Valuation Model of financial decision making company of State Company (BUMN), Foreign Company (PMA) and Private Company in Indonesian Listed Company (IDX)

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Abstract: ***Increasing the value of the company as a form of success for management of the ability to manage resources (assets) that will further affect the parties in making investment decisions or financing especially in the acquisition process or Merger. An economical assessment Model is based on that an asset can be assessed by considering the utility of that asset and how it can be used to generate value for the company in the future. The method of economic assessment, assessing a company based on the economic benefits gained by investing in the company. The scoring Model is relatively or often said that the market valuation method is based on the value of the asset depends on the outcome of the components that make up the asset, with terminology relative meaning the result The assessment with this method is very relative or uncertain-appropriate, because often use comparative numbers that are "not exactly the same". This Model strongly emphasizes the value of the asset in determining the fair value of a company, especially from the physical and tangible of the asset, which can be significantly realized and converted into cash or near/equivalent cash, if the time occurs The sale of assets, liquidation of companies or companies taken over by other parties. The results of the study on the influence of variable influences Discounting Cashflow (DCF) models against state-owned enterprises showed significant influence and positive dealing, so that when DCF increased it would increase market value and intrinsic value. Earning Model of BUMN, PMA and private companies showed significant influence and positive related, so that when Earning increased it will increase market value and intrinstic value. The testing of variable influence Liquidation Model against BUMN, PMA and private companies showed significant influence and related negative so that increasing the value of liquidation led to a decrease in market value and intrinstic value. Based on a descriptive variable Liquidation two indicators including Total assets and Total debt, because the company is not able to keep going-concern.***

Keywords: Model valuation, discounting cashflow model, earning model, liquidation model, State-Owned Enterprises (BUMN)

1. Introduction

Determining and choosing the real value of an asset is quite complex. The value of an asset is not only strongly influenced by the movement of the time value of money, but also by the potential asset itself in the future (expected) in generating income (generic income). Moreover, complexity in valuing is highly dependent on the interaction of assets with the development of other variables in generating value, so that the valuation of the company is a set of assets that have a value that directly and functionally affects each other in order to make valuation.

The increasing value of the company as a form of success for management of the ability to manage resources (assets) that will affect the trust in making investment decisions or financing especially in the process Acquisition or merger. Data on Indonesia Stock Exchange (IDX) showed that products along 2018 IDX BUMN index 20 decreased by 10, 98%. The figure is larger than the Consolidated Stock Day Index (IDX) which dropped 6, 29% in the year to date (YTD). The weighty is a state-owned enterprise (BUMN) engaged in the construction and property sector and banking. He said, if viewed from a decline in the share of the year to date, then issuers of BUMN of the construction sector and the Property that weakens the most significant, issuers of the construction sector and property The Products of the biggest decline To date is PT housing development (PTPP) amounting to 42, 99%, PT Wijaya Karya Beton (WTON) amounting to 34, 80%. In addition, PT Waskita Karya (WSKT) decreased by 32, 13%, PT Adhi Karya (ADHI) amounted to 28, 91%, PT Wijaya Karya (WIKA) amounting to 22, 58%, and PT Waskita Beton Precast (WSBP) amounted 21, 08%. PT. Jasa Marga (JSMR) and PT Semen Baturaja (SMBR) are also significantly weakened. From the shares of CHNRD enterprises decreased annually to the date of 39, 06% and 50, 00% (Kontan.co.id, Thursday (15/11). If calculated based on market capitalization, then the weighted weight of this year is the issuer-issuer of the banking sector. Call it PT Bank BRI (BBRI), PT Bank Mandiri (BMRI), and PT Bank BNI (BBNI). A slight decline of the issuer capital of hundreds of trillions will affect the overall market, the stock day of BBRI, BMRI, and BBNI on year to date down by 6, 32%, 7, 50%, and 16, 67%.

