

ANALYSIS OF MACRO FUNDAMENTAL INFLUENCE AND MICRO FUNDAMENTAL TO FINANCIAL PERFORMANCE, AUDITORS OPTIONS AND VALUE OF THE FIRM IN STATE OWNED ENTERPRISES LISTED IN INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aims to examine and analyze the relationship between the variability of micro-fundamental, macro fundamental fundamental to financial performance, auditor's opinion, especially going concern audit opinion and the value of the company in State-Owned Enterprises listed on the Indonesia Stock Exchange, this became the interest of researchers in observing the Business Entity State-owned prospective investors compared to private companies that fluctuate in accordance with the state of the country's economy and government decisions that provide sentiment for the stock.

Research population at 20 State Owned Enterprises listed on Indonesia Stock Exchange. This research method uses purposive sampling with 12 companies in 2010 - 2015. Data analysis techniques in this study using Partial Least Square consists of Inner model, Outers model and Weight relation.

The test results showed that all the test variables and hypotheses of the research were accepted and showed an influence with a significant level of 5% with t-table 1,960 and rejected the micro fundamentals of firm value with t-statistics 0.742202 (H4).

Keywords: macro fundamental, micro-fundamentals, ownership structure, financial performance, corporate value

INTRODUCTION

State Owned Enterprises (SOEs) is a company established by the government and Government companies is attracting the attention of researchers where all the policies of the leadership is always associated with the Ministerial Decree (SKM) so that the managerial activities of SOEs to be not independent. This lack of independence provides a weakening of providing information activities to investors.

Researchers are interested in observing SOEs that have a prospective perspective for investors compared to private companies, especially the share price of SOEs and the Composite Stock Price Index (IHSG) in the capital market fluctuates in accordance with the state's economic condition and government decisions that provide sentiment for the stock market.

Stock price as a representation of value of the firm determined by internal and external factors of the company. Internal and external factors are fundamental factors that are often used as a basis by investors in the capital market to make investments decision (Pater et al. 2014). In addition to fundamental factors, technical factors are also important factors that can affect the price of shares that are technical and psychological.

Companies incorporated including SOEs have a goal in optimizing the value of the firm reflected in the welfare of the owner. If the higher the value reflected in the stock market price, giving prosperity to the owner (Fama, 1978, McConnell and Muscarela, 1985). The unification of the interests of shareholders, debt holders, and management that in fact are the parties that have interests against corporate goal that often cause problems (agency problems) or conflicts of interest known as agency theory (Jensen and Meckling, 1976).

Optimizing the value of the firm is the goal of the company through the implementation of financial management functions taken. Financial decisions (Hasnawati, 2005) found that investment decisions, funding decisions, and dividend policies partially have a positive effect on firm value. The dividend policy directly affects the value of the firm and indirectly the investment decision affects the value of the firm through its dividend policy and funding decision. Agrawal (1994) examines the dividend policy of all corporate equity. That dividends can be viewed as substitution of debt in reducing agency costs. So investment decisions affect the funding decision, funding decisions affect the dividend policy, and investment decisions affect the dividend policy.

Opinion of auditors in this case going concern audit opinion over the financial report becomes an important consideration for investors in making investment decisions. The role of auditors is very reliable as an intermediary of the interests of investors and corporate interests as a provider of financial statements. Auditing is one of the steps taken to reduce agency conflict in collecting and evaluating evidences objectively about management assertions and determining the level of conformity of those assertions with predetermined criteria and conveying the results to interested parties.

The model of this study, researchers conducted research by discussing empirically about how big the influence of macro fundamentals and micro fundamentals, managerial financial performance and going concern audit opinion in the value of State-Owned Enterprises.

LITERATURE REVIEW

Management Accounting

Management accounting is an accounting system that has a relationship with the provisions and use of management information in an organization with the aim to provide a benchmark to management in business decision making, managing and performing supervisory functions of results that have been obtained a company.

Management accounting helps the preparation of effective planning as an offense, aiding the process of supervision and control and helping to overcome problems related to irregularities in the company.

Management accounting as an accounting type is a financial processing system used to generate information for the interests of internal users of the organization while management accounting as a type of quantitative information that uses money as a unit of measure in the implementation of corporate management.

