

# Effect of Related Parties Transactions to the Value of Enterprises Listed on Indonesian Stock Exchange

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*The research is financed by Directorate of Higher Education of Indonesia (DIKTI) and Universitas Pelita Harapan Surabaya*

## Abstract

Based on the increasing numbers of accounting scandals, attention to related parties transaction is required. More specifically, the accounting scandals caused by the presence of many related party transactions within the business entity. Related party transactions may cause considerable change in company value and thus will influence various investment decisions. Failure to take this factor into consideration may result in suboptimal decisions. It is then very important to understand how related party transaction affects a company. With reference to this condition; the study was designed with the aim to determine the effect of related party transactions of the value of a business entity that is listed in the Indonesian Stock Exchange during 2010-2012. In more detail, the variable for related party transactions include the total value and the relative scale, while the value of the business entity is viewed from external viewpoint, which is *Stock Return*. This study uses a quantitative approach to analyze the data. Financial statement data used is the corporate financial statements listed in the Indonesia Stock Exchange from 2009 to 2012 and meet specified characteristics. The study was conducted using multiple linear regression. Independent variable is related party transactions variable, while the dependent variable is the value of a business entity one year after the publication of financial statements. This is done with the assumption that the investor reaction was in the period after the financial statements. The statistical method used is the calculation of descriptive statistics and multiple linear regression test. Descriptive statistics include the mean, standard deviation, maximum value and minimum value of each variable used in this study. Multiple linear regression analysis was conducted to test whether there is any relation between independent variables and the dependent variable. Classical assumption F test, which aims to see whether there is influence between the independent and dependent variables simultaneously, will be performed to the model. F test results will determine whether the model will be tested further. T test, which aims to determine the effect of independent variables on the dependent variable partially or in other words to find out how significant an independent variable can affect the dependent variable.

**Keywords:** Related Party Transactions, Corporate Value, Financial Statements Reporting.

## 1. Introduction

In 2009, business site *bizcovering.com* published an article that contains the top ten accounting scandals in the world (Bizcovering, 2009). Those ten scandals include *the Bank of Credit and Commerce International* (London), *Enron Corporation* (Texas), *WorldCom scandal* (US), *Tyco International scandal* (New Jersey), *Kanebo scandal Limited* (Japan), scandal *Waste Management Inc.* (Texas), the scandal of *Parmalat* (Italy), scandals *Health South Corporation* (Alabama), the scandal of *American International Group* (New York), and the scandal of *Satyam Computer Services* (India) (Bizcovering, 2009). One interesting thing from these cases is that four out of ten cases have in common. These cases include Enron, Woldcom, Tyco International, and Satyam Computer Services. The similarity is that four out of ten of the scandal are caused by the existence of *related party transactions* or also commonly referred to as transactions with parties who have a special relationship.

Issues relating to related party transactions are also quite common to the world of business and accounting in Indonesia. Febrianto and Widiastuty (2010) states that the owner of the company in Indonesia before *going public* has first set up a subsidiary company that will buy back the shares issued by the company during IPO. Most of these subsidiaries have lines of business related to their parent. Thus, it is clear that the incentive to conduct transactions with related special parties are quite large. Study of Feliana (2007) also found that a concentrated ownership structure tends to make the majority of shareholders perform *expropriation of assets*. One way to perform *Expropriation of assets* is to do it through the related party transactions. In Indonesia, nearly all public companies perform related party transactions, the reason is that the related party transactions can provide benefits to companies that do. When related party transactions carried out properly and with good purpose, related party transactions can increase organizational efficiency by reducing transaction costs. However

related party transactions are also used by companies to commit fraud. An example of companies that conduct related party transactions and led to a legal case is PT. Adaro Indonesia. PT. Adaro were accused of selling coal far below market prices to its affiliated companies in Singapore, namely Coaltrade Services International. Transactions of those parties may result in less than normal reporting, as a result of diversion of income or expense and the basis of financing from one party to the other party (Sut, 2008). From these examples, it can be seen that the related party transactions can be made by the company to its subsidiaries, to the family of major shareholders, corporate contacts, and so forth.

