FUNDAMENTAL ANALYSIS AND MANAGEMENT ON RETURN OF COMPANY SHARE

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ABSTRACT

Return of stock is the main focus for investors in determining the investment, this study aims to analyze the influence of independent variables such as company value proxied by tobin's q, audit committee and managerial ownership as well as the influence of control variables described by firm size to stock return on LQ 45 company listed on the Indonesia Stock Exchange 2011-2013. Sample selection in this study based on purposive sampling which amounted to 12 samples of LQ 45 companies listed on the Indonesia Stock Exchange in 2011-2013. The data were obtained secondary and processed using multiple regression analysis method with data processing using SPSS (Statistical Product and Service Solution) version 21.0. The result of the research shows that simultaneously the variable of company value proxied by tobin's q, audit committee, managerial ownership and company size together influence to stock return with significant level less than 0.05 that is equal to 0.037. Partially, however, only tobin's q variables have an effect on stock returns, while audit committee variables, and managerial ownership have no effect on stock returns.

Keywords: Return of stock, firm value, tobin's q audit committee, managerial ownership, firm size.

INTRODUCTION

By earning profits, the company can continue to compete with other companies because the profits can be replanted and used for the operations of the company, in addition the company can also increase the prosperity of its shareholders, profits derived, among others, can come from the company's net profit and profit from rising prices shares on the stock exchange. The sources of corporate funds can be divided into two parts: internal and external sources of funds, internal sources of funds derived from non-distributed profits or retained profits within the company, while external sources of funds are sources of funds from outside the enterprise, for example from banks and capital markets. This study focuses on external sources of funds that come from the capital market.

One of the capital market instruments that gives a big profit is stock. There are two approaches that can be done by investor when investing in capital market, that is with approach of technical analysis and fundamental analysis. Technical analysis is an attempt to estimate stock prices by observing changes in stock prices in the past. While fundamental analysis is an analysis to calculate the interistic value of stock by using company's financial data, fundamental analysis is usually measured by using financial ratios are liquidity ratio, activity ratio, profitability ratio, solvency ratio, and other ratios, because these ratios are usually used by analysts / investors to analyze and predict stock prices. Fundamental analysis used to calculate the stock return in this study is the value of the company, because the value of the company is a matter of great concern by investors. The results of research Putu Rendi Suryagung Ryadi and I Ketut Sujana (2014) revealed that the value of the company as a ratio to consider decision on stock selection proved to have a positive effect on stock return.

In addition through fundamental analysis, investors also need to pay attention to how the management of a good company before investing, especially companies that will be selected as an investment destination, investors need to know which companies have done good practice of Good Corporate Governance. For companies that go public, the implementation of good corporate governance is not just follow the rules that have been made by the government but they believe that good corporate governance can improve the performance or value of the company which will affect the stock price of their company so as to be able to attract investors to invest funds .

In this study the authors use audit committees and managerial ownership as a research variable. In an audit committee company is tasked with improving corporate discipline and control environments to prevent fraud and abuse, improve quality in disclosure of financial reporting, and improve the scope, accuracy and cost effectiveness of external audits and the independence and objectivity of external auditors. Managerial ownership is the percentage of shares owned by executives and directors. In an efficient market an increase in the amount of profit will be reacted positively by the market so that the stock market price of the company will rise, which in turn increases the amount of return earned by the shareholders. Based on the above description, the authors are interested to conduct research entitled: **" Fundamental Analysis and Management On Return of Company Share**

Problem Formulation

Based on the above background, this research is focused on the problem of :

1. Is the value of the company partially significant effect on stock returns on the company?
2. Does the audit committee partially have a significant effect on stock returns on the firm?
3. Does partial managerial ownership have a significant effect on stock returns on the firm?
4. Are the firm's value, audit committee, managerial ownership and firm size simultaneously having a significant effect on stock returns on the company?

Research purposes

From the formulation of the above problem, the purpose of this study are:

1. To find out whether the value of the company partially have a significant effect on stock returns on the company.
2. To find out whether the audit committee partially has a significant effect on stock returns on the company.
3. To find out whether managerial ownership partially have a significant effect on stock returns on the company.
4. To find out whether the value of the company, audit committee, managerial ownership and company size simultaneously have a significant effect on stock return on the company's stock.

THE ORETICAL BASIS

Agency Theory

Agency theory is the basis used to understand good corporate governance, this theory concerns the contractual relationship between members in the company. The agency theory can be viewed as a version of game theory, which creates a contractual model between two or more persons, in which one party is called the agent and the other is called the principal.

Stock Return

Stock return is the result of investment activity.

1. Stock Return Elements
   1) Dividend
      Dividends are the common shareholder's right (common stock) to get a share of the company's profits.
   2) Capital gain

In this second component which is the source of stock return expected by the investors is capital gain (loss) which is an increase (decrease) share price that can give profit (loss) for investor.

Corporate Value

Company value is the company's selling value or the value of growth for shareholders, the value of the company will be reflected from the market price of its shares.

Tobin's Q

Typically, tobin's q is often used as a measure of the value of an intangible asset or a company's intellectual capital such as monopoly power, managerial systems and growth opportunities, because of this intellectual capital a company is often valued more by the market.

Good Corporate Governance

According to the Corporate Governance Indonesia (2006) Forum, corperate governance is a set of rules that establishes relationships between shareholders, managers, creditor, government, employees and other internal and external stakeholders in respect of their rights and obligations, or directing and controlling the company. The purpose of Good corporate governance is to create added value for its stakeholders

Audit Committee

In this Bapepam and LK regulation, the audit committee is defined as a committee established by the board of commissioners in order to assist in carrying out its duties and functions.

