THE INFLUENCE OF CAPITAL STRUCTURE AND ASSET MANAGEMENT ON PROFITABILITY AND FIRM VALUE
(An Empirical Research at Real Estate and Property that Listed in Indonesia Stock Exchange for the Period of 2011-2013)

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ABSTRAK

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh struktur modal dan manajemen aset terhadap profitabilitas dan nilai perusahaan real estate dan properti yang terdaftar di Bursa Efek Indonesia untuk periode 2011-2013 dan memberikan rekomendasi sebagai penyelesaian pada penelitian ini. Dengan menerapkan Generalized Structured Component Analysis (GSCA) dari populasi terdiri dari 54 perusahaan dan sampel dari 30 perusahaan diambil dalam pengamatan 3 tahun, upaya analisis untuk meneliti pengaruh antara variabel. Penelitian ini menggunakan rasio utang (DR), rasio hutang terhadap ekuitas (DER),) sebagai variabel struktur modal, perputaran persediaan (ITO, perputaran aktiva tetap (FATO) dan Total asset turnover (TATO) sebagai variabel manajemen aset, dan nilai buku harga (PBV), harga penutupan saham sebagai variabel nilai perusahaan. Hasil penelitian mengungkapkan bahwa struktur modal memiliki pengaruh yang signifikan dan positif terhadap profitabilitas, manajemen aset tidak memiliki pengaruh yang signifikan dan positif terhadap profitabilitas, struktur modal memiliki pengaruh yang signifikan dan positif terhadap nilai perusahaan, manajemen aset tidak memiliki inflence signifikan dan positif terhadap profitabilitas. Selain profitabilitas memiliki pengaruh yang signifikan dan positif terhadap nilai perusahaan. penelitian ini menegaskan bahwa struktur modal, manajemen aset, profitabilitas dan nilai perusahaan adalah penting dan aspek penting bagi para investor dalam menentukan saham menguntungkan. Oleh karena itu, sangat berguna bagi investor untuk mempertimbangkan variabel ini penelitian untuk membuat keputusan investasi yang tepat dan melakukan perdagangan saham dengan penuh percaya diri.

Kata kunci: Struktur Modal, Manajemen Aset, Profitabilitas, Nilai Perusahaan, Real Estate dan Properti, GesCA, Bursa Efek Indonesia (BEI)

ABSTRACT

The objectives of the research are to analyze the influence of capital structure and asset management on profitability and firm value of real estate and property that listed in Indonesia Stock Exchange for the period of 2011-2013 and give recommendations as the completion upon this research. By applying Generalized Structured Component Analysis (GSCA) of the population consisted of 54 company and a sample of 30 company was taken in 3 years observation, the analysis attempts to examining the influence among variables. This research uses debt ratio (DR), debt to equity ratio (DER),) as the variables of capital structure, inventory turnover (ITO, fixed asset turnover (FATO) and Total asset turnover (TATO) as the variable of asset management, and price book value (PBV), closing stock price as the variable of firm value. Result of the research reveal that capital structure has a significant and positif influence on profitability, asset management has no significant and positif influence on profitability, capital structure has a significant and positif influence on firm value, asset management has no significant and positif inflence on profitability. Furthermore profitability has a significant and positif influence on firm value. The present research confirms that capital structure, asset management, profitability and firm value is the essential and important aspect for the investors in determining the profitable stocks. Therefore, it is very useful for the investors to considerate these variable of research in order to make the right investment decisions and do stock trading confidently.

Keywords: Capital Structure, Asset Management, Profitability, Firm Value, Real Estate and Property, GesCA, Indonesia Stock Exchange (IDX)

I. INTRODUCTION

Development of economy in all areas have created the competition that incisive to each company until make the managers increasing the profitability. This condition prosecute the company to can survive and following the development through creating innovation product and gift the service that have competition. Bank Indonesia (BI) to assess Indonesia's economic growth in the quarter IV of 2013 better than central bank's estimate. The condition is accompanied by a more balanced structure. Indonesia's economic growth in the IV quarter of 2013 increased from 5,63% (year on year) on the quarter III of 2013 be 5,72 percent. Funding decision is very important since it is a base in determining the ability of a company in performing asset investment for operational activity and determining the risk which has to be taken. In term of achieving a certain fund or capital, a company needs to consider the amount of the fund or capital, from whom the fund or capital will be taken and also the calculation of the fund or capital will be used for company's operational activity. Funding decision involves composition in terms of owner's equity, long term obligation and short obligation or current liabilities.

