Performance, Diversification, Ownership, Managerial Qualification, and Firm Value of Banking Companies Listed in Indonesia Stock Exchange

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Abstract

This research aims to analyze financial ratios influencing Firm value, namely: Tobin Q value. The financial ratios include Return on Assets (RoA), Debt to Total Asset (DTA), Diversification, Managerial Ownership, Institutional Ownership, and Managerial Qualification and Firm Risk (Non-Performing Loan / NPL). The samples used in this research were seventeen Private Banking Companies and four Government Banking Companies observed by using cross-section method in the research period of 2009 – 2014. Data analysis techniques used in this research were the double linier regressions, namely: F test, T test, and Independent T Test (Compare Mean Test). The result of this research is adjusted with R Square = 42.2 %, meaning that the independence variable influences or describes the effect of 42.2% on the Firm value (Tobin Q), and 57.8% was influenced by other variables. The simultaneous test indicates that the independent variable has an effect on the Firm value as indicated by the signifance value = 0000. The partial test result shows that the debt variable to total asset (DTA), diversification, and the managerial qualification have an effect on the Firm value. Meanwhile, the Return on Asset (RoA), the Managerial Ownership, the Institutional Ownership, and the NPL do not have any effect on the Firm value related to the Tobin Q value. There is a difference between state-owned banks and private banks listed in the Indonesia Stock Exchange (IDX).

Keywords: Return on Asset, debt to total asset, diversification, managerial ownership, institution ownership, managerial qualification, NPL and the Firm value.

1. Introduction

Banking industries have an important role for economic development as a financial intermediary between the parties that have excess of funds and the parties that need funds. According to Ali (2006), banks are defined as financial institutions which hold business license to operate. They receive funds from the public as savings, give loans to the public and business world, give acceptances of various forms of debt securities, and publish checks. Banking businesses arise because not all people use their savings to meet their needs life, but they also use their savings as a capital to run their own businesses. If they still need more money as their capital, they can borrow money from the banks (Jaya, 1998). Thus, it is obvious that banking businesses are highly dependent on public trust and business sectors. If public trust is high, they will save their money in the banks, and vice versa. By the trust, banking businesses will grow rapidly and it makes bank valuation itself increase. The general trend of the banking sector competition shows that banks offer products or services at a competitive cost, which increases the public interest in putting their funds or money, and in borrowing funds at the banks, and which is expected to increase the bank valuation.

If the bank valuation increases, the prosperity of shareholders will also increase. One of the duties of bank's management is to prosper the shareholders so that the bank's management is responsible for the increase in the value of bank that it leads.

The bank's management can manage some things that can affect the rise and fall of the bank valuation. Besides, numerous researches have shown the effect of those things that can influence the bank valuation.

Ghosh, Saurabh and Ghosh, Arijit (2002) conducted empirical research to the companies listed in the Center for Monitoring the Indian Economy (CMIE) and S&PCNX 500 index and they find that there were non-linear effects among the leverage, profitability, probability of an increase in the Firm value in the future. However, the findings were different from the results of research conducted by Li-Jun Chen and Shun-Yu Chen (2011), Ben Naceur Goaied (2002). Their findings indicate that the profitability had a positive effect on the Firm value in Taiwan. The researches of the effect of profitability on the Firm value conducted by the researchers have not shown yet the consistent results between results of one research to another. Therefore, it is necessary to conduct further researches.

In addition to profitability, the Firm value is also influenced by leverage. Ghosh, Shaurabh and Ghosh, Ajirit (2002) state that Leverage has a negative effect on the Firm value in the future. In the other hand, Ben Naceur and Goaied (2002), Li-Ju Chen, and Shun-Yu Chen (2011),Kouki, M and Said,Hatem (2011), Somayeh Hosseini Aghdaei (2012), Zhao Bei and Wijewardana (2012) state that debts have a positive effect on the Firm value in the future.

Based on the results of researches elaborated above, it is obvious that leverage has a significant effect

on the Firm value. However, the results of the researches were different. Some researches indicate that leverage had a negative effect on the Firm value, and in the other researches indicate that leverage had a positive effect on the firm value. Those findings show that there are still uncertainties of leverage effect on the firm value.

