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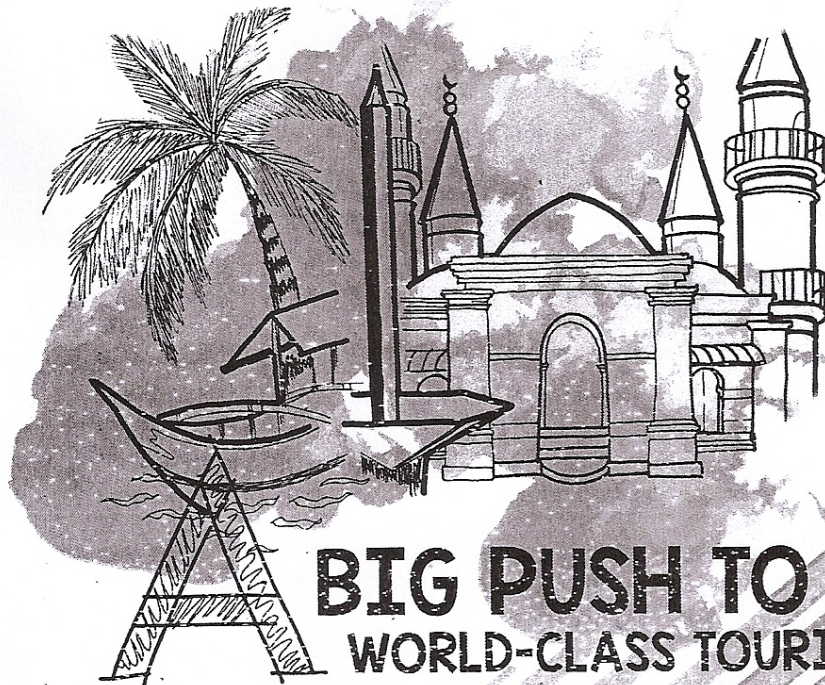
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ROLE OF SUSTAINABLE GROWTH RATE TO INCREASE COMPANY'S VALUE

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Abstract

One of important duties of company's management is to maximize the wealth of shareholders which generally measured through the stock price. But this goal must not be achieved just for one year only but also for the next year and so on. In other world, a company would need to perform as best as they could and be capable to maintain it. The company's growth rate especially sustainable growth rate becomes important here as one power beside debt that can improve company's value. This paper tries to examine the role of investment in fixed asset and dividend policy in improving sustainable growth rate (SGR) and further their entire role in improving company value. This research use path analysis. Literature study is used here to better explain the result. Investment in fixed asset are measured through fixed asset divided by sales while dividend policy are measured through Dividend payout Ratio (DPR). Sustainable growth rate is made to be intervening/mediator variable to improve company value wich is measured by Price Book Value (PBV). The result shows that simultaneously investment in fixed asset and DPR have significant and negative effect to SGR while individually/partially, investment in fixed asset doesnt effect SGR while DPR has significant effect to SGR. The next result shows that simultaneously investment in fixed asset, DPR & SGR have significant effect to PBV while individually/partially, investment in fixed asset, DPR & SGR have all shown significant effect to PBV.

Keywords: Dividend payout ratio, fixed asset, sustainable growth rate, price book value

RESEARCH BACKGROUND

In General the purpose of a company is to maximize the wealth of shareholders. In order to achieve this, the company must have a good performance and capable to gain profit. The company's performance has become main attention of many parties and become the limelight of management science and from it, many theories of financial management were created, studied and used by managers of various companies around the world. Nevertheless the company management should not get stuck on the performance of companies in a financial year, but also noticed how it goes for many other years. Company's management that only concern about momentary performance of the company may get lost in their own information. Especially if it is accompanied by a management incentive system that is generally calculated at the end of each year or at the time an event occurred. Large companies such as Enron for example, its management incentive system that focuses on short-term profit

making their managers prioritize certain activities that look favorable at that time, but later would bring adverse impacts to the company.

So a company whose financial statements look good and profitable in a certain one year may not be able to remain as it was in the following other year. One example is if companies improve performance by increasing working capital with the use of excessive debt. This can put pressure and high costs for the company in the following years and could lead to bankruptcy. This also true to the movement of share price pergrakan. Although the price of a company's stock may fall at a time but it does not necessarily indicate that the company is underperforming. There are even company that experiencing stock price falls but it can increase the value of its return on capital. This is mainly due to stock price movement at one time could have been caused by other things such as demand and supply factors and even external factors such as political condition and others. Therefore, in assessing the performance of a company is not just a short-term performance that need to be analyzed, but also long-term performance including the company's growth rate. Fonseka et al. (2012: 481) states that the banks are now involved the calculation of the sustainable growth rate of a company to assess their credit and to understand why a loan applicant needs money, and how long it will continues. From here it is clear that the bank as a source of credit providers are also not willing to only pay attention to short-term performance but also how the company's growth rate.

One of the financial data that can be used to show the condition of the company is growth rate. One of the many growth ratios of concern is the ratio of the Sustainable Growth Rate (SGR). This ratio will demonstrate the company's ability to grow if the company does not use debt. Therefore, if profit is a reflection of the short-term performance of companies, SGR can give an idea or prediction on the long-term performance of the company.