Abor (2005) reviewed the impact of capital structure on profitability of the 22 companies listed in Ghana Stock Exchange during 1998 to 2002. Results showed that there is a significant positive relationship between capital structure (total debt to total assets ratio) and return on equity (ROE). Also he indicates that profitable companies have more dependence to financing through liability and high percent (85%) of liabilities of these companies are short term liabilities. In capital structure theory, Modiglani and Miller (1963) explains that company which has a debt will get a benefit since debt interest can reduce a profit before tax, so the tax after will be smaller (tax deductible). Modigliani and Miller challenged that view in their famous 1958 article. They argued that the market values the earning power of a company's real assets and that if the company's capital investment program is held certain other assumptions are satisfied, the combined market value of a company's debt and equity is independent of its choice of capital structure.

Assets management includes operation of various assets namely current assets component and all of various fixed assets which carry out efficiently in increasing sale to achieve net profit to maximum profitability. Assets structure according to Delcoure (2006) can influence the structure company capital. It shows that the greater possession of fixed asset can loan great debt. The Management of assets and the company's pefomance is measured using the profitability also effect each othe. Assets which hae been acquired with the appropriate funding it still requires management efficiently. So, management of assets effectively is vey important in inceasing sales to earning after taxes maximum. Josiah (2008) research about relationship between asset-liability management and profitability, the research found a positive relationship between most assets and the profitability of commecial banks.

The issue of value relevance of intangibles non current assets is important in the financial reporting literatur due to the ever increasing interest in the component of intangibles assets item s including goodwill and intelectual capital (Shukor et al., 2008). Intangible asset ae of increasing importance for the corporate value creation processes of all kinds of organizations (OECD, 1999). Assets management is very important to optimize that own value asset which reflected to ratio activity and effectivity from fixed assets or current assets in achieving sale outcome production, since operation activity is main source on profit company.

Brigham and Houston (2001) states that profitability is net result from series of policies and decisions. Profitability ratio shows influence on sets of liquidity, assets management, and debt to the result of operation. Profitability of certain company can be measured by comparing profit or net profit after the revenue of taxes from main activity of the company by using own capital or total assets which will be used to get that profit. Profitability ratio is a kind of ratio which measured how the ability of a company to achieve a profit, in this research, only used return on equity (ROE), and return on asset (ROA).

The value of company can give a maximum prosperity to stock holders if the price of the shares is rising. If the price of the shares is higher, so the stock holders can achieve their prosperity. *Enterprise Value* (EV) or *firm value* is important concept for investor,

since it is indicator for market to measure the overall condition of the company (Nurlela dan Ishaluddin, 2008 in Kusumadilaga, 2010). Brigham and Ehrhardt (2005) stated that the primary objective of the firm is value maximization. Firm value is investors' perception on company and also the price was paid by the prospective buyer if the company is sold. Firm value commonly related with stock price, because the higher stock price, it can lead to the higher firm value. The higher firm value also indicate the higher prosperity of shareholders. The value of company is a reflection from increment of the amount of equity to the debt of the company. There are several elements which influence the value of company, namely funding decision, dividend policy, investment decision, capital structure, company's growth, size of company.

Property includes in the construction sector which is one part of potential sector in the national development because the government can earn good income in the center and regional sector. According to Property Observer Simanungkalit (2013) , next year is the right momentum to developer, buyer and investor to make investment in the property sector. For the developer, the next year is the golden opportunity to largest profit.

Based on the background issues that have mentioned, the formulations of problems in this research are as follows:

(1) Does the capital structure has a significant influence on the profitability of real estate and property in IDX for the period of 2011-2013?