In order to determine the value of an asset and specifying a value is a prerequisite for decision-making in choosing investments, determining the appropriate price to be paid or received in the accusation and in investing, financing, and Dividend is a decision choice when conducting business. The premise is how to make a reasonable value estimate for most assets, and that with the same basic principles to determine the value of all types of real assets as well as financial assets. The philosophical basis for judgment as a "postcaterpillar investment" is that an investor does not pay more for an asset than its value, the counter than the postcaterpillar above is the argument that the value is in the "eye that sees it", and that Any price can be justified if any investor is willing to pay that price. Consequently, the perception of value must be supported by reality, implying that the price we pay for any asset should reflect the expected cash flow to be generated. The price of an asset cannot be justified just by using the argument that there will be other investors around that will pay the higher price in the future. The problem with investing is the expectation that there will be that provides a greater value to sell the asset.

Research question as a formulation of problems in this dissertation, is "is the method of economic valuation of State-owned enterprises in accordance with industrial sector/business", with the aim of analyzing and understanding the method of economic valuation of BUMN enterprises in accordance with Industry sectors. Hopefully useful regarding the use of valuation methods that have variable diversity in explaining the accuracy of the market value and Intrinsic value in accordance with the industry sector of state-owned enterprises.

2. Research Methods

To be able to properly valuation, there are some basic philosophically to understand. Accuracy of historical financial data. Corporate valuation is a method of assessment of current company conditions and estimates of the next few years. Therefore, the accuracy of the data in financial statements is absolutely necessary so that the value gained can reflect the actual conditions. If necessary, the audit step of the financial statement is performed before the assessment performs its function. ' Garbage in, garbage out ', perhaps Inni is the most appropriate expression to describe the quality of processed data. Understand that the accuracy of the valuation result is highly dependent on the quality of the data presented. Dimensional value of time from money. If valuations are made for the next few years, then an assessment needs to consider the use of the concept of time value of money. This concept will also guide the assessment during valuations. The age of the asset, as well as the debt are two things that need to be analyted using the concept. Without a time-value application of the right money, the assessment will undoubtedly lose direction in measuring the potential development of assets in the future. Transparency and objectivity. Valuations require transparency and objectivity of the assessment. The number of assumptions that must be constructed sometimes makes the valuation result lose its objectivity. Without the two elements, the resulting value will not figure the actual condition. Quantitative results reflection. The toughest challenge in valuing companies is to provide an interpretation of quantitative calculation results. In this phase, not infrequent examiners have different reflections on the results of the same calculation, if discussing about the potential development of the company in the future. To minimize the occurrence of this, the assessment needs to understand the ins and outs of each formula that can be used to measure values, so that the assumptions built can actually fit into the conditions in the field. The time dimension of the valuation result. With the increasingly complex development of today's business environment, the greater the company's value is calculated over time. Some people assess it as something natural, because the national dynamics allow the emergence of everything that is beyond normal estimate. In some cases, the company's valuations in Indonesia have found that under certain conditions, the value of the company may change significantly due to the dynamics of economic factors that affect it. For example, companies that are predicted to be bankrupt soon, with the help of the ' invisible hand ' of environmental influence in a short period of performance improves. Government support, the market, the financing institutions even from competitors will make the company able to rise from its disadvantaged.

In order to clearly discover of the methods, models and valuation techniques that are seen to have a significant impact on the valuation of companies that have the accuracy of market value and intrinstic value. Therefore based on the previous descriptions, in this section we will propose a theoretical framework in order to develop hypotheses that need to be tested empirically based on a brief exploitation of the independent variables we Thorough.

Thus, the following hypotheses will be developed primarily to answer the first research question that has been stated in Chapter 1.

In Chapter 1, we introduce the basic principles of corporate finance. The company creates value by investing the capital to generate future cash flows at a rate of return that exceeds their capital costs. The sooner they grow and use more capital with an attractive return rate, the more value they create. The mixture of growth and return of invested capital (ROIC) relative to the cost of capital is what encourages value creation. The fair consequence of this principle is conservation of value: Any action that does not increase cash flow does not create value.