SGR simply illustrates the strength of the company to grow without having to increase debt. Because it can be seen as a strength then certainly SGR can be enhanced and can also be decreased. To improve the SGR, a variety of sources such as funds and certain assets that will increase the SGR are needed. Mohana (2011: 534) states that SGR determined by several things including the amount of assets compared to sales and the amount of dividends distributed. One of the other factors that are thought to increase the rate of growth of the company and its long-term performance is innovation. Nijhuis, and Westerhuis (2013) use some formula to measure this, including through investment in fixed assets and through the company's retained earnings. It is the same with Palepu et al. (2007: 216) whose states that dividend policy will determine the rate of growth of the company.

SGR itself will ultimately has the potential to enhance company value through revenue growth. Peters (2008: 63) states that the SGR shows how much revenue can be expected of companies. This means increased SGR showed increased revenues. Revenues rose show business prospects in the future then the stock price will grow (Manurung: 2009: 23-24).

Although in theory, companies that have good growth will eventually be able to increase the value of the company, but reality is not always consistent theory. Achmad (2005: 113) found that SGR has no significant effect on stock performance. Therefore, there are differences in the results of the study and and further researcher want to examine how the effects of investment in physical assets and dividend policy on SGR and how the effects of investment in physical assets, dividend policy and SGR on the value of the company, the study was conducted using path analysis with SGR as intervening variable intervening. It is expected to clarify how the relationship between the variables.

LITERATURE REVIEWS

Company's Value

The main purpose of management of the company is to increase the value of the company. This is due to the rise in the value of the company will increase the wealth of the owner of the company. Fuad et al. (2006: 23) states that the value of the company is the company's selling price deemed appropriate by prospective investors that he will pay, if a company sold.

In this study, the value of the company is represented with Price Book Value (PBV). PBV is calculated by dividing the market price per share to book value per share. The advantages of this ratio compared with the price earnings ratio is because profits generally have a movement that is unstable and sometimes has a negative value, while the book value tend to be more stable and up to a certain limited degree has already includes the profits from previous years. (Elkjaer et al., 2009: 49). In addition Elkjaer et al. (2009: 49) also adds that the book value shows the net value (net worth) of a company if one day liquidated.

Investment in Fixed Assets

Resource dependency theory emphasizes that a company will depend on the resources and resources is a strength of the company. (Pfeffer and Salancik, 1978). Filieri (2010) mentions the theory of growth companies surveyed by Edith Penrose in 1959 which explained that the company is a clear entity which consist of a collection of different resources portfolio. This means that companies that may have simmilar or even the same resources might have different combinations of them which will differentiate the strength of each company. Growth requires increase in the assets whether it is funded by debt or retained earnings (Amouzesh et al., 2011).

. One type of asset is a fixed asset. According to PSAK No. 16 of 2007, fixed assets is defined as the tangible assets acquired either in ready to use form or the one needed to be built first, which is used in the company's operations, and not intended to be sold in the framework of the normal activities of the company and have lifespan of more than one year. In other words, fixed assets is a company's capital in achieving its goals for gaining profits and increase its value. Therefore, investment in fixed assets if done properly, logically can help companies to boost growth, improve profits and increase company's value.

In general, fixed assets, especially in terms of its turnovernya has viewed by many capable to affect the company's sustainable growth rate. Nijhuis and Westerhuis (2013: 58) states that if a company invests in fixed assets such as property, plant and equipment the company can deliver their innovative ideas and is one measure of the company's innovation in ensuring a good long-term performance. This study uses the measures being taken by Nijhuis and Westerhuis (2013: 58) that viewed investments in fixed assets as innovation which is to divide the fixed assets with sales.

Dividend Policy

Dividend policy is a policy of the company in determining the amount of the company's profit to be distributed as dividends to shareholders. Palepu et al. (2007: 216) states that the dividend policy will determine the rate of growth of the company. In this study the ratio

Dividend Payout Ratio (DPR) will be used to represent the company's dividend policy. DPR is calculated as follows:

$$\text{DPR} = \frac{\text{Dividen}}{\text{Net Profit}}$$

In addition DPR also used by Nijhuis, and Westerhuis (2013: 58) as one measure of innovation which low DPR bodes high innovation in the company.

Sustainable Growth Rate

SGR illustrates the capability of the company to grow without having to increase debt. Peters (2008: 63) states that the SGR shows how much revenue can be expected by the company. This means increased SGR showed increased revenues. Revenues rose show business prospects in the future then the stock price will grow (Manurung: 2009: 23-24).

SGR measured using formula (Peters, 2008: 63):

SGR = ROE x (1-DPR)

ROE = Return on Equity

DPR = Dividend Payout Ratio

From the formula above we can conclude that if a company wants to increase its SGR it can be done by increasing or decreasing its DPR or increasing its ROE. Mohana (2011: 534) states that SGR can be increased through four things:

1. Increase Net Profit Margin (NPM)

2. Reducing asset proportion to sales

3. Reducing dividend shared

4. The increase in the debt component which is comparable with equities

RESEARCH METHODS

This research is a quantitative study in which the measurement and data processing is done. This study uses Path Analysis to find out the effect of the independent variables (exogenous) to the dependent variable (endogenous) and also to find out how the exogenous variables conduct its effect, data were processed using SPSS 20.