(2) Does the asset management has a significant influence on the profitability of real estate and property listed in IDX for the period of 2011-2013?

(3) Does the capital structure has a significant influence on the firm value of real estate and property listed in IDX for the period of 2011-2013?

(4) Does the asset management has a significant influence on the firm value of real estate and property listed in IDX for the period of 2011-2013?

(5) Does the profitability has a significant influence on the firm value of real estate and property listed in IDX for the period of 2011-2013?

II. THEORETICAL BACKGROUND AND HYPOTESIS

2.2.1 Capital Structure

According to Ehrhardt and Brigham (2009:600) , "The firm's mixture of debt and equity is called its capital structure. A firm's capital structure decision includes its choice of a target capital structure, the average maturity of its debt, and the specific types of financing it decides to use at any particular time". Horne and Wachowicz (2008:456) stated that, The M&M position is based on the idea that no matter how you divide up the capital structure of a firm among debt, equity, and other claims, the total value of the firm stays the same. This research uses some of financial ratios, they are:

(1) Debt Ratio (DR)

DR is a ratio that indicates what proportion of debt a company has relative to its assets.

$$DR = \frac{Total\ Debt}{Total\ Assets}$$

(Brigham and Houston, 2006:96)

(2) Debt to Equity Ratio (DER)

DER is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity.

$$DER = \frac{Total\ Liabilities}{Shareholders\ Equity}$$

(Horne and Wachowicz, 2008:140)

2.2.2 Assset Management

According to Hastings (2000), "asset management starts with a business o organisational objective, and is the set of activities associated with identifying what assets are needed and disposing or renewing them so as to effectively and effeciently meet the desired objective". Asset management decision include the operation of various types of assets that is component of current assets and fixed assets of all types operated efficiently to gain maximum net profit. Asset management is essential to optimize the value of the company's assets as measured by the ratio of activity. This research uses some of financial ratios, they are:

(1) Inventory Turnover (ITO)

The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing sales with average inventory for a period.

$$ITO = \frac{Sales}{Inventory}$$

(Brigham and Houston, 2001:83)

(2) Fixed Asset Turnover (FATO)

Fixed asset turnover ratio compares the sales revenue a company to its fixed assets.

$$FATO = \frac{Sales}{Fixed\ Asset}$$

(Brigham and Houston, 2001:83)

(3) Total Asset Turnover (TATO)

The total asset turnover ratio measures the ability of a company to use its assets to efficiently generate sales.

$$TATO = \frac{Sales}{Total\ Asset}$$

(Brigham and Houston, 2001:84)

2.2.3 Profitability

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability is very important. Brigham and Ehrhardt (2009:98) stated that "Profitability is the net result of a number of policies and decisions. The ratios examined thus far provide useful clues as to the effectiveness of a firm's operations, but the profitability ratios go on to show the combined effects of liquidity, asset management, and debt on operating results". This research uses some of financial ratios, they are:

(1) Return on Asset (ROA)

The Return on Assets ratio is a profitability ratio that measures the net income produced by total assets during a period by comparing net income to the total assets.

$$ROA = \frac{Net\ Income}{Total\ Asset}$$

(Weston and Brigham, 2004:90)

(2) Return On Equity (ROE)

Walsh (2004), Return on Equity can be regarded as the most important in the company's financial. ROE measures the absolute returns that will be given to the shareholders of the company.

$$ROE = \frac{Net\ Profit\ after\ Taxes}{ShareHolder\ Equity}$$

(Horne and Wachowicz, 2008:150).

2.2.4 Firm Value

Today, there is a rapid development of capital market. Having efficiency and credibility in capital market is due to the correct determination of the firm value and wheter this value reflects the reality. Firm value is determined by firm's assets, organization structure, technology and human resources with discounted future cash flows (Kayali,et al.,2007:68). Firm value is affected from the investment and financing decisions of an organization according to the finance theory while according to the management theor it is affected from the elements such as product quality, customer satisfaction, management understanding, tehnology usage (Duzer, 2008:26 , Akguc, 1998:3). This research uses some of financial ratios, they are:

(1) Price Book Value (PBV)

PBV is a valuation ratio used by investors which compares a stock's per-share price (market value) to its book value (shareholders' equity).

$$PBV\ Ratio = \frac{Market\ Price\ per\ Share\ of\ common\ stock}{Book\ Value\ per\ Share\ of\ common\ stock}$$

Gitman (2003:67)

(2) Closing Stock Price

Closing Stock Price is the final price at which a security is traded on a given trading day. The closing stock price represents the most up-to-date valuation of a security until trading commences again on the next trading day.