Other researches done by Julia Chou and Wenlian Gao (2013) on the variable which affect on the firm value indicate that companies which conduct global or multinational diversification will have a lower efficiency than domestic companies, so that it has a negative effect on the firm value. Saibal Ghosh (2011), based on the result of his research, states that banks which conduct diversification will have a positive effect on profit and will increase the firm value. In other words, the bank management can increase the firm value through diversification. Based on the elaboration above, it can be seen that the results of the researches on the effect of diversification on the firm value are still different because there are still problems of the effect of diversification on the firm value. Therefore, it is necessary to conduct further researches.

Another variable which affects the firm value is ownership structure of a company. The ownership structure has an effect on the rise and fall of the firm value. It consists of majority ownership and minority ownership. Besides, it also refers to the institutional ownership, managerial ownership, and public ownership. This ownership structure composition will have an effect on the firm value. Pound (1998) proposes that a large institutional ownership will be used by the shareholders to benefit them which may decrease the firm value. On the other hand, Hanafi (2004) states that when the institutional ownership owned by a company is getting higher, the external supervision to the company is also increasing. Thereby, it will make the firm value increase.

Managerial ownership of a company has a role and a different effect on the firm value. It can be seen from the different findings between a researcher and other researchers. Jensen (1993) and Bryrne (1996) state that the managerial ownership has an effect on the firm value. However, Demzets and Villalongga (2001) propose that the managerial ownership has no significant effect on the firm value. Meanwhile, Siallagan and Machfoedz (2006) in their research, conclude that managerial ownership has a negative effect on the firm value measured by price to book value (PBV). The results of their research are still different. Therefore, there are still uncertainties of the effect of the managerial ownership and institutional ownership on the firm value.

Gottesman and Morey (2010) conducting a research on companies listed in the New York Stock Exchange (NYSE) found that the educational background of CEO of a company has no significant effect on the firm value.

Meanwhile, Darmadi (2013) conducting a research on companies listed in Indonesia Stock Exchange (IDX), found different results. Darmadi (2013) states that Educational Board's Members have a significant effect on theROA and Tobin-Q as a proxy of the performance of company. The research results of the managerial qualification effect on the firm value have different results so that there are still uncertainties of the effect ofthe managerial qualification variable on the firm value.

Besides the effect of variables above, the firm value can also be influenced by Non Performing Loan (NPL). The NPL can affect the firm value. If the amount of the NPL increases, the fund availability of bank will decrease. This condition will affect the operation of bank's activity so that the firm value becomes decrease.

Related to the NPL and the firm value, there are some researches revealing that the NPL has an effect on the firm value. Fakuda,et al (2005) state that financial health can affect the Tobin-Q bank which is not listed in the Japan Stock Exchange. Gibson (1995) proposes that significant investment company has an effect on the Tobin-Q related to the bank health.

In Indonesia, there have been many researches done by the researchers related to the firm value and the NPL. Agustina (2014) claims that the NPL has an insignificantly negative effect on the firm value. Srihayati and friends (2015) state that NPL has a insignificantly negative effect on the Tobin-Q as a proxy of the firm value.

Based on the findings from the previous researches that used empirical testing related to the things that can affect the firm value, those researches results are still different. Thoseresearches show that there are the differences of the results on the effect of the independent variables which affect the firm value.

Thus, this research will examine the independent variables which affect the firm value by using empirical testing.

The focus of this research is to investigate whether the profitability has a positive effect on the bank valuation or not; whether leverage has a positive effect on the bank valuation or not; whether the diversification has a positive effect on the bank valuation or not; whether the managerial ownership has a positive effect on the bank valuation or not; whether institutional ownership has a positive effect on the bank valuation or not; whether the managerial qualification has a positive effect on the bank valuation or not; whether the NPL has a negative effect on the bank valuation or not; whether there is difference of the bank valuation between Goverment Banking Firms and Private Banking Firms listed in the IDX or not.

The objectives of this research are as follows to test and analyze (1) the positive effect of the profitability on the bank valuation; (2) the positive effect of leverage on the bank valuation; (2) the positive effect of the diversification n the bank valuation; (3) the positive effect of the managerial ownership on the bank valuation; (4) the positive effect of the institutional ownership on the bank valuation; (5) the positive effect of

the managerial qualification on the bank valuation; (6) the negative effect of the NPL on the bank valuation; and (7) the differences of the bank valuation of the Goverment Banking Firms and Private Banking Firmslisted in the IDX.