Based on research conducted by Gordon et al. (2004), the results showed that more than 80% of the object of research in the study (112 enterprises surveyed in the period 2000-2001) committed at least one related party transactions. Ryngaert and Thomas (2007) found that approximately 71% of the 234 entities being sampled in the study did report at least one related party transactions. Emshwiller (2003) in Louwers et al. (2008) reported that 75% of the 400 largest enterprises in the United States reveals one or more related parties transactions. In Indonesia, according to a study conducted earlier (Lisa, 2008), from public companies in Indonesia in 2005, 96.19% has a related party transaction. Based on data from companies that *went public* in Indonesia in 2006; 97.65% had a related party transaction. From these data it can also be seen that there is an increasing percentage of business entities that conduct related party transactions in Indonesia. In addition, it can be concluded that the related party transactions undertaken by virtually the entire business entity that *go public* in Indonesia, particularly in the period 2005 and 2006.

Research in Indonesia on related party transactions shows that samples from Indonesia is interesting to be studied due to related poor quality of accounting numbers, the concentration of ownership, the dominant control by the family and related party transactions is high (Feliana, 2007). Huang and Liu (2010) also suggested for further research to look at the effect of related party transactions in countries other than China and Taiwan, because each country has a culture and a different political environment. In addition to the phenomenon of related party transactions in Indonesia, one of the other motivations that drive this research is worth doing because little research is done in Indonesia.

Based on research conducted by Zhu and Ma (2009), the frequency and intensity of related party transactions reduce significantly the value of a business entity. The impact on the enterprise value is more significant in the long run than in the short term and medium term. In addition, the researchers also conducted an analysis of each type of related party transactions which resulted in the conclusion that most of the types of related party transactions have a negative impact on the value of a business entity. This view is also supported by Gordon et al. (2004) who hypothesized that there is conflict of interest on related party transactions. Given this conflict of interest, the value of a business entity is lowered and shareholder wealth are also placed in a precarious position.

The results of this study is in conflict with the view Michalski (2008) related to the presence of a related party transaction as part of efforts to manage the financial entities in order to increase shareholder wealth. Increased shareholder welfare is identified by an increase in the value of a business entity. Similar views were also expressed by Gordon et al. (2004) that the perspective of transactions with related parties using efficient transaction hypothesis considers that the transactions carried out with related parties meet the economic needs of the enterprise efficiently. With the efficient transaction, it is expected that the value of the enterprise will increase.

With the high percentage of related party transactions reported in Indonesia, along with the percentage increase from 2005 to 2006 and the two possible influence of related party transactions to the value of a business entity based on hypothetical conflicts of interest and efficient transaction hypothesis, identification to the effects of related party transactions to the value of business entities in Indonesia becomes a problem that must receive attention.

## 2. Literature Review

### 2.1 Transactions with Related Parties

Based Statement Indonesian Institute of Accountants (IAI) in Financial Accounting Standards (SFAS) No.7 of the parties related, definition of a transaction between the parties related is a transfer of resources or obligations between the parties related, regardless of whether a price calculated. The parties said to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions (Advianto, 2012).

Transactions that due to its nature give an indication of the existence of a related party transactions include borrowing or lending without interest charges or interest rates that are significantly above or below market interest rates generally accepted at the time of the transaction, the sale of *real estate* at prices that differ significantly from the estimated value, *property* exchange transactions with similar *properties* in a non-monetary transaction, and the transaction of loan without any provisions regarding the schedule and method of payment (Indonesian Institute of Accountants, 2001). One way to determine the price in a transaction between related

parties is the market price that can be compared. When goods or services are supplied in a transaction between related parties, and the state is concerned, it is similar to the situation in normal trading transactions, this method is often used. This method is also often used to determine the cost of purchase. If the goods are transferred between related parties before sale to an independent party, the resale price method (*resale price*) is often used. This method reduces the resale price by a reasonable margin. This method is also used to transfer / transfer of other resources, such as rights and services.