III. METHOD

A conceptual framework is an analytical tool with several variations and contexts. Conseptual framework can described a phenomenon clearly and understandable about research object. Commonly, a concept is used to explain and predict, but in a scientific definition, the concept should have the right criteria in explaining variable research. "A concept is a generally accepted collection of meanings or characteristics assosiated with certain events, objects, conditions, situations, and behaviors" (Cooper and Schindler, 2008:57).

Conceptual framework is designed based on deduktive logic includes propositions. Propositions are of great interest in research because they may be used to assess the truth or falsity of relationships among observable phenomena. Cooper and Schindler (2008:64) defined proposition as "a statement about observable phenomena (concepts) that may be judged as true or false if it refers to observable phenomena". "a construct is a concept, whereas it has the added meaning, however, of having been deliberately and conciously invented or adopted for a special scientific purpose" (Kerlinger, 2000:29).
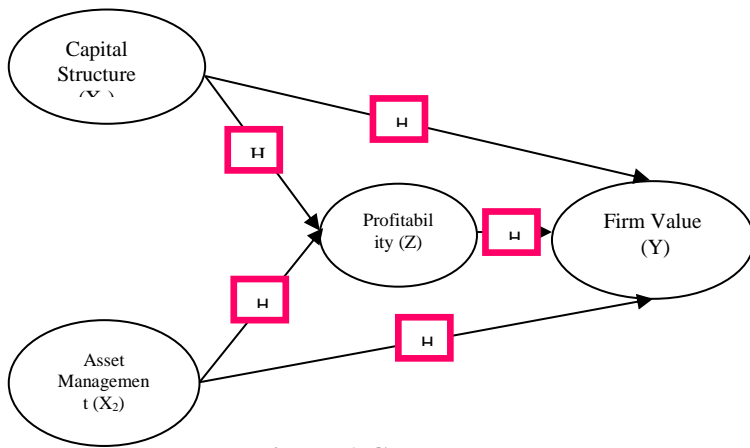
Figure 1 Conceptual Model

Based on the concept of the research above, the hypothesis development in this research are as follows:

H_1: Capital Structure has a significant influence on Profitability.

H_2: Asset Management has a significant influence on Profitability.

H_3: Capital Structure has a significant influence on Firm Value.

H_4: Asset Management has a significant influence on Firm Value.

H_5 : Profitability has a significant influence on Firm Value

Capital Structure variable measure by Debt Ratio (DR) and Debt Equity Ratio (DER) (Horne and Wachowicz, 2008). For the Asset Management variable measured using Inventory Turnover (ITO), Fixed Asset Turnover (FATO), and Total Asset Turnover (TATO) (Brigham and Houston, 2001).Profitability is proxied by Return on Asset (ROA) and Return on Equity (ROE) (Weston and Brigham, 2004). While the firm value is proxied by Price Book Value (PBV) and Closing Stock Price (Brigham and Houston, 2004).

IV. METHOD

Based on the formulation and purpose of the problems that have been described, the type of research used in this research is explanatory research with quantitative approach. The model and hypothesized relationships were the tested using secondary data from real estate and property sector firm's financial statements that go public in Indonesia Stock Exchange (IDX) from 2011 to 2013. The populations of this research are 54 company by using purposive (non-probability) sampling method. Data were colleced from 30 company that chosen as sample in 3 years observation period.