Agency Theory

Jensen and Meckling (1976) argue that the owner as principal and management as the recipient of authority have different interests in the employment relationship. The interest of each party seeks to enlarge the profits for itself. The owner wants maximum investments return as soon as possible, while management wants his interests to be accommodated as much as possible on the performance that has been done.

The conflict of interest between agent and principal in achieving prosperity can occur from the existence of information asymmetry. The asymmetry of this information occurs when managers have internal information that is relatively more and faster than external parties. This provides an opportunity for managers to manipulate financial reporting in an effort to maximize their prosperity (Cheng et al. 2012, Wasiuzzaman 2015).

Macro Fundamental Factors

Fundamental macro factors derived from outside the company can be economic, environmental, political, legal, social, cultural, security, education, etc. that can not be controlled by the company but the effect is very large for change. This study discusses the macroeconomic conditions of serious concern about analysts and capital market actors in decided to invest by looking at inflation movements, interest rates, exchange rates, and economic growth (Claude et al. 1996; Eduardus, 1997).

Micro Fundamental Factors

Micro fundamentals come from within the company and are controlling and used in the development of the company in the future. Development of this company, management require several policies namely investment decisions, funding decisions and dividend policy.

Financial performance

For a company, maintaining and improving financial performance is one of the must that the company still exist and is in demand by investors as reflected in the financial statements. The purpose of measuring the company's financial performance is to know the level of liquidity, the level of

profitability and level of leverage in the delivery of information and measurement of company performance. Performance measurements are made over a period of time to assess the progress of the company and produce management decision making information and are able to create value of the firm.

Auditor Opinion

Auditor opinion is part of audit report given by auditor through audit stage. The auditor's report (Boynton and Raymon, 2005) is a formal tool used by auditors to communicate financial statements to interested parties, ie owners of companies and investors.

Types of auditors' opinions are: (1) Unqualified opinion, (2) Unqualified opinion with explanatory language; (3) Fair opinion with the exception (qualified opinion); (4) Adverse Opinion (Opinion) and (5) Opinion Not Disclaimer.

An audit report related to the going concern called going concern opinion is used to provide early warning to shareholders in order to avoid making mistakes. This decree is stipulated in PSA 29 paragraph 11 which states that major doubts in the ability of the business unit to maintain the going concern and the auditor shall add an explanatory paragraph in the audit report although it does not affect the unqualified opinion.

A going concern audit opinion is an opinion that indicates significant uncertainty over the company's ability to continue the business and must be explicitly stated by providing code 1 and code 0 if the auditor has no doubt over the company's ability to continue the business. Giving an opinion on KAP (Public Accounting Firm) that has a good reputation to conduct quality audit process that is independent and objective by issuing a modified opinion on companies experiencing financial distress. KAP affiliates that are used and trusted by state-owned companies and are known for the big four of KAP Pricewaterhouse Coopers, Deloitte Touche Tohmatsu, Erns Young Global and KPMG International.

Researchers use the indicators of going concern audit opinion, Big Four KAP, Return on Assets (ROA) and Return on Equity (ROE).

The value of the firm

The book value in the financial statements is the limitation of measuring the value of the firm used in the investment. Investors use perceptions based on stock prices, the higher the stock price will make the company's value to be high or vice versa. The main objective of the company (Sirmon et.al. 2007) is to maximize the value of the firm with a broader meaning, not only to maximize the company's profit but to consider the effect of time on the value of money, to consider various risks to the company's revenue stream and the qualified of expected cash flow in the future. The value of the firm as the stock market value (Bowman and Ambrosini, 2007) that can provide maximum shareholder wealth if the company's stock price increases.

Research Hypothesis

The research hypothesis can be done as follows:

1. Macro fundamentals have a significant effect on Financial Performance
2. Micro fundamentals have a significant effect on auditor opinion
3. Macro fundamentals have a significant effect on Value of the Firm
4. Micro fundamentals have a significant effect on Value of the Firm
5. Micro fundamentals have a significant effect on Financial Performance
6. Macro fundamentals have a significant effect on Auditor Opinion
7. Financial performance has significant effect on Auditor Opinion
8. Financial performance has significant effect on Value of the Firm
9. Auditor opinion has significant effect on Value of the Firm

RESEARCH METHODS

Sample Research

The sampling technique used purposive sampling method with 12 out of 20 SOEs listed on Indonesia Stock Exchange with observation from 2010 – 2015.