Suwarno (2007: 2) states that the assumptions underlying the path analysis is:

1. In path analysis model, the relationship between variables is linear, adaptive and normal.
2. Only have one dirrection of causal flow which means there is no reverse causality function
3. The dependent variable (endogenous) measurement is at least in interval and ratio
4. Using probability sample

5. Observation variables measured without error (measurement instruments valid and reliable)
6. Model analyzed correctly identified based on relevant theories and concepts which means theoretical model was tested by a particular theoretical framework that can explain causal relationships between the variables studied.

Path Analysis that will be used in this research is decomposition model path analysis. Suwarno (2007: 151) explains that the decomposition model is a model that emphasizes on causality intervariables effect, both direct or indirect. As for the non-causality relationships or correlation relationships that occurs between exogenous variables is not included in this calculation. Therefore this decomposition models recognize the direct effect indirect effect and total effect of exogenous variables to endogenous variable

This research was conducted using data summary of the performance of listed companies issued by the Indonesia Stock Exchange (BEI). Companies that examined came from consumer goods group companies. The financial data retrieved from data in 2011-2014 based on the ease of obtaining data. While the 2015 data is not yet available at the time of the research noticing that not all companies submit financial data in 2015.

Research Questions
1. Do DPR and investment in fixed assets simultaneously affect SGR?
2. Does DPR affect SGR?
3. Does investment in fixed assets affect SGR?
4. Do DPR, investment in fixed assets and SGR simultaneously affect PBV?
5. Does DPR affect PBV?
6. Does investment in fixed assets affect PBV?
7. Does SGR affect PBV?

To answer the problem above, statistical Hypothesis is made:

Statistical Hypothesis
1. Ha: $\beta X3X1 = \beta X3X2 \neq 0$
   Ho: $\beta X3X1 = \beta X3X2 = 0$
2. Ha: $\beta X3X1 \neq 0$
   Ho: $\beta X3X1 = 0$
3. Ha: $\beta X3X2 \neq 0$
   Ho: $\beta X3X2 = 0$
4. Ha: $\beta YX1 = \beta YX2 = \beta YX3 \neq 0$
   Ho: $\beta YX1 = \beta YX2 = \beta YX3 = 0$
5. Ha: $\beta YX1 \neq 0$
   Ho: $\beta YX1 = 0$
6. Ha: $\beta YX2 \neq 0$
   Ho: $\beta YX2 = 0$
7. Ha: $\beta YX3 \neq 0$

Ho: βYX3 = 0

Hypothesis
1. Ha: DPR and investment in fixed assets simultaneously affect SGR
   Ho: DPR and investment in fixed assets simultaneously do not affect SGR
2. Ha: DPR affect SGR
   Ho: DPR does not affect SGR
3. Ha: Investment in fixed assets affect SGR
   Ho: Investment in fixed assets does not affect SGR
4. Ha: DPR, investment in fixed assets and SGR simultaneously affect PBV
   Ha: DPR, investment in fixed assets and SGR simultaneously do not affect PBV
5. Ha: DPR affect PBV
   Ho: DPR does not affect PBV
6. Ha: Investment in fixed assets affect PBV
   Ho: Investment in fixed assets does not affect PBV
7. Ha: SGR affect PBV
   Ho: SGR does not affect PBV
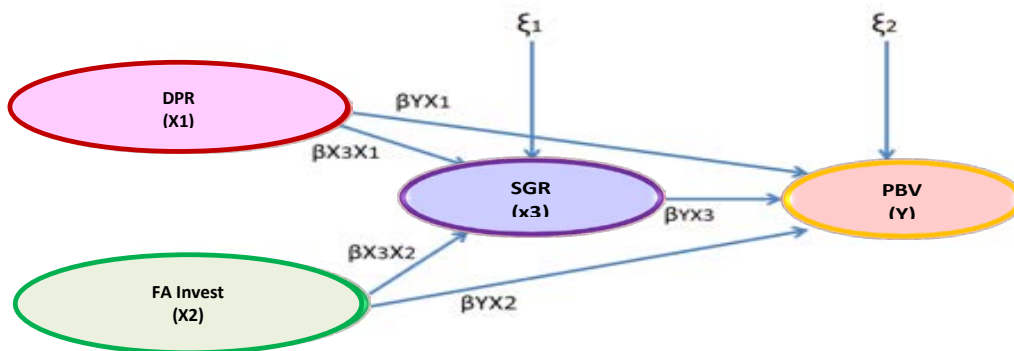
Figure 1. Models: Causal-empiric Relationships of Research Variables

From the test results using SPSS the following equation will be determined:

Sub-structure 1 Equation: **X3** $= \beta x_3 x_1 \mathbf{X1} + \beta x_3 x_2 \mathbf{X2} + \beta x_3 \epsilon_1 \; \mathbf{\epsilon 1}$; **Rsquare**

Sub-structure 2 Equation: **Y** $= \beta y x_1 \mathbf{X1} + \beta y x_2 \mathbf{X2} + \beta y x_3 \mathbf{X3} + \beta y \epsilon_2 \; \mathbf{\epsilon 2}$; **Rsquare**

Further calculation will be done to determine the effect of the direct, indirect effect and total effect to further clarify how the exogenous variables effect on the endogenous variables.

