is no positive autocorrelation.
Detection of Negative Autocorrelation:
If (4-d)> du 2,661> 1,662 then there is no negative autocorrelation.

Based on the estimation, it can be concluded that in the regression analysis there is no positive autocorrelation and there is no negative autocorrelation so that it can be concluded that there is absolutely no autocorrelation.

3.3 Hypothesis Test

Table 7: F Test Result

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,094	2	,047	5,20	,008[b]
	Residual	,558	62	,009		
	Total	,652	64			

a. Predictors: debt_policy_y
b. Dependent Variable: (Constant), institutional_ownership_x1, company_size_x2

According to table 7, it shows that the coefficient of determination where F statistic sig = 0,008 <0,05, which means that it is said to be feasible that Constitutional Ownership and Company Size simultaneously influence the Debt Policy.

Table 8: Model Summary[b]

Model	R	R Square	Adj. R Square	Std. Error of the Estimate
1	,379[a]	,144	,116	,09491

a. Predictors: (Constant), institutional_ownership_x1, company_size_x2
b. Dependent Variable: debt_policy_y

As can be seen in Table 8, if seen Adjusted R Square the magnitude of the Influence of Constitutional Ownership and Company Size simultaneously affect the Debt Policy 0.116 x 100% = 11.6%. While other variables are influenced by other variables beyond this study (100% - 11.6% = 88.4%).

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion previously stated, it can be concluded that Constitutional Ownership and Company Size simultaneously affects the Debt Policy.

Implications

According to the results of the research, discussion and conclusions that have been presented previously, the researcher gives implications including the following:

If the profits obtained by the company are high, the company can utilize the profits obtained first to be used as operational funding for the company compared to directly using funding through debt. The use of funds through net income will reduce the use of funds through debt

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and reduce the risks that will be faced by the company. So, the company must always maintain the value of the net profit margin by minimizing the costs incurred for the company's operations so that the company can maximize the sales revenue and net income that will be obtained.

This study shows that institutional ownership has a significant effect on debt policy. Based on this, it shows that institutional ownership has a fairly high influence on the size of the value of the company's debt. Hence, the company can consider the existence of institutional ownership in the company, when the company's institutional ownership is high then the company's management will consider when it will take its debt policy. Companies tend to use debt that is relatively lower when there is protection and supervision that is more than the high level of institutional ownership by institutional investors. Thus, the company must maintain share ownership by institutional investors to improve supervision of management's performance in carrying out its debt policy. If the size of the company influences the debt policy because that the entire asset or total assets owned by the company can be used as a guarantee for the continuity of the company's operations in determining the debt policy owned by the company.

In this case to add other variable variables or research methods to expand the study of the field of financial management

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