Managerial Ownership

Managerial ownership is defined as the percentage of shares held by management that actively participate in corporate decision making that includes commissioners and directors.

Company Size

Company size is a scale that can be classified as a large or small company in various ways such as total assets, log size, stock market value and others.

LQ Index 45

This index was formed consisting of only 45 stocks most actively traded. It is based on consideration of high liquidity and market capitalization.

COLLECTION AND DATA PROCESSING

Data Collection

In this study used the company population included as stock index LQ 45 listed in Indonesia Stock Exchange (BEI) during the period of observation 2011-2013. The sampling by way of purposive sample. With the criteria summarized in the table as follows:

Table 1 Sample Selection Process Research

No.	Description	Amount
1.	Total companies listed as LQ 45 index stocks during 2011-2013	68
2.	Companies listed as LQ 45 index stocks are not included in the 3-period LQ 45 index announcement	(21)
3.	Companies listed as LQ 45 index stocks suspended trading in shares or suspended	(7)
4.	Companies listed as LQ 45 index stock whose financial statements do not use Rupiah currency	(7)
5.	Do not have complete data on managerial ownership during the period of observation on the company's share ownership structure.	(12)
6.	Data Outlier (data with extreme value)	(9)
	Number of final samples	12

Source: Secondary data that is processed

Table 2 The names of the companies that became the sample of the study

No.	Stock Code	Company Name
1	ANTM	PT Aneka Tambang Tbk
2	ASII	PT Astra Internasional Tbk
3	BMRI	PT Bank Mandiri Tbk
4	BJBR	PT Bank Pembangunan Daerah Jawa Barat Dan Banten Tbk
5	BBTN	PT Bank Tabungan Negara Tbk
6	GJTL	PT Gajah Tunggal Tbk
7	INDF	PT Indofood Sukses MakmurTbk
8	JSMR	PT Jasa Marga Tbk
9	TLKM	PT Telekomunikasi Indonesia Tbk
10	TINS	PT Timah Tbk
11	UNTR	PT United Tractors Tbk
12	EXCL	PT Xl Axiata Tbk

Source: www.idx.co.id, processed 2015

Results Data Processing

Table 3 Descriptive Statistics Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ReturnSaham	36	-,400	,357	-,02240	,222473
Tobin's Q	36	,857	2,524	1,49390	,451699
UkuranPerusahaan	36	29,491	34,228	31,59402	1,204251
KomiteAudit	36	,273	1,200	,67279	,261990
KepemilikanManajeral	36	0,000%	0,167%	0,04403%	0,041500%
Valid N (listwise)	36				

Recap Results Data Processing.

After analyzing the descriptive statistics and classical assumption test, then got the result from research which is sited in recap of result table of research.

Table 4 Recap SPSS Results

No	Types of Analysis	Type of Testing		Indicator	Test Variable	Test results	Results
1	Classic Assumpti ons	a.	Normality	The histogram graph has satisfied the normal distribution curve, because the shape of the curve is bell-shaped, besides it is seen from the P-Plot chart known spots spread around the line and follow the diagonal line then the	All variables	In accordance with the indicator criteria	Normal data

				residual value has been normalized.			
		b.	Multicolinearity	Variance Inflation Factor value: Tolerance> 0.10 VIF <10	Tobin's q	Tolerance = 0.673 VIF = 1.485	There is no multicollinearity
					Audit Committee	Tolerance = 0. 749 VIF = 1.336	
					Managerial ownership	Tolerance = 0. 720 VIF = 1.389	
		c.	Heteroscedasticity	Scatterplot, the plot should be above and below the number 0 on the Y axis	All variables	The points above and below the number 0 on the Y axis	No heteroscedasticity occurs
		d.	Autocorrelation	Durbin Watson du ≤ DW ≤ 4-du the value of du = 1,724 value 4 -1,724 = 2,276	All variables	1.801	No autocorrelation occurs
2	Hypothesis testing	a.	Partial Correlation Analysis	$t_{count} > t_{table}$ value t_{tabel} = 2.037	Tobin's q against stock return	2.245	There is significant influence
				$t_{count} < t_{table}$ value t_{table} = 2.037	Audit Committee on stock return	-0.524	There is no significant effect
				$t_{count} < t_{table}$ value t_{table} = 2.037	Managerial ownership of stock returns	0.113	There is no significant effect
		b.	Simultaneous Correlation Analysis	$F_{count} > F_{table}$ F_{table} value 2.68	All variables	2.91	There is significant influence
		c.	Coefficient of Determination	Coefficient of Determination (R Square)	All variables	0.273	Tobin's q, audit committee, managerial ownership and firm size have

							simultaneous effect of 23.7% on stock return. The remaining 72.7% is influenced by other variables not described in the study.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of the analysis and discussion that has been done, it can be concluded that:

1. The value of the company projected with the tobin's q turns out to be partially significant effect on the stock return of the company.
2. Audit Committee is partially no significant effect on stock return of the company.
3. Partial managerial ownership does not have a significant effect on stock returns.
4. Tobin's q, audit committee, managerial ownership and firm size simultaneously have a significant influence on the stock return of the company.

Suggestion

Based on the above conclusions the author tries to propose some suggestions from the results of research and also the discussion that has been done for further research can be better and more useful for the wider community. Suggestions given include:

1. With the R square value of only 27.3% in this study shows that the ability of tobin's q variable, audit committee, managerial ownership and firm size is still very low in explaining the stock return variable. Therefore it is expected to further research can use other variables that have an influence on stock returns.
2. For further research may consider to increase the number of sample research by taking samples from other sectors, in addition researchers can add to the study period.

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