Table 1 List of Firms Sample

No	Company	Code
1	PT. Adhi Karya (persero) Tbk	**ADHI**
2	PT. Agung Podomoo Land Tbk	**APLN**
3	PT. Alam Sutera Reality Tbk	**ASRI**
4	PT. Sentul City Tbk	**BKSL**
5	PT. Bumi Serpong Damai Tbk	**BSDE**
6	PT. Cowell Development Tbk	**COWL**
7	PT. Ciputra Development Tbk	**CTRA**
8	PT. Ciputra Property Tbk	**CTRP**
9	PT. Ciputra Surya Tbk	**CTRS**
10	PT. Duta Anggada Realty Tbk	**DART**
11	PT. Nusa Konstruksi Enginering Tbk	**DGIK**
12	PT. Intiland Development Tbk	**DILD**
13	PT. Duta Pertiwi Tbk	**DUTI**
14	PT. Gowa Makassar Tourism Development Tbk	**GMTD**
15	PT. Perdana Gapura Prima Tbk	**GPRA**
16	PT. Jaya Real Property Tbk	**JRPT**
17	PT. Kawasan Industri Jababeka Tbk	**KIJA**
18	PT. Lamicitra Nusantara Tbk	**LAMI**
19	PT. Lippo Cikarang Tbk	**LPCK**
20	PT. Lippo Karawaci Tbk	**LPKR**
21	PT. Modern Land Realty Tbk	**MDLN**
22	PT. Pembangunan Perumahan (persero) Tbk	**PTPP**
23	PT. Pakuwon Jati Tbk	**PWON**
24	PT. RodA Vivatex Tbk	**RDTX**
25	PT. Danayasa Arthatama Tbk	**SCBD**
26	PT. Suryamas Dutamakmur Tbk	**SMDM**
27	PT. Surya Semesta Internusa Tbk	**SSIA**
28	PT. Summarecon Agung Tbk	**SMRA**
29	PT. Total Bangun Persada Tbk	**TOTL**
30	PT. Wijaya Karya Tbk	**WIKA**

Source: http://*www.idx.co.id*. (Data Processed, 2011-2013)

Inferential statistics are technique used for extrapolating from a set of observations aspects concerning the population as whole. Based on the hypothesis that has been formulated, the analysis of the data used in this study is the Generalized Structured Component Analysis (GSCA).Hwang, et.al. (2010) noted that Generalized Structured Component Analysis (GSCA) is a component-based approach to structural equation modeling. In practice, researchers may often be interested in examining the interaction effects of latent variables. However, GSCA has been geared

only for the specification and testing of the main effects of variables. Thus, an extension of GSCA is proposed to effectively deal with various types of interactions among latent variables.

V. RESULT AND DISCUSSION
5.1 Result
Table 2 Structural Model

CR* = significant at .05 level
Source: Data Processed, 2014

Based on the analysis result of Table 5.40 there is a positif correlation with

Path Coefficients				Information
	Estimate	**SE**	**CR**	
Capital structure->Profitabilty	0.936	0.224	4.18*	Significant
Asset Management->Profitability	0.129	0.339	0.38	No Significant
Capital Structure->Firm Value	0.755	0.253	2.99*	Significant
Asset Mangement->Firm Value	0.011	0.272	0.04	No significant
Profitability->Firm Value	0.247	0.088	2.81*	Significant

coefficient parameter 0,936 and significant relationship between Capital Structure (CS) and Profitability (P) because it has critical ratio value 4,18 higher than (CR>1,96). However, there is a positif correlation with coefficient parameter 0,129 and has no significant relationship between Asset Management (AM) and Profitability (P) because it has critical ratio value 0,38 less than (CR<1,96).

Moreover, there is a positif correlation with coefficient parameter 0,755 and significant relationship between Capital Structure (CS) and Firm Value (FV) because it has critical ratio value 2,99 higher than (CR>1,96). There is a positif correlation with coefficient parameter 0,011 and has no significant relationship between Asset Management (AM) and Firm Value (FV) because it has critical ratio value 0,04 less than (CR<1,96) and the last, there is a positif correlation with coefficient parameter 0,247 and significant relationship between Profitability (P) and Firm Value (FV) because it has critical ratio value 2,81 higher than (CR>1,96).