2. Literature Review And Hypothesis Development

2.1 Literature Review

2.1.1 Firm value

Suad Husnan (2000) states that firm value is "the price paid by prospective buyers if the company is sold". According to Brigham and Ehrhardt (2002) define firm value as the determinant of the comparison of the firm performance that can be seen in the financial reports. The firm value can be seen from the maximization of shareholders' wealth infirmd into the company's common share price. Meanwhile, Keown, et al (2007) state that firm value is the market value of the securities and equities of the outstanding companies. Therefore, it can be said that firm value is the investors' perception on a company related to the share price.There are some ratios to measure firm value. This research used Tobin-Q ration. Tobin-Q is the comparison between*Total Market Value of Firm and Total Asset Value of Firm.*

2.1.2 Profitability

Signaling Theory shows that insiders of company i.e managers have information either about present condition of company or future prospect of investors, namely: shareholders, and it is usually called as Asymmetric Information (Megginson, 1997).

If company gets profit which is increasing, it will be positively considered by investors as a good prospect for company so that it will increase stock price. Brigham and Houstom (2006) state that "profitability ratios show the combined effects of liquidity, asset management, and debt on operating results". This ratio is used to investigate the company's ability in getting profit or about how effective the firm management is.

Chen, Li-Jun, and Chen, Shun-Yu (2011) examine the effect of profitability on the firm value with Capital Structure as mediator, and company's measurement and industry as a mediator at firm in Taiwan. The result of the research shows that profitability significantly has positive effect on the firm value. Ben Naceur and Goaied (2002) show that profitability significantly has a positive effect on the firm value in Taiwan. Chen, Li-Jun and Chen, Shun-Yu (2011) state that profitability has a significant effect on the firm value. Based on the previous theory and research, a hypothesis is formulated as follows:

H1: Profitability has positive effect on firm value

2.1.3 Leverage (Debt to Total Asset)

Capital Structure Theory claimed by Modigliani and Miller explains that when Capital Structure changes, then the firm value will also change. A company which has high amount of debt will make the firm value becomes high as well, this happens because of tax saving.That difference is caused by firm tax. By having high amount of debt will make the company do tax saving through the interest cost paid by the company. The payment of interest cost will decrease the tax's profit so that the higher interest cost paid, the more company saves tax.

Kouki, M and Said, Hatem (2011) state that debt has a positive effect on firm value. The next, Somayeh Hosseini Aghdaei (2012), Zhao Bei and Wijewardana (2012) state that debt has a positive effect on the firm value in the future.According to Van Horne and Wachowicz, JR (2005), the ratio of Debt to Total Asset represents important role of debt financing for a company by showing company's asset percentage supported by debt financing. One of leverage financial indicators that will be used in this research is ratio of total liabilities to total asset (DTA). Based on previous theory and research, a hypothesis is formulated as follows:

H2: Debt to Total Asset has a positive effect on Firm value.

2.1.4 Diversification

Diversification theory, global diversification, explains that companies that do diversification will increase the firm value through more superior production skills, marketing skills, and management quality (Denis, 2002).In developing company, company's management does diversification either product diversification or business diversification. Diversification done by company can increase company's performance. Company's increasing performance can increase firm value.

Research done by Villalonga (2004a) shows that company's diversification is relatively significant if compared to single business portfolio of company.If Geography Diversification is measured with using Dummy Variable, the significant effect between Geography Diversification with firm value in credit and the assurance intermediation will be found, but there will be a big significant deflation for Securities Company. (Schmid, Markus M and Walter, Ingo: 2009)

The result of research by Saibal Ghosh (2011) shows that Bank conducting diversification will have a positive effect on profit, and increase firm value. Based on the previous theory and research, a hypothesis is formulated as follows:

H3: Diversification has a positive effect on firm value.

2.1.5 Managerial Ownership

Agency Theory stated by Jensen and Meckling (1976) explains about the conflict of interest between managers and shareholders. This will cause agency conflict that decreases firm value. However the increase of shareholding by manager will help to connect the interest between managers and shareholders so that it will ease the conflict of both sides, and it will have a positive effect on firm value (Ruan, 2011).