RESULT AND DISCUSSION

According to the requirements of path analysis, then the model has been designed in accordance with the theory available. Samples were taken from financial statement data of consumer good companies listed in the Indonesia Stock Exchange. The number of companies which financial data is taken amounted to 21 companies and the datas extracted from the financial statements in 2011-2014 periods. The number of samples totaled 83 samples. The following companies were examined:

1. Tiga Pilar Sejahtera Food Tbk
2. Akasha Wira International Tbk.
3. Wilmar Cahya Indonesia Tbk.
4. Delta Djakarta Tbk.
5. Indofood Cbp Sukses Makmur Tbk
6. Indofood Sukses Makmur Tbk
7. Mayora Indah
8. Nippon Indosari Corporindo
9. Sekar Laut Tbk
10. Siantar Top Tbk
11. Ultrajaya Milk Industry & Trading Co Tbk
12. Gudang Garam Tbk
13. Darya-Varia Laboratoria
14. Kimia Farma (Persero) Tbk
15. Kalbe Farma Tbk
16. Merck Tbk
17. Pyridam Farma Tbk
18. Martina Berto Tbk
19. Mandom Indonesia Tbk
20. Kedawung Setia Industrial Tbk
21. Kedaung Indah Can Tbk

Normality and linieariity test is also conducted as follows:

Table 1. Linearity Test Table

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
SGR * DPR	Between Groups	(Combined)	.144	38	.004	.531	.976
		Linearity	.043	1	.043	6.082	.018
		Deviation from Linearity	.101	37	.003	.381	.998
	Within Groups		.314	44	.007		
	Total		.458	82			
SGR * INVESTFA	Between Groups	(Combined)	.258	39	.007	1.423	.130
		Linearity	.000	1	.000	.102	.752
		Deviation from Linearity	.258	38	.007	1.457	.116
	Within Groups		.200	43	.005		
	Total		.458	82			
PBV * DPR	Between Groups	(Combined)	324.484	38	8.539	1.612	.064
		Linearity	55.155	1	55.155	10.412	.002
		Deviation from Linearity	269.329	37	7.279	1.374	.156
	Within Groups		233.073	44	5.297		
	Total		557.558	82			
PBV * INVESTFA	Between Groups	(Combined)	290.418	39	7.447	1.199	.280
		Linearity	7.978	1	7.978	1.284	.263
		Deviation from Linearity	282.440	38	7.433	1.196	.283
	Within Groups		267.140	43	6.213		
	Total		557.558	82			
PBV * SGR	Between Groups	(Combined)	233.371	25	9.335	1.641	.062
		Linearity	147.770	1	147.770	25.982	.000
		Deviation from Linearity	85.601	24	3.567	.627	.895
	Within Groups		324.187	57	5.687		
	Total		557.558	82			

From table 1 it shown that Sig. for deviation from linearity is bigger than 0.05 which means there is linear and significant relationship between variables.
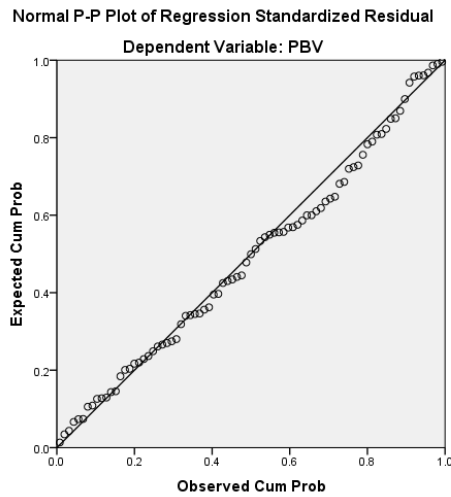
Figure 2. Normality Pattern of Standardized Residual

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		83
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.75175287
Most Extreme Differences	Absolute	.073
	Positive	.073
	Negative	-.045
Kolmogorov-Smirnov Z		.663
Asymp. Sig. (2-tailed)		.772

a. Test distribution is Normal.

b. Calculated from data.

From table 2 above it is shown that normal residu from Kolmogorov-Smirnov is $p > 0.05$. From Asymp. Sig. (2-tailed) = 0.722 > 0.05 which shown that data have normal distribution.

Table 3. ANOVA x1 and x2 to x3

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.309[a]	.095	.073	.07200

a. Predictors: (Constant), INVESTFA, DPR

b. Dependent Variable: SGR

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.044	2	.022	4.210	.018^b
1	Residual	.415	80	.005		
	Total	.458	82			

a. Dependent Variable: SGR

b. Predictors: (Constant), INVESTFA, DPR

Table 3 anova shows that F value is 4.210 with probability (sig) = 0.018. Since sig < 0,05 then it means that for the first hypothesis, Ho is rejected and Ha is accepted which means DPR and investment in fixed assets simultaneously affect SGR. Determinant coefficients R Square = 0.095 = 9.5 % and other variables $\beta X3\epsilon 1$ = 90.5% .