In GSCA, there are three measures of overall model fit and number of free parameters, they are FIT, AFIT, and NPAR. FIT indicates the total variance of all variables explained by a particular model specification. The values of FIT range from 0 to 1.
Table 3 Goodness of Model Fit

Model Fit	
FIT	0.447
AFIT	0.437
NPAR	14

Source: Data Processed, 2014

The test results showed that the value of FIT is 0,447 (44,7%), It can be said that this model is good because it has an ability to explain more that 44% of the data homogeneity. meaning that the model is still not perfect enough to explain the phenomenon investigated. While homogeneity that can be explained by AFIT (Adjusted FIT) similar to the adjusted R2 in regression analysis . Afit can be used for model comparison. Afit models with the greatest value can be selected between better models. The test results showed that the value is 0,437 (43,7%). Free parameters estimated by NPAR value is fit to 14. It indicates that the formative indicator be simply formed by observed variables.

While the R-square of Latent Variables can be displayed in the following table:
Table 4 R Square of Latent Variable

R square of Latent Variable	
Capital Structure	0
Profitability	0.826
Asset Management	0
Firm Value	0.962

Source: Data Process, 2014

R Square as coefficient of determination accounted for 0.826, which means that the dependent variable were explained by Capital Structure and Asset Management as much as 82.6%. the remaining 17.4% of the coefficient is perhaps influenced by other variable beyond the ones employed in this study. Coefficient of determination (*R-square*) that obtained by Capital Structure (CS), Asset Management (AM) and Profitability (P) to Firm Value (FV) is 0.962, then can explained that Firm Value (FV) affected by Capital Structure (CS), Asset Management (AM), and Profitability (P) for about 96.2% and the rest

3.8% of the coefficient is perhaps influenced by other variable beyond the ones employed in this study.

5.2 DISCUSSION
1. The influence of Capital Structure on Profitability

According to Titman and Wessels (1988), Capital structure theory explains that company's financial policy in determining capital structure is to optimal the value of the firm. Company's financial manager must be careful in determining the capital structure of the company. With the careful planning in determining the capital structure, the company is expected to enhance shareholder value and is superior to face competition. Capital structure theory explains that capital structure is an important issue for firm, because as good to poor capital structure will have direct effects on the financial position of the firm, which in turn will affect the performance of the firm.

Variable of Capital Structure has significant and positif influence on the profitability of real estate and property company from the period of 2011-2013. The significant positive effect direction explain that the higher capital structure value will increase profitability. Conversely, the lower of capital structure value will also decrease profitability. Good of capital structure can increase profitability which means the bigger debt, so return of equity ratio also the bigger. In Real estate and property company for the period of 2011-2013, value of debt is 66% (IDR 8.590.923) and value of equity is 34% (IDR 4.416.000), so in this company debt more dominate for capital structure. Moreover, in funding the company more use debt to operate and get the profit.

This result also supported by Abor (2005) and Tapanjeh (2006). Abor Joshua (2005), The result is significantly having positive relationship between short-term debt to the total capital (SDA) and profitability. Tapanjeh (2006), The result of his study shows that debt had a great positive impact on profitability. The result interprets the loan as a positive step, imagining that the company preferred that type of financing because it anticipate high return.

2. The influence of Asset Management on Profitability

Asset Management is the combination of management, financial, economic engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner. Munawir (2004) stated that the higher inventory turnover will minimize the risk of loss caused by decrease in price or change consumer tastes. Variable of aseet management has no significant and positive influence on the profitability of real estate and property company from the period of 2011-2013. No significant positif effect direction explain that the level of asset management will not increase or decrease the profitability level. Value of asset management. This looked at asset turnover of companies. In this case, company of real estate and property can't arround for example: Inventory Turnover (ITO), Fixed Asset Turnover (FATO), Total Asset Turnover (TATO) on several a company not arround, over that can effect on profitability of company. So, the company does not manage the assets become a sales that generate profit but make net profit/ asset was retained earning for a long term investment. Total asset turnover more dominant in asset management.