Managerial ownership (internal ownership) is a shareholder who becomes an internal side of a company which actively takes part in company's operations (Hanafi 2004).Jensen (1993) and Byrne (1996) find that Managerial Ownership has an effect on firm value. Furthermore, the result of research conducted by Navissi and Neiker (2006) in company in New Zealand shows that shareholding by investor with council as a representative has a positive effect on firm value in low level of ownership.

Suranta and Machfoedz (2003), and Wahyudi and Pawestri (2005) claim that there is a significant and positive effect of the managerial ownership on the firm value. Based on previous theory and research, a hypothesis is formulated as follows:

H4: Managerial Ownership has a positive effect on firm value.

2.1.6 Institutional Ownership.

Agency Theory stated by Jensen and Meckling (1976) will cause the conflict of interest between the management and shareholders as previously. This conflict can be eased through shareholding by institution.Hanafi (2004) states that higher institutional ownership will improve the surveillance from external side of company that it increases firm value. Hanung and Indri (2007) in their research also find that there is a positive significant effect between institutional ownership and firm value. Based on previous theory and research, a hypothesis is formulated as follows:

H5: Institutional Ownership gives positive effect on firm value.

2.1.7 Manager Qualification

Theory of Leadership explains about special characteristic of leader who achieves success (2009). A success leader is related to ability and skill owned, including education. A leader's qualification is very influential on their success.   Management theory explains that the company's result or performance is affected by demography characteristics from the top leader such as education, age, and gender (Darmadi, 2013).

Research related to managerial qualification toward firm value with viewpoint of the increase of POST-IPO stock price done by Chemmanur and Paeglis (2004) reveals that the reputation and quality of management owned by a company is affected by education level owned by Executive Board.Darmadi (2013) shows that Board's members are not significantly associated with firm value based on Tobin-Q. However, Board's members and CEO from postgraduate degree have a positive and significant effect on the Tobin-Q. Based on the previous theory and research, a hypothesis is formulated as follows:

H6: Managerial Qualification Gives Positive Effect on Firm value.

2.1.8 Non-Performing Loan (NPL)

Non-Performing Loan (NPL) is a problematic loan because it has not been paid yet. Non-Performing Loan consists of loan in which the installment is not smooth, doubtful and stuck. This problematic loan can interfer bank's operational activities, which affects the performance of a company or banking institution.

Fukuda and friends (2005) claim that financial health can affect bank's Tobin-Q which is not listed in Japan's stock exchange. Gibson (1995) finds that company's investment significantly has effect on bank's financial health consisting of Tobin-Q. Based on the previous theory and the result of research, a hypothesis is formulated as follows:

H7: NPL has a negative effect on firm value

2.1.9 The Difference between firm value of State-Owned Banks and that of Private Banks.

The result of research done by Mian (2003) shows that state-owned bank is different from private bank in getting support from government. This support gives access to low payment deposit although the performance of loan portfolio is bad. Although they are subsidized with deposits, normally state-onwed banks make loss. The result of research suggests that government's involvement in banking should be minimized in developing countries.

Sapienza (2002) states that loaning behavior of the state-owned banks is affected by sides affiliated with banks, the stronger politic of the sides where the company borrows loans from the banks, the lower interest rate is charged. The banks charge lower interest rate than private banks do for the same or identical companies, even if the companies are able to borrow from private banks. Government banks mostly support companies located in poor areas and big companies. Based on previous theory and research, a hypothesis is formulated as follows:

H8: There are differences between firm value of state-owned banks and that of private banks.

3. Research Methodology

This research used the quantitative research method. The data of researc were measured in a numeric scale. The

research method was based on the financial statements of banking companies in an attempt to investigate the companies'conditions and based on the market data, namely: the prevailing stock market.

3.1 Data Collection
Population is a total of the entire objects (units/individuals) whose characteristics are almost suspected (Djarwanto, 2000). Population is a complete group of element which is usually a person, object, transaction, or incident that makes us interested in learning or in becoming the object of research (Kuncoro, 2001). The population of this research was the entire banking companies listed in the Indonesia Stock Exchange.

Sample is a part of population whose characteristics will be observed and considered to be able to represent the entire population (the total number of which is less than the total number of population). The samples of the research were taken by using the purposive sampling as to get the representative samples suitable with the following determined criteria: a) banking companies that have been listed in the Indonesia Stock Exchange (IDX); b) banks that issue a detailed annual statements, 2009-2014.