Table 4. Coefficients x1 and x2 to x3

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.140	.017		8.240	.000
1	DPR	-.001	.000	-.312	-2.886	.005
	INVESTFA	-.010	.048	-.022	-.201	.841

a. Dependent Variable: SGR

Table 4 shows that DPR has Sig. 0.005 < 0,05 then it means that for the second hypothesis, Ho is rejected and Ha is accepted which means DPR affect SGR. The path coefficients can be seen in standardized coefficients beta which is $\beta X3X1$ = - 0.312

Table 4 above it is shown that investment in fixed asset has Sig. < 0.05 then it means that for the third hypothesis, Ho is accepted and Ha is rejected which means Investment in fixed assets does not affect SGR. The path coefficients can be seen in standardized coefficients beta which is $\beta X3X2$ = - 0.022

Table 5. ANOVA x1, x2 and x3 to Y

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741^a	.549	.532	1.78470

a. Predictors: (Constant), SGR, INVESTFA, DPR

b. Dependent Variable: PBV

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	305.929	3	101.976	32.016	.000[b]
	Residual	251.628	79	3.185		
	Total	557.558	82			

a. Dependent Variable: PBV

b. Predictors: (Constant), SGR, INVESTFA, DPR

Table 5 anova shows that F value is 32,016 with probability (sig) = 0.000. Since sig < 0,05 then it means that for the fourth hypothesis, Ho is rejected and Ha is accepted which means DPR, investment in fixed assets and SGR simultaneously affect PBV. Determinant coefficients R Square = 0.549 = 54.9 % and other variables $\beta Y \in 2$ = 45,1% .

Table 6. Coefficients x1, x2 and x3 to Y

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.514	.573		-2.644	.010
	DPR	.062	.009	.557	6.913	.000
	INVESTFA	3.010	1.191	.194	2.528	.013
	SGR	23.722	2.771	.680	8.560	.000

a. Dependent Variable: PBV

Table 6 shows that DPR has Sig. 0.000 < 0,05 then it means that for the fifth hypothesis, Ho is rejected and Ha is accepted which means DPR affect PBV. The path coefficients can be seen in standardized coefficients beta which is $\beta YX1$ = - 0.557

Table 6 shows that investment in fixed asset has Sig. 0.013 < 0,05 then it means that for the sixth hypothesis, Ho is rejected and Ha is accepted which means investment in fixed asset affect PBV. The path coefficients can be seen in standardized coefficients beta which is $\beta YX2$ = 0.194

Table 6 shows that SGR has Sig. 0.000 < 0,05 then it means that for the seventh hypothesis, Ho is rejected and Ha is accepted which means SGR affect PBV. The path coefficients can be seen in standardized coefficients beta which is $\beta YX3$ = 0.680

Table 7. Summary of Path Coefficients Sub-Structure – 1

| Intervariable Effect	Path Coefficients (Beta)	t Value	F Value	Test result	Determinant Coefficients	Other Variables Coefficients (residu)
x_1 to x_3	-0.312	-2.886		Ho rejected		0.905 or
x_2 to x_3	-0.022	-0.201	4.210	Ho accepted	0.095	0.951[2]

Table 8. Summary of Path Coefficients Sub-Structure – 2

Intervariable Effect	Path Coefficients (Beta)	t Value	F Value	Test result	Determinant Coefficients	Other Variables Coefficients (residu)
x_1 to y	0.557	6.913		Ho rejected		
x_2 to y	0.194	2.528	32.016	Ho rejected	0.549	0.451 or 0.672^2
x_3 to y	0.680	8.560		Ho rejected		
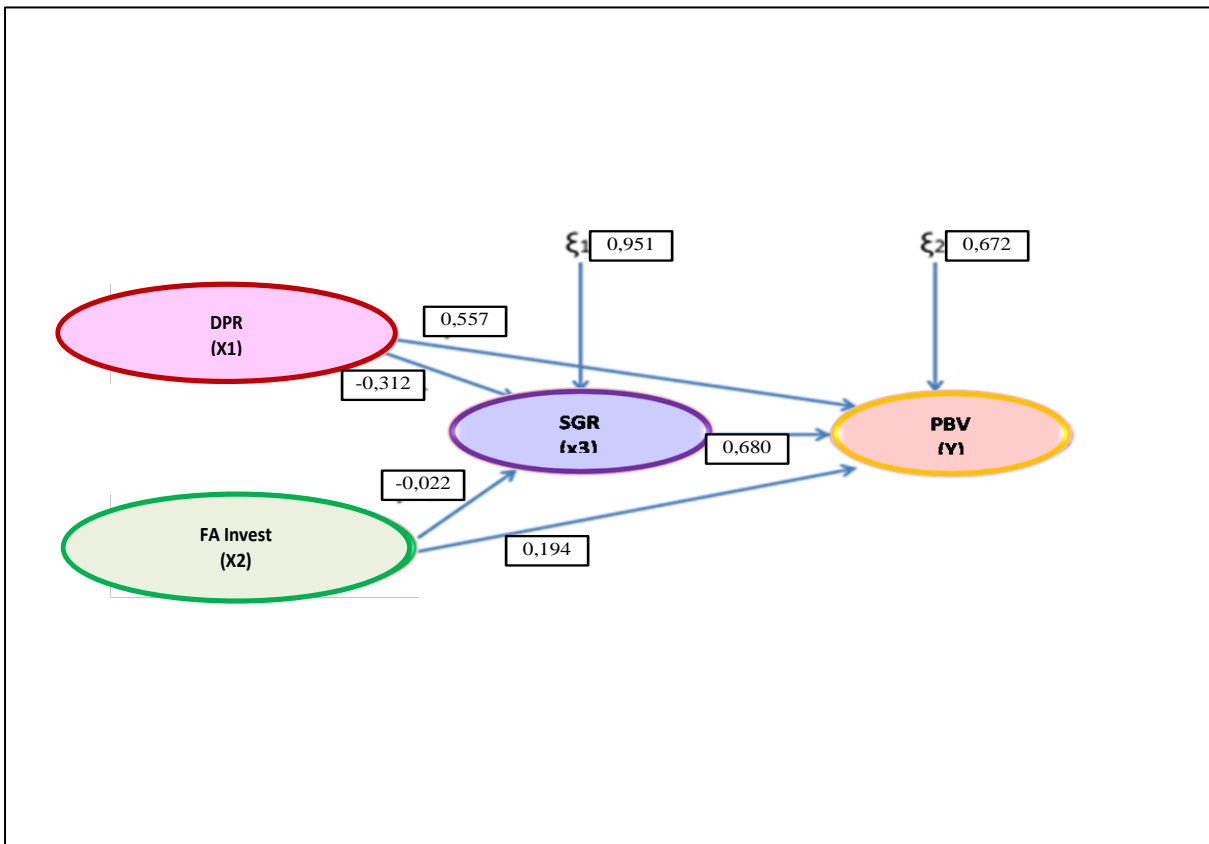
Figure 3. Diagram of Causal-empiric Relationships of Research Variables