The principles imply that the main task of the company is generating cash flows with the rate of return of the invested capital greater than the cost of capital. Following these principles can help managers decide which investments will create the greatest value for shareholders in the long time. These principles can also help investors assess the potential value of alternative investments. Managers and investors alike need to understand in detail what relationships bind cash flows, ROIC, and value; The consequences of what arises from value conservation; And how are the risk factors inherent in future cash flows into their decision making. This is the main point of this chapter. This chapter concludes by establishing a relationship between cash flow, ROIC, and value in the main value pusher formula — the equation underlying the undercut Cash flow assessment (DCF) in theory and practice.

An economical assessment model is based on that an asset can be assessed by considering the utility of that asset and how it can be used to generate value for the company in the future. The method of economic assessment by assessing a company based on the economic benefits gained by investing in the company.

The scoring Model is relatively or often said that the market valuation method is based on the value of the asset depends on the outcome of the components that make up the asset, with terminology relative meaning the result Assessment with this method is very relative or uncertain-appropriate, because often use comparative figures that "not exactly the same"

This Model strongly emphasizes the value of the asset in determining the fair value of a company, especially from the physical and tangible of the asset, which can be significantly realized and converted into cash or near/equivalent cash, if the time occurs The sale of assets, liquidation of companies or companies taken over by other parties.

Maximizing the value of the company very panting means for a company, because by maximizing the value of the company means also maximize the company's main objectives. The increasing value of the company is an achievement that fits the wishes of its owners. Because with the increasing value of the company, the welfare of the owners will also increase. The company's value in view of its stock price. The higher the stock price of a company. The better the value of the company. So the more investors who invest their shares in the company then it will make its share price increase.

In relation to predicting the price of shares, investors conduct an assessment of the company through fundamental factors that include corporate financial performance. Investors need to understand the understanding of company performance. Heifert in Juarini (2006) stated that the company's performance is the result of many individual decisions made continuously by the management of the company. The economic Valuation Model hypothesis positively affects the accuracy of market value and instrintic value of state-owned enterprises. Valuation Model relatively positive effect on the accuracy of market value and instrintic value of state-owned enterprises, and asset based valuation method has no effect on the accuracy of market value and instrintic value of state-owned enterprises.

3. Research Results

Variable influence testing of Discounting Cashflow (DCF) models against state-owned enterprises indicates a significant influence and positive dealing, so that when DCF increases it will increase market value and intrinstic value. Earning Model of BUMN, PMA and private companies showed significant influence and positive related, so that when Earning increased it will increase market value and intrinstic value. The testing of variable influence Liquidation Model against BUMN, PMA and private companies showed significant influence and related negative so that increasing the value of liquidation led to a decrease in market value and intrinstic value. Based on a descriptive variable Liquidation two indicators including Total assets and Total debt, because the company is not able to keep going-concern.

4. The implications of theory

This research generally supports valuation theory and application of valuation model on the side of industry sector, so the valuation model must be in accordance with the business sector. Based on these results it can be predicted that the analysts in the capital market, investors and management analyze the fundamentals of the issuers, tendency in analyzing with the use of discounting cashflow models, earning models and liquidation models In decision-making, investment, merger and acquisition as well as takeovers.

5. Conclusion

Model Discounting Cashflow has significant and positive effect on BUMN, PMA and private. This indicates that the larger the cashflow of the company, the higher its influence on, the market value, the Intrinstic value and the company's value. Model Earning has significant and positive impact on BUMN, PMA and private. This indicates that the larger the company's earning, the higher its influence on, the market value, the Intrinstic value and the company's value. Liquidation Model has no significant effect on BUMN, PMA and private. This indicates that the greater the value of liquidation, the greater its impact on, the market value, the Intrinstic value and the company's value.

6. Acknowledgement

For investors the use of the DCF model and Earning Model helps make decisions on buying or selling stocks or companies as part of a financial or investment decision. Liquidation model is used for take over (take-over) for companies that have a synergity value, strategic and expansion. Researchers can then use other model variables that have not yet been included on this research model. Market value relationships and the Intrinstic value and the company's value indicate a positive direction but show no significant influence, so changing market value and intrinstic value have no effect on the company's value.

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