3.2   Tobin-Q Ratio
The formula used to form this ratio was the one used by Lindenberg and Ross (1981) namely:

Tobin's Q Ratio = $\dfrac{\text{MVS + Debt}}{\text{TA}}$

Remarks:
MVS: Market value of all outstanding shares
Debt: total debt
TA: total asset

3.3 Profitability
Profitability is company's ability to get profit. At a certain selling level, asset, and capital stock, there are three ratios usually used, namely profit margin, return on asset (ROA), and return on equity (ROE). In this research, ROA was used, which is one of the profitability ratios used to measure the management ability to get income from asset management or profitability.

3.4 Debt to Total Asset (DTA)
Ratio debt to total asset was used to measure how big the company's total asset paid with total debt.

3.5 Diversification
In developing a company, the management does diversification either product diversification or business diversification. Geography diversification done by management's company also has an effect on firm value. This research used the Dummy variable, namely: the qualitative variable, which is quantitative. Variable assuming Grade 0 and Grade 1 is called Dummy Variable (Gurajati, 2009).

3.6 Managerial Ownership
The percentage of managerial ownership to banking ownership structure was investigated in term of its effect on the increase of firm value.

3.7 Institutional Ownership
Institutional ownership in this research was measured by investigating the percentage of institutional ownership in banking ownership structure that can be seen in banking annual statement.

3.8   Managerial Qualification
Executive qualification in this research was Dummy variable the manager's graduate degree and above was valued as Grade 1 and the manager's bachelor degree and below was valued as Grade 0.

3.9 Non-Performing Loan (NPL)
NPL in this research was the ratio of loan that is unpaid. NPL is a proxy for a bank's risk measured by using NPL gross. Bank of Indonesia can only allow 5% of maximal limit for Non-Performing Loan (NPL). If it is more than 5%, it will affect the bank's health level. According to Bank of Indonesia's Circular Letter Number: 6/23/DPNP/2004, the formula for NPL Gross is as follows:

NPL Gross = $\sum \dfrac{\textbf{(substandard loan + doubtful loan + stuck loan)}}{\textbf{Total Loan}}$

3.10   Analysis Technique

In analyzing the effect of independent variables on the dependent variable, this research used the multiple linear regression analysis as the number of the latter was more than one. This research used SPSS 16.0 program.

Regression model was formulated as follows:

$Yq = \alpha + \beta_1 ROE + \beta_2 DTA + \beta_3 DIV + \beta_4 MAN + \beta_5 INS + \beta_6 MQ + \beta_7 NPL + e$

Explanation:

Yq = Firm value (Tobin's Q)

α = Alpha (konstanta)

ROE = Return on Equity

DTA = Debt to Total Asset

DIV = Diversification

MAN = Managerial Ownership

INS = Institusional Ownership

MQ = Managerial Qualification

NPL = Non Performing Loan

The independent t test was used to investigate the difference between the firm value the state-owned banks and that of the private banks. The independent t test is an analysis to investigate if there is a average difference between two groups or samples that are not interconnected significantly (Latan and Temalagi, 2012: 116).

4. Resut and Discussion

The total number of observations was 126. The banks orbserved were 17 private banks and 4 state-owned banks, which were listed in Indonesia Stock Exchange in the period of 2009 - 2014. The hypotheses of the research were analyzed by using the multiple regression analysis. Prior to the analysis, the data were analyzed by using the normality test, and the data had a normal distribution.

Table 1: F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,938	7	,277	14,059	,000[b]
	Residual	2,324	118	,020		
	Total	4,262	125			

a. Dependent Variable: Q

b. Predictors: (Constant), NPL, MQ, INS, ROA, DTA, MNJ, DIV

Test

The result of regression analysis using the SPSS Program shows that the result of F $_{count}$ was 14.059 at the significance value = 0.000. The significance value of 0,000 was smaller than the significance value of alpha = 0.05 so that the independent variables, namely: profitability, leverage, diversification, managerial ownership, institutional ownership, managerial qualification, and NPL have an effect on the firm value simultaneously.