Variables and indicators

Variables and indicators used in this study are:

Table 1. Variables, Notations and Indicators of Research

Variable		Notation	Indicator
Independent Variable	Fundamental Macro (X ₁)	X _{1.1}	Product Domestic Bruto (PDB)
		X _{1.2}	Interest rate (SB)
		X _{1.3}	Inflasi
		X _{1.4}	Exchange rate (Kurs)
	Fundamental Micro (X ₂)	X _{2.1}	Current Ratio (CR)
		X _{2.2}	Divident Payout Ratio (DPR)
		X _{2.3}	Divident Equity Ratio (DER)
		X _{2.4}	Company Size (FZ)
Intervening Variable	Financial Performance (Z ₁)	Z _{1.1}	Account Receivable Turnover (Per Piu)
		Z _{1.2}	Fixed Asset Turnover (TAT)
		Z _{1.3}	Debt to Asset (DTA)
		Z _{1.4}	Gross Profit Margin (GPM)
		Z _{1.5}	Inventory Turnover (PPS)
	Audit Opinion (Z ₂)	Z _{2.1}	Four Public Accountant Office (4KAP)
		Z _{2.2}	Opinion Audit Going Concern (OAGC)
		Z _{2.3}	Return on Equity (ROE)
Dependent Variable	Value of the Firm (Y ₁)	Z _{2.4}	Return on Assest (ROA)
		Y _{1.1}	Earning per Share (EPS)
		Y _{1.2}	Price Book Value (PBV)
		Y _{1.3}	Tobin's Q
		Y _{1.4}	Price Earning Ratio (PER)

Source: data processed

Conceptual framework

The relationship between research variables can be described conceptual framework as follows:

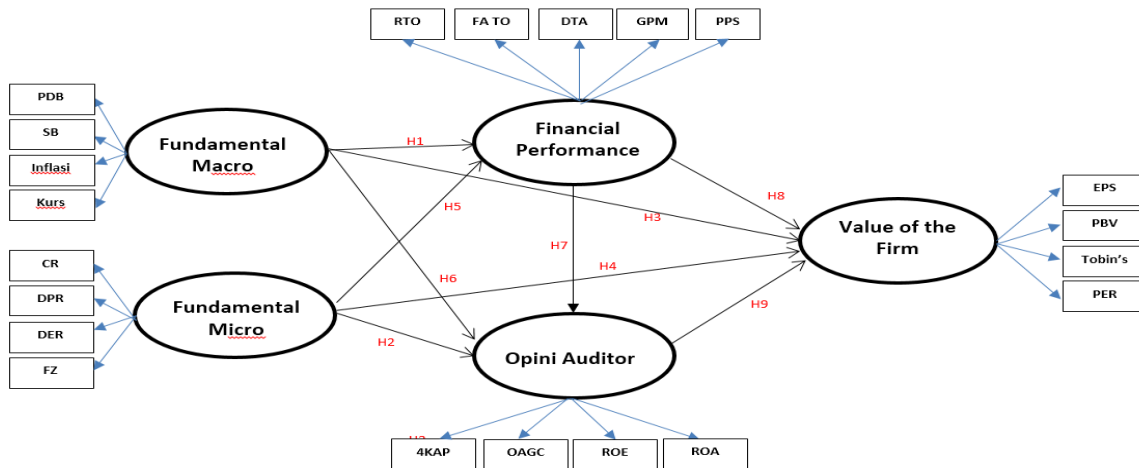


Figure 1. Conceptual Framework for Research and Indicator

Source: data processed

Results and Discussion

Testing Research Model

This study uses the limit factor of loading factor by reflecting the indicator based on the relation between each item score with construct score with the measurement scale which is considered enough at the loading value of 0,5 so that the measurement scale that does not meet the provision is done by dropping.