From test results the equation or formula is as follows:

Sub-structure equation 1:   **X3** $= \beta x_3 x_1 \, \textbf{X1} + \beta x_3 x_2 \, \textbf{X2} + \beta x_3 \epsilon_1 \, \textbf{Є1}$; **Rsquare**

$= (-0.312) \, \textbf{X1} + (-0.022) \, \textbf{X2} + 0.951 \, \textbf{Є1}$; **Rsquare** = 0.095

Sub-structure equation 2:   **Y** $= \beta y x_1 \, \textbf{X1} + \beta y x_2 \, \textbf{X2} + \beta y x_3 \, \textbf{X3} + \beta y \epsilon_2 \, \textbf{Є2}$; **Rsquare**

$= 0.557 \, \textbf{X1} + 0.194 \, \textbf{X2} + 0.680 \, \textbf{X3} + 0.951 \, \textbf{Є2}$; **Rsquare** = 0.451

Table 9. Direct and Indirect Effect Calculation

Intervariable Effect	Causal Effect		
	Direct	Indirect through X3	Total
x_1 to x_3	-0.312	-	-0.312
x_2 to x_3	-0.022	-	-0.022
x_1 to y	0.557	(-0.312) x (0.680) = -0.212	0.345
x_2 to y	0.194	(-0.022) x (0.680) = -0.015	0.179
x_3 to y	0.680	-	0.680

From the results of research conducted it is found that DPR has significant negative effect to SGR. This means that when DPR is reduced SGR will increase. This is consistent with Palepu et al. (2007: 216) theory that states that dividend policy will determine the level of growth of the company and in accordance with Mohana (2011: 534) whose states that when dividend is reduced the greater the level of SGR. Therefore companies can use this fact to achieve the level of growth and dividend desired.

This research also showed that the level of dividends has positive effect to firm value, either directly or through SGR. It is quite intriguing as when dividends distributed then it will automatically reduced enterprise value due to reduced current assets while when the dividend was retained the value of the company would increase as the existing funds remain in the company and accounted for in calculating the value of the company. However, after examining more, the researchers found that the companies surveyed are rarely share dividend. Average dividend distributed per year which is calculated by dividing the total dividends with a sample is only 17.2 percent. It shows that the average level of retained earnings each year is huge. Moreover, through further observation, it was found that of the few companies that regularly share the dividend are large companies such as PT Indofood Sukses Makmur Tbk., PT Gudang Garam tbl., And PT Kalbe Farma Tbk. which has been widely recognized that the value of their stocks can still be maintained and still attractive despite regularly pay cash dividends.

For company's investment in fixed assets it shown that it did not affect the level of sustainable growth rate of the company. This is not consistent with the statement of Nijhuis and Westerhuis (2013: 58) whose states that if a company invests in fixed assets such as property, plant and equipment then the company can deliver innovative ideas they and is one measure of the company in ensuring its long-term performance.

Nevertheless investment in fixed assets directly contributed to the increased value of the company so that it appears that investment in fixed assets is still needed to increase the value of the company but in the company examined here this does not occur through an increase in the company's SGR.

Increased SGR is proven to increase the company's value significantly. This is in accordance with the opinion of Peters (2008) that companies that are in the consumer goods industry need to always pay attention to the company's ability to grow without the use of additional debt.