Another approach is the cost-plus method (*cost-plus method*), which adds an increment (*mark-up*) at the expense of certain suppliers. Difficulties may be experienced both in determining the cost elements that are directly attributable or increase (*mark-up*) to supplier. Among the measures that could help determine the price of the transfer is the return that can be compared in similar industries on the volume of sales or capital employed.

Feliana (2007) in her study states that the related party transactions have two opposite transaction, that is as an opportunist and as efficient transaction. As opportunistic transactions, related party transactions can cause *conflict of interest* (Huang and Liu, 2010). Huang and Liu (2010) also explains that the related party transactions may imply moral risk (*moral hazard*) and led to a *bias* in the financial statements. This will give effect to the relevance and reliability of the financial statements.

### 2.2 Total Value of Transactions with Related Parties and Related Party Transactions Relative Scale

According to Wong and Jian (2003) there are several forms of related party transactions, such as the sale or purchase of a product or material, borrowing or lending of capital, interest, commissions on purchases and sales, as well as the purchase or sale of fixed assets. Another form of the transaction is the sale of the related fixed asset account which is usually reported as non-operating (*non-operating items*). The total value of related party transactions will be obtained by adding up the value of related party transactions the company observed. The values of the related party transactions can be found in the financial statements.

Value of related party transactions may indicate the performance or characteristics of the company. Gordon et al, (2005) in his study states that the high value of related party transactions indicates that the company has a low *corporate governance* practices. Value of related party transactions can be associated with *the conflict of interest and agency theory*. If companies are increasingly perform related party transactions, it may cause a *conflict of interest* that is consistent with *agency theory*. This is according to a statement from the Berle and Means (1932) and Jensen and Meckling (1976) in Feliana (2007) that related party transactions can be used as a tool for the *expropriation of the firm's resources*. Value of related party transactions are also related to market valuation to the company. This is because a transaction with a related party is seen by the market as transactions with doubtful credibility compared to transactions conducted by independent parties (Feliana, 2007).

Zhu and Ma (2009) in his research on related party transactions in China designed the three measures of related party transactions. Those three measures are the possibility of the occurrence of related party transactions, the frequency of related party transactions, and the intensity of the related party transactions. Relative scale of related party transactions is used to obtain the intensity of related party transactions. Relative scale itself derived from the value of related party transactions of each observation divided by total assets of the company observed.

Research conducted by Zhu and Ma (2009) on related party transactions using a relative scale of the related party transactions as a measure of related party transactions. Relative scale of related party transactions aimed to examine the value of the ratio between the total value of related party transactions of a company with total assets of the company. The conclusion of this study is that if the relative scale of the company getting bigger, then the value of the company will be smaller and vice versa.

### 2.3 Abnormal Return

In comparing the rate of profit between stocks, it is inaccurate to simply use the rate of return (*actual return*). It must be also taken into account the level of risk of each stock. Risk itself can be classified into systematic risk, ie the risk associated with the market, and the unsystematic risk, ie the risk associated only with a particular stock. In a diversified portfolio, only the systematic risks need to be taken into account because the unsystematic risks eliminate each other (Bodie, Z., Kane, A and Marcus, 2005: 224). Systematic risk is represented by beta, which measures the relationship between the return of a stock in the portfolio with market returns (Hartono, 2008: 358). The higher the beta, the higher the risk of a stock. There is a positive relationship between risk and return (Hartono, 2008: 214). The higher the risk, the higher the return. Expected return is the rate of return on a stock that is expected by the investor based on the risk level of the stock. A profit higher than *the expected return* is called *abnormal return*. So it can be concluded *abnormal return* is the difference between the expected return and the *actual return*. *Abnormal return* is the most appropriate measure to be used to compare the advantages among stocks.

Expected return is calculated using the CAPM formula as follows:

$$E(R_i) = R_f + \beta_i (R_m - R_f) \text{----- (1)}$$

Where:

$E(R_i)$  is the *expected return* of the stock  $i$

$R_f$  is the *return* of risk-free assets (*risk free rate*)

$R_m - R_f$  is the *market premium* (*excess return* of the market on a risk-free asset *return*)

### 3. Methodology

Variables dependent in this study is the value of a business entity whose value will depend on the value of the independent variable, that is the related party transaction. Variables used as independent variable are:

#### 1. Value of related party transactions

The value of a related party transaction that is used is the total of all related party transactions presented in the financial statements of entities in each of the respective periods, namely 2009, 2010, 2011 and 2012. The value of related party transactions are summed up based on the period the financial statements. The total value includes assets, liabilities, equity, income statement components, and the components of the cash flow statement. Value of related party transactions are summed up by each type used in this study and are presented separately for each period.