In this case, real estate and property company more use debt in the process a sales in order to reach corporate profits. In real estate and property company, inventory turnover (ITO) not supported on asset management variable. In this company value of Inventory Turnover ia -0,951 and value of Fixed Asset Turnover is –o,386. This is caused the component on Asset Management very varian, for example in Total Asset the influence of cash, investment property, undevelop land, goodwil, account receivable, inventory, prepaid taxes, fixed asset. Asset management in real estate and property company has no significant on profitability, because financing or capital of company derived from the loans or debt to banks etc. This result not support this theory . This result also support by Bramasto (2014), Josiah (2008), Sufiana and Purnawati (2014).

3. The influence of Capital Structure on Firm Value

Shaw (2003) stated that High profit giving indications the prospect of good corporate, so that it can encourage investors to increasing demand stock. Demand stock that increase causing increased the firm value. Variable of Capital Structure has positif and significant influence on the firm value of real estate and property company from the period of 2011-2013. The significant positive effect direction explain that the higher capital structure value

will increase firm value. Conversely, the lower of capital structure value will also decrease firm value. In real estate and property company used debt to financing decision, In real estate and company shareholders responds to the state of this as "good news" that the company will operate better under control so stock price increased by the presence of the announcement of the increase in debt. The addition of a debt to be able to reduce cash flow freely as a rise in its financial and installment debt that only manager to publish new debt more if they are sure the company can fulfill their obligations. Investors are expected to catch signal that the company has good prospects. So, increase in debt capital structure give a positive signal to shareholders.

This result also supported by bukit (2012), the result of this research giving the meaning of capital structure able to increase firm value. The issuance of debt by company give meaning that the company get additional oversight from the lender (Gul and tsui, 1998). composition cost of capital in real estate and property company. It can be seen that equity capital more dominant in cost of capital but in real estate and property company debt and shareholder's more dominant than other sorces. This composition cost of capital is debt (36%), shareholder's (38%), equity (18%), and the other resources (8%). The concept of capital cost to determine the magnitude of the real cost from use of capital and each sources of funds to determine average of capital cost of overall funds that used company. This indicate use rates capital of company. In this figure explain about value of equity is 18%, value of debt is 36%, value of shareholder's is 38% and value of the other resources is 18%. So, cost of capital in the company more dominant on shareholder's and debt.

This finding has no accordance with the Modigliani and Miller theory that was argues which the capital structure does not affect the firm. In this case the tax factor has been included. Thus, the value of the firm's debt is higher than the value of the firm without debt, due to the increase in tax savings. MM built their model on the following main assumptions: (1) the capital market is perfect, (2) there are no taxes, (3) there are no bankruptcy and transaction costs; (4) investors can borrow at the same rate as corporations, and (5) all investors have the same information as management have about the firm's future investment opportunities (Ghosh, 2012:2).

4. **The influence of Asset Management on Firm Value.**

Asset management starts with a business o organisational objective, and is the set of activities associated with identifying what assets are needed and disposing or renewing them so as to effectively and effeciently meet the desired objective. Variable of asset management has positive and no significant influence on the changing of firm value of real estate and property company from the period of 2011-2013. The outcome implies that if asset management increase, firm value does not increase. In some cases, big company and having high profitability not always satisfy investors. This was apparent from stock prices and when a company distribute or pay devidend. Sometimes, a company with good and high profit, but in pay of devidend of unsatisfactory (a litle) even no a routine in pay of devidend. We can conclude that high profitability not necessarily satisfying investor.

In real estate and property company, like on asset management measured by activity ratio. In activity ratio every year not always changing its fluctuant and stock price everyday had a change. This indicate that asset management has no significant on firm value. This result also supported by Ali and Razi (2012), . Wijaya and utama (2014),

5. **The influence of Profitability on Firm Value**

Variable of profitability has positif and significant influence on the firm value of real estate and property company from the period of 2011-2013. The significant positive effect direction explain that the higher profitability value will increase firm value. Conversely, the lower of profitability value will also decrease firm value. Investors will focus more on profit generated by the company, so that the yield on capital or assets which they can spend in accordance with the wishes of their investment and can be used to describe the performance of Integration in the future (Needles et al, 2008). Sujoko and Soebiantoro (2007), stated that with high profitability show the prospect of good corporate. With high profitability shows that the prospect of good company in which investors will respond to positive signal has and will raise value of enterprise which is seen with the stock price. This result also support by chugh and meador (2010) and chen and chen (2010). Chugh and meador (2010), stated that shareholder rights

will influence profitability of the company and then influence stock price. Chen and chen (2010), Chen and chen (2011) found that the esult confimed that pofitability has a positive effect on fim value. Sujoko and Soebiantoro (2007), stated that with high profitability show the prospect of good corporate.