CONCLUSION

The growth rate of companies that are not funded by the source of the debt or the so-called sustainable growth rate turned out to have a very important role to determine the value of the company. Therefore, companies must increasingly consider the level of this growth and not just focus on profit. Plus potential investors and creditors began to see sustainable growth rate as a benchmark of corporate strength. Companies that have high sustainable growth rate is likely to be favored and chosen by the potential investors and creditors. Sustainable growth rate is also noteworthy considering that the survival rate of companies still need to be improved.

Therefore, dividend policy plays an important role. Although the interests of investors can be diverse, but companies tend to distribute small or no dividends at all. And these types of companies tends to be liked because it is regarded as a strong company and capable to grow and investors can still benefit through capital gains. This shows that companies that are able to grow without depending on additional debt get recognition from the corporate world. Investment in fixed assets is a traditional investment that can increase the value of the company but not necessarily have direct effect on the company's growth. Companies have to be more careful in the purchase of fixed assets needed.

Sustainable growth rate level significantly affect the value of the company which means that every factors around it are noteworthy. Other factors beyond those examined in this study need to be examined further in conjunction with SGR.

Finally it is expected that business world in Indonesia can give more attention to the importance of SGR and able to survive the global competition which is increasingly challenging.

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Appendix 1. Data for Analysis