#### 2. Relative scale of related party transactions

Relative scale from a related party transaction is obtained by dividing the total value of related party transactions conducted business entity in a given period with the value of the assets of the entity in that period. Research by Zhu and Ma (2009) used the intensity of related party transactions in the research. The intensity is the result of the division of the relative scale of a related party transaction with a related party transaction frequency. However, with the limited information presented in the financial statements due to unavailability of data on the frequency of related party transactions, the variables that will be used in this study is the relative scale of related party transactions.

The target population is the target business entity listed in the Indonesia Stock Exchange. Determination of the sample is using purposive sampling technique. Characteristics of the samples used in this study are as follows:

1. Registered as a business entity listed on the Indonesia Stock Exchange in 2009 up to 2012
2. Publish audited financial statements for period 2009 to 2012 in full. It is limited by the identification of the presence or absence of the independent auditor's report included in the published financial statements. Points means that the business entity's financial statements do not include the use of financial statements that are not audited, *disclaimer*, and does not include any delay publication of the financial statements.
3. Has a related party transaction in the audited financial statements of 2009 to 2010. Basic categorization of a financial statement to be considered to have related party transactions is that an account that contains related party transactions in the financial statements audited entity on any of the period between 2009 and 2012.

The model used to test the effect of specific variables on firm value in this study is expressed in the following regression equation:

$$AR_{2010} = \alpha + b_1 + b_2 TPI_{2009} SR_{2009}$$

$$AR_{2011} = \alpha + b_1 + b_2 TPI_{2010} SR_{2010}$$

$$AR_{2012} = \alpha + b_1 + b_2 TPI_{2011} SR_{2011}$$

$$AR_{2013} = \alpha + b_1 + b_2 TPI_{2012} SR_{2012}$$

Remarks:

AR = Annual Return

$\alpha$  = constant

$b_1 - b_4$  = Coefficient Regression

TPI = Total value of related party transactions

SR = Relative Scale of related party transactions

### 4. Data Analysis

#### 4.1 Hypothesis Testing in 2009

F-test was conducted to test the relationship between *the dependent variable* with a set of *independent variables*. If  $\text{sig } 0.000 \leq \alpha = 0.05$  then there are one or more independent variables that simultaneously affect the dependent variable

Figure 1 shows that the  $0.982 \text{ sig} \geq \alpha = 0.05$  then the conclusion is that  $H_0$  is failed to be rejected. There are no independent variables that affect the dependent variable. Simultaneous test results showed that in 2009 there was no significant effect of the independent variable on the dependent variable, namely by looking at the value of 0.982 at a significance level of  $\alpha = 0.05$ .

The t-test is used to see the effect of each independent variable on the dependent variable partially. If the *p-value* (column sig) each independent variable  $\leq \alpha = 0.05$ , then there is a significant effect of the independent variables on the dependent variable. The results of t-test and multiple linear regression can be seen in Figure 2. Partial test results in 2009 are variable Relative Scale had no significant effect on *firm value* and the



total size of the transaction size variabel Related Parties no significant effect on *firm value*.

Furthermore, from Figure 3. The coefficient of determination of 0.004 means that the 0.4% change in the value of the Company in 2009 is only determined by the variable-Party Transactions Related by 0.4%. This indication shows that the model used in this research are less *robust* statistically, the indications also show that it is still another factor of 99.6% outside the model that is able to change the value of the company

#### 4.2 Hypothesis Testing in 2010

F-test was conducted to test the relationship between *the dependent variable* with a set of *independent variables*. If  $\text{sig } 0.000 \leq \alpha = 0.05$  then there are one or more independent variables that simultaneously affect the dependent