Inner model test results can be shown with the following figure:

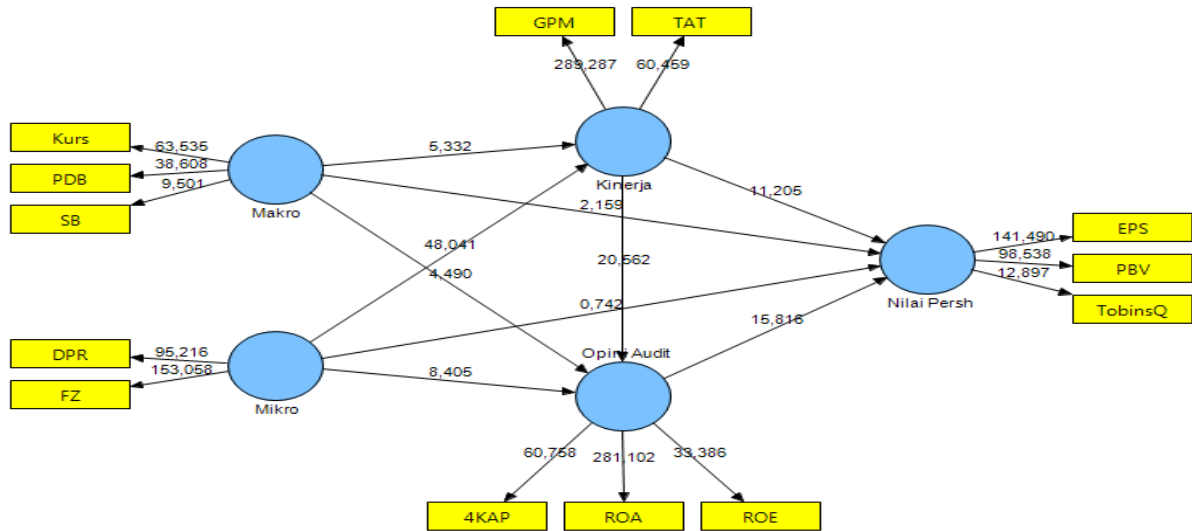


Figure 1. Structural Model Test Results (inner model)

The statistical test in the relationship between variables required a significance level of 95% ($\alpha = 0.05$) and the t-table value was 1.96 to accept the alternative hypothesis. The results of hypothesis testing as a whole can be seen in the following table:

Table 2. Test Results of PLS Analysis

Ha	Relation Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Significant
H1	Makro -> Kinerja	0,097798	0,098538	0,018342	0,018342	5,332056	Significant
H2	Mikro -> Opini Audit	0,267318	0,267028	0,031803	0,031803	8,405309	Significant
H3	Makro -> Nilai Persh	0,062541	0,061660	0,028972	0,028972	2,158667	Significant
H4	Mikro -> Nilai Persh	0,020022	0,018517	0,026977	0,026977	0,742202	No Significant
H5	Mikro -> Kinerja	0,648927	0,651212	0,013508	0,013508	48,041316	Significant
H6	Makro -> Opini Audit	0,109766	0,106299	0,024448	0,024448	4,489801	Significant
H7	Kinerja -> Opini Audit	0,432229	0,433278	0,021021	0,021021	20,561530	Significant
H8	Kinerja -> Nilai Persh	0,218735	0,218882	0,019521	0,019521	11,204948	Significant
H9	Opini Audit -> Nilai Persh	0,458399	0,459188	0,028983	0,028983	15,816157	Significant

Source: Data processed

Discussion

The results of hypothesis and relationship between variables in SOEs listed on the Indonesia Stock Exchange with observations from 2010 to 2015 are as follows:

1. Macro fundamentals have a negative and significant effect on financial performance. Researchers reject the research of Claude, et al (1996) and Eduardus (1997) who stated that

macro fundamental factor is a very important factor related to the performance and value of the firm. Researchers reject the research Opod (2015) states that inflation, interest rates, exchange rates, economic growth has no significant effect on financial performance. Macro fundamentals with indicators of exchange rates, GDP and Interest rates have a negative and significant effect on financial performance with GPM indicators and fixed asset turnover.