Table 2: Determination Coefficient Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,674[a]	,455	,422	,14034212	1,809

a. Predictors: (Constant), NPL, MQ, INS, ROA, DTA, MNJ, DIV

b. Dependent Variable: Q

Besides, the determination coefficient test can be seen from the adjusted R Square with the value of 42.2% in which the variations of dependent variable of firm value (Tobin Q value) could be explained by the independent variables of profitability, Return on Asset, Debt Total Asset, diversification, managerial ownership, institutional ownership, managerial qualification, and NPL. The rest 57.8% was shown by the other variables out of the multiple regression model.

Table 3: The Result of Partial Multiple Linear Regression Analysis (t

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,280	,133		2,109	,037		
	ROA	-,236	,155	-,106	-1,521	,131	,956	1,046
	DTA	1,092	,130	,582	8,407	,000	,964	1,038
	DIV	,111	,029	,302	3,817	,000	,741	1,350
	MNJ	,567	,351	,118	1,617	,109	,870	1,149
	INS	-,056	,062	-,066	-,905	,367	,861	1,162
	MQ	-,176	,045	-,280	-3,915	,000	,901	1,110
	NPL	-,474	,930	-,036	-,509	,611	,902	1,108

a. Dependent Variable: Q

Test)

Based on the result of the multiple regression analysis, a model of multiple linear regression equation was formulated as follows:

Tobin Q = 0,280 – 1,521 ROA + 8,407 DTA + 3,817 DIV + 1,617 MNJ –0,905 INS –3,915 MQ - 0,509 NPL + e

The table shows that there were three independent variables, which had a significant effect at the level of 0.05% on the firm value (Tobin Q) namely: DTA, diversification, and managerial qualification, whereas the other three variables, namely: ROA, institutional ownership, managerial ownership and NPL did not have any significant effect on the firm value (Tobin Q).

4.1 ROA (Return on Asset)

The result of the research shows that ROA did not have any signify effect at the significa level of α = 005 (sig = 0.131). Therefore, the statement of H1 which proposes that profitability has a positive effect on the firm value was not verified. ROA did not have any effect on the firm value. The result of this research was in contradiction with that of research conducted by Chen, Li-Jun and Chen, Shun-Yu, which indicates that ROA had a positive effect on the firm value.

4.2 DTA (Debt to Total Asset)

The result of the research shows that DTA had a positive and significant effect at the significance level of α = 0.05 (sig = 0.000). Thus, Hypothesis H2 which proposes that DTA have positive effect on the firm value was verified. The increasing loan in the company would increase the firm value. This result was in accordance with that of the research conducted by Somayeh Hosseini Aghdaei, Khadije Ghasemi (2012) which indicates that Debt to Total Asset had a significant effect on the firm value.

4.3 Diversification

The result of the test shows that diversification variable had a positive and significant effect at the significance level of α = 0.05 (sig = 0.000). Therefore, the third hypothesis (H3) which proposes that diversification has positive effect on the firm value was verified. This result was in accordance with that of research conducted by Markus M. and Walter Ingo (2009) which indicates that diversification has an effect on the firm value.

4.4 Managerial Ownership

The result of the test shows that he managerial ownership did not have any significant effect on the firm value at the significance level of α = 0.05 (sig = 0.109). Therefore, Hypothesis H4 which proposes that managerial ownership has a positive effect on the firm value was not verified. The managerial ownership did not have any effect on the improvement of firm performance and value. This result is in contradiction with those of researches conducted by Navissi and Neiker (2006), and Wahyudi and Pawestri (2005) which proposes that the managerial ownership has positive effect on companies' value.

4.5 Institutional Ownership

The result of the test shows that the institutional ownership did not have any significant effect on the firm value as at the significance level of α = 0.05 (sig = 0.109). Thus, Hypothesis H5 which proposes that institutional ownership has a positive effect on firm value was not verified. This result is in contradiction with those of researches conducted by Hanafi (2004), and Hanung and Indri (2007).

4.6 Managerial Qualification

The result of the test shows that the managerial qualification variable had a significant effect on the firm value at the significance level of α = 0.05 (α = 0.000). t value was -3,915, it means it was the negative significant effect on firm value. Managerial Qualification can decrease firm value. Thus, Hypothesis H6 which proposes that managerial qualification has positive a effect on the firm value was not verified. This result is not in accordance with the result of research conducted by Darmadi (2013), which claims that managerial qualification has a positive effect on firm value (Tobin Q's value). The result of this research shows that a bank head with a high education background can decrease the firm value.