Research Limitation

Some limitations of this research are as follows:
1. The numbers of samples is not determined randomly. But using purposive sampling which requires some specific criteria. The sample of this research is limited only for real estate and property company, so the research result cannot generalize for other sector outside real estate and property company.
2. This research is only using secondary data from the anual report on each real estate and property company obtained from Indonesia Stock Exchange (BEI) and Indonesia Capital Market Directory (ICMD) and other sources report which countains a finance company in the period just three years.
3. Data of asset managent consist of inventory turn over (ITO), fixed asset turnover (FATO) and Total Asset Turnover (TATO) in this research just 3 years
4. The variables used still limited to Debt Ratio (DR), Debt Equity Ratio (DER), Inventory Turnover (ITO), Fixed Asset Turnover (FATO), and Total Asset Turnover (TATO), because actually still there are other variables that is not used in this research that could affect the Return on Asset (ROA), Return on Equity (ROE), Price Book Value (PBV), and Closing Stock Price (CSP).
5. Variable of asset management measured only with activity ratio consist of inventory turnover (ITO), fixed asset turnover (FATO), and total asset turnover (TATO)

VI. CONCLUDING REMARK
6.1 CONCLUDING

Based on the description in the previous chapters, conclusions can be drawn as follows:

Variable of Capital Structure has positif and significant influence on the profitability of real estate and property company from the period of 2011-2013. Variable of aseet management has positif and not significant influence on the profitability of real estate and property company from the period of 2011-2013.

Variable of Capital Structure has positif and significant influence on the firm value of real estate and property company from the period of 2011-2013.. Variable of asset management has positive and no significant influence on the changing of firm value of real estate and property company from the period of 2011-2013 and Variable of profitability has positif and significant influence on the firm value of real estate and property company from the period of 2011-2013.

6.2 REMARK
1. Suggested for a company's, company management should trying to get the increase sales and pressing least possible inventory that is not sold that may high cost capital so that profitability companies to be increased to compensate the use of leverage. Moreover, The companys management should understand the economic situation of macro and micro for better so that management can read market opportunities well that deals with their customers purchasing power of the result of the real estate and property companys.
2. For The Future Research, Suggested for future research may use the number of samples not only from real estate and property companies, so that the research is expected to deliver a more generalizable result to the entire company in Indonesia. Research time period can also be extended and with a larger sample number and variety. Extension of the period of the sample will probably give better result in estimates relationship of each variable. This research uses only capital structure and asset management variables to determine its effect on profitability and firm value of the company. It is suggested for future researcher to examine other financial variables that probably have greater all variables.

For example Variable of asset management measured only with activity ratio consist of inventory turnover (ITO), fixed asset turnover (FATO), and total asset turnover (TATO), in the next research can use more indicator include: cost resources. In cost resources include a internal factors and external factors. Internal factors consist of cost of capital, retained earnings, depresiation etc. External factors consist of creditors, fund or capital that comes from owners, supplier, bank, capital market,etc.

In the future research, susceptible of research on asset management better done during the period of 10 to 15 years, to know how effective of asset in the company

3. For Investor, It is advisable to analyze the financial condition, assesing the financial posts related to asset management, firm value and profitability obtained by the company (should be consider another aspects before investment) and advisable for investors and potential investors who want to invest in companies must look at the condition of the company to be selected. Investors are expected to know and analyze the financial condition of the company, in particular assessing the financial posts that can affect how much of the dividend to be distributed and the level of profitability obtained by the company.

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