2. Micro Fundamentals with dividend payout ratio and firm size indicators have positive and significant impact on Going Concern Audit Opinion with ROE, ROA and Big Four Public Accountant.
3. Macro fundamentals have a positive and significant effect on the indicators of foreign exchange rates, interest rates and gross domestic income will increase the Company's Value on EPS, PBV and Tobin's Q. Researchers receive research Claude, et al (1996), Eduardus (1997), and Syahib (2000) indicates that macro fundamental factors do have a positive and significant impact on firm value.
4. Micro fundamentals with firm size and DPR indicators have a positive and in significant effect on firm value with EPS, PBV and Tobin's Q. Researchers reject the research of Putra (2014) to show EPS and DPR effect on firm value. Researchers rejected the research of Arvianto et.al. (2014) which states that the micro fundamentals factor significantly influence the value of the firm with the condition of the firm's fundamental factors give a strong influence on the value of the firm.
5. Micro fundamentals have positive and significant impact on financial performance with indicators of GPM and fixed asset turnover. This study differs from the research of Hardaningtyas (2014) that links micro fundamentals to stock prices.
6. Macro fundamentals with foreign exchange rates, gross domestic product and interest rates have a negative and significant effect on going concern audit opinion with indicators of ROE, ROA and Big Four Public Accounting Firm.
7. Financial performance has a positive and significant effect on going concern audit opinion. The researcher receives the research of Susanto (2009) which states the giving of information to investor about financial ratios as a tool to predict the survival of a company and expressed in the form of auditor's opinion, so that management try to improve company performance and by looking at financial condition and company ability to pay off debt.
8. Financial performance with indicators of GPM and fixed asset turnover have a positive and significant effect on firm value in the form of EPS, PBV and Tobin's Q will increase. Researchers received the study Ukhriyawati et.al. (2017) and Dwipartha et.al. (2013), which shows the financial performance of firm value has a positive and significant influence.
9. Opinion Audit going concern with 4 Big Public Accounting Firm, ROE and ROA have a positive and significant impact on the value of the firm on EPS, PBV and Tobin's Q.

Theoretical Implications

The objective of the company is to increase net income generated from operational activities including SOEs by optimizing the value of the firm and the welfare of shareholders. Stock price as a representation of company value. Internal factors and external factors that are often used as a basis for investors in the capital market in taking investment decisions.

Maximizing the value of the firm is influenced by the management controls that regulate the activity of the company in paying dividends on the profits of the company. The determination of value of the firm is influenced by financial performance factors and factors of audit opinion, especially going concern audit opinion as well as several other factors outside the research object.

Managerial Implications The policy implications according to the priorities that can be given as input for management in SOEs are as follows:

1. Economic exposure affects the financial performance in which the government as the controller of the state can determine the policies and roles for the SOEs in the welfare of the people of Indonesia and provide a boost contrary to the company's performance in generating corporate profits.
2. Economic exposure affects the value of the firm shown by the risk in managing the financial through financial performance in order to increase the value of the firm and investment decisions, so that investors are interested in investing in shares of SOEs.

3. Economic exposure affects the auditor's opinion in considering all activities of SOEs established for the development of the state and people in the fields of health, mining, services and transportation, transportation and telecommunication, housing and infrastructure development required by all Indonesians.
4. Management policy in micro fundamentals is a concern of management in improving value of the firm through audit opinion conducted by accounting firm.
5. The value of the firm in the eyes of investors as a consideration of the company's operational activities as reflected in the financial statements for the sake of the company's future survival and accountability of the management performance of SOEs.

Implications for Economics

The implications in the development of economics are to contribute to the study of corporate value that connects financial performance, auditor opinion and macro and micro fundamentals in economic decision making by management, government and investors; the value of the firm can meet the needs and welfare for investors, the government and the welfare of society and the value of the firm becomes the determinant of the development of the Indonesian economy in accordance with the objectives of the SOEs company was established.

Conclusions and Suggestions

Conclusion

Based on the formulation of the problem, has libraries and analysis of data that has been done before, it can be concluded all the test variables and hypotheses research done acceptable and show the influence with a significant level of 5% with t-table 1,960 and reject the micro fundamentals to the value of the firm with t -statistics 0.742202 (H4).

Suggestion

Suggestions that can be submitted to the next researcher is able to examine the continuation of the value of the firm outside the SOE, can use the same variable with different indicators about the value of the firm, can use different variables that can affect the value of the firm and can make reference remember lack of research.

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