4.7 Non Performing Loan (NPL)

The result of the test shows that the effect of the Non-Performing Loan variable on the firm value shows that the value of α was 0.611 which was greater than the significance value of α=0.05, meaning that Hypothesis H7 was not verified. The value of the NPL did not have any effect on the firm value. This result is not in accordance with the result of research conducted by Fukuda et.all. (2005) which indicates that financial health can affect the Tobin-Q of a bank which is not listed in Japan Stock Exchange. Besides, Gibson (1995) finds that company investment has a significant effect on the bank health.

4.8 Independent-Sample T Test

Table 4
Statistical Description of the Independent-Sample T Test on State-Onwed Banks and Private Banks

	Category	N	Mean	Std. Deviation	Std. Error Mean
Q	State-owned banks	24	1.1050000	0.08854181	0.1807352
	Private banks	102	1.0743137	0.20058928	0.01986130

Table 4 shows that observation was done for 24 times for state-onwed banks and for 102 fo private banks listed in the Indonesia Stock Exchange (IDX). The standard of state-owned banks was was 0.08854181 and that of private banks was 0.20058928.

Table 5
The Result of of Independent-Sample T Test on State-Onwed Banks and Private Banks

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Q	Equal variances assumed	3,281	,073	,731	124	,466	,03068627	,04197245	-,052389	,11376150
	Equal variances not assumed			1,143	84,147	,256	,03068627	,02685374	-,022714	,08408652

Table 5 shows that the significance value was 0.073 which was greater than 0.05, meaning that there was not any difference in the firm value between the state-onwed banks and the private banks. The result of F test and t test show that there was not any significant result, meaning that there was not any difference in the firm value between the state-owned banks and the private banks listed in the Indonesia Stock Exchange (IDX). Thus, Hypothesis H8 was not verified. This result is in contradiction with those of researches conducted by Mia (2003) and Sapienza (2002).

5. Conclusion And Recommendation

5.1 Conclusion

The result of this research shows that there was not any significant effect of the profitability variable on the firm value. ROA showed insignificant result on the significance value of α = 0.05. The ROA sig was 0.131. Thus, the first hypothesis was not verified. The result shows that the DTA variable had a positive and significant effect on the firm value. The DTA showed a significant result on α = 0.05. The DTA sig was 0.000. Thus, the second hypothesis was accepted.

The result of this research shows that the diversification variable had a positive and significant effect on the firm value. The diversification variables showed significant result on the significance value of α = 0.05. The diversification sig was 0.000. Thus, the third hypothesis was verified. The result of this research shows that managerial ownership variable did not have a significant effect on the firm value. The value of α = 0.109 is

higher than the significance value of α = 0.05% so that the fourth hypothesis was not verified.

The result of this research shows that Managerial Ownership variable did not have any significant effect on the firm value. The value of α = 0.367 was higher than the significance value of α = 0.05% so that the fifth hypothesis was not verified. The result shows that Managerial Qualification variable had a significant effect on the firm value (Tobin Q's value) at the significance value of α = 0.000 was lower than α=0,05. t value was -3,915, it means it was the negatif significant effect on firm value. The result was different from the sixth hypothesis so that the sixth hypothesis was not verified.

The result of the research shows that the NPL variable did not have a significant effect on the firm value. The value of α = 0.611 was higher than that of α = 0.05, therefore the seventh hypothesis was not verified.

The result of the independent t test shows that the significance value was 0.073 which was greater than 0.05, meaning that there was not any difference in the firm value between the state-owned banks and the private banks listed in the Indonesia Stock Exchange (IDX). The results of the t test and the F test show that there was not any differecence in the firm value between the State- owned banks and the private banks listed in the IDX. Thus, the eighth hypothesis was not verified. This result is in contradiction with the result conducted by Mian (2003) dan Sapienza (2002).

5.2 Recommendation

The further research can add more variables that are not included in this research so that many more variables which influence the firm value will be known. The further research can also enhance the difference of effect of firm value of the banks which are listed in Indonesia Stock Exchange and those which are not listed in the IDX.

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