	TAHUN	NAMA PERUSAHAAN	SINGKATAN	DPR	FIXED ASSET/SALES	SGR	PBV
1	2011	TIGA PILAR SEJAHTERA FOOD TBK	AISA	8.56	0.53	0.07	0.79
2	2011	AKASHA WIRA INTERNATIONAL TBK.	ADES	0.00	0.34	0.21	4.74
3	2011	WILMAR CAHYA INDONESIA TBK.	CEKA	0.00	0.16	0.24	0.7
4	2011	DELTA DJAKARTA TBK.	DLTA	0.00	0.17	0.26	3.12
5	2011	INDOFOOD CBP SUKSES MAKMUR TBK	ICBP	49.89	0.13	0.10	2.83
6	2011	INDOFOOD SUKSES MAKMUR TBK	INDF	49.93	0.29	0.08	1.28
7	2011	MAYORA INDAH	MYOR	0.00	0.22	0.20	4.51
8	2011	NIPPON INDOSARI CORPORINDO	ROTI	0.00	0.67	0.21	6.16
9	2011	SEKAR LAUT TBK	SKLT	0.00	0.29	0.05	0.79
10	2011	SIANTAR TOP TBK	STTP	0.00	0.56	0.09	1.84
11	2011	ULTRAJAYA MILK INDUSTRY & TRADING CO TBK	ULTJ	0.00	0.51	0.07	2.22
12	2011	GUDANG GARAM TBK	GGRM	39.31	0.20	0.12	4.86
13	2011	DARYA-VARIA LABORATORIA	DVLA	0.00	0.21	0.17	1.77
14	2011	KIMIA FARMA (PERSERO) TBK	KAEF	0.00	0.12	0.14	1.51
15	2011	KALBE FARMA TBK	KLBF	65.09	0.17	0.08	5.3
16	2011	PYRIDAM FARMA TBK	PYFA	0.00	0.41	0.06	1.14
17	2011	MARTINA BERTO TBK	MBTO	0.00	0.10	0.11	1.1
18	2011	MANDOM INDONESIA TBK	TCID	0.00	0.25	0.14	1.52
19	2011	KEDAWUNG SETIA INDUSTRIAL TBK	KDSI	0.00	0.15	0.08	0.36
20	2011	KEDAUNG INDAH CAN TBK	KICI	0.00	0.09	0.01	0.39
21	2012	TIGA PILAR SEJAHTERA FOOD TBK	AISA	22.17	0.45	0.10	1.55
22	2012	AKASHA WIRA INTERNATIONAL TBK.	ADES	0.00	0.23	0.40	5.42
23	2012	WILMAR CAHYA INDONESIA TBK.	CEKA	0.00	0.18	0.13	0.83
24	2012	DELTA DJAKARTA TBK.	DLTA	86.29	0.06	0.05	6.83
25	2012	INDOFOOD CBP SUKSES MAKMUR TBK	ICBP	0.00	0.18	0.19	3.79
26	2012	INDOFOOD SUKSES MAKMUR TBK	INDF	49.81	0.32	0.07	1.50
27	2012	MAYORA INDAH	MYOR	23.68	0.27	0.19	5
28	2012	NIPPON INDOSARI CORPORINDO	ROTI	25	0.75	0.17	10.48
29	2012	SEKAR LAUT TBK	SKLT	26.02	0.25	0.05	0.96
30	2012	SIANTAR TOP TBK	STTP	0.00	0.51	0.13	2.37
31	2012	ULTRAJAYA MILK INDUSTRY & TRADING CO TBK	ULTJ	0.00	0.35	0.21	2.29
32	2012	GUDANG GARAM TBK	GGRM	38.35	0.21	0.09	4.07
33	2012	DARYA-VARIA LABORATORIA	DVLA	39.49	0.20	0.11	2.25
34	2012	KIMIA FARMA (PERSERO) TBK	KAEF	15.29	0.12	0.12	2.86
35	2012	KALBE FARMA TBK	KLBF	66.77	0.17	0.08	7.3
36	2012	MERCK TBK	MERK	0.07	0.07	0.26	8.17
37	2012	PYRIDAM FARMA TBK	PYFA	0.00	0.37	0.06	1.08
38	2012	MARTINA BERTO TBK	MBTO	0.00	0.11	0.10	0.94
39	2012	MANDOM INDONESIA TBK	TCID	49.47	0.24	0.07	2.02
40	2012	KEDAWUNG SETIA INDUSTRIAL TBK	KDSI	0.00	0.13	0.12	0.63
41	2012	KEDAUNG INDAH CAN TBK	KICI	0.00	0.10	0.03	0.56
42	2013	TIGA PILAR SEJAHTERA FOOD TBK	AISA	8.01	0.36	0.14	1.78
43	2013	AKASHA WIRA INTERNATIONAL TBK.	ADES	0.00	0.28	0.21	4.46
44	2013	WILMAR CAHYA INDONESIA TBK.	CEKA	45.72	0.09	0.07	0.65
45	2013	DELTA DJAKARTA TBK.	DLTA	72.66	0.11	0.11	8.99
46	2013	INDOFOOD CBP SUKSES MAKMUR TBK	ICBP	49.79	0.19	0.08	4.48
47	2013	INDOFOOD SUKSES MAKMUR TBK	INDF	49.80	0.40	0.04	1.51
48	2013	MAYORA INDAH	MYOR	19.75	0.26	0.22	5.9
49	2013	NIPPON INDOSARI CORPORINDO	ROTI	9.99	0.78	0.18	6.56
50	2013	SEKAR LAUT TBK	SKLT	23.67	0.22	0.06	0.89
51	2013	SIANTAR TOP TBK	STTP	0.00	0.45	0.16	2.93
52	2013	ULTRAJAYA MILK INDUSTRY & TRADING CO TBK	ULTJ	10.66	0.28	0.14	6.45
53	2013	GUDANG GARAM TBK	GGRM	35.56	0.27	0.10	2.75
54	2013	DARYA-VARIA LABORATORIA	DVLA	30.72	0.22	0.10	2.69
55	2013	KIMIA FARMA (PERSERO) TBK	KAEF	25	0.11	0.10	2.02
56	2013	KALBE FARMA TBK	KLBF	44.97	0.18	0.13	6.89
57	2013	MERCK TBK	MERK	0.08	0.05	0.34	8.27
58	2013	PYRIDAM FARMA TBK	PYFA	0.00	0.51	0.07	0.84
59	2013	MARTINA BERTO TBK	MBTO	0.00	0.21	0.04	0.72
60	2013	MANDOM INDONESIA TBK	TCID	46.45	0.34	0.07	2.02
61	2013	KEDAWUNG SETIA INDUSTRIAL TBK	KDSI	0.00	0.25	0.10	0.40
62	2013	KEDAUNG INDAH CAN TBK	KICI	0.00	0.09	0.10	0.50
63	2014	TIGA PILAR SEJAHTERA FOOD TBK	AISA	0.00	0.35	0.11	2.05
64	2014	AKASHA WIRA INTERNATIONAL TBK.	ADES	0.00	0.30	0.10	2.80
65	2014	WILMAR CAHYA INDONESIA TBK.	CEKA	0.00	0.06	0.08	0.87
66	2014	DELTA DJAKARTA TBK.	DLTA	0.00	0.13	0.38	9.33
67	2014	INDOFOOD CBP SUKSES MAKMUR TBK	ICBP	49.71	0.19	0.08	5.26
68	2014	INDOFOOD SUKSES MAKMUR TBK	INDF	49.72	0.35	0.06	1.45
69	2014	MAYORA INDAH	MYOR	0.00	0.25	0.10	4.74
70	2014	NIPPON INDOSARI CORPORINDO	ROTI	0.00	0.89	0.20	7.76
71	2014	SEKAR LAUT TBK	SKLT	0.00	0.20	0.11	1.36
72	2014	SIANTAR TOP TBK	STTP	0.00	0.40	0.15	4.8
73	2014	ULTRAJAYA MILK INDUSTRY & TRADING CO TBK	ULTJ	0.00	0.35	0.06	4.91
74	2014	GUDANG GARAM TBK	GGRM	28.67	0.29	0.12	3.66
75	2014	DARYA-VARIA LABORATORIA	DVLA	0.00	0.24	0.08	1.97
76	2014	KIMIA FARMA (PERSERO) TBK	KAEF	0.2	0.12	0.13	4.75
77	2014	KALBE FARMA TBK	KLBF	43.14	0.20	0.12	9.3
78	2014	MERCK TBK	MERK	80.23	0.09	0.06	6.97
79	2014	PYRIDAM FARMA TBK	PYFA	0.00	0.41	0.03	0.77
80	2014	MARTINA BERTO TBK	MBTO	0.00	0.22	0.01	0.47
81	2014	MANDOM INDONESIA TBK	TCID	44.99	0.40	0.07	2.80
82	2014	KEDAWUNG SETIA INDUSTRIAL TBK	KDSI	0.00	0.23	0.11	0.39
83	2014	KEDAUNG INDAH CAN TBK	KICI	0.00	0.08	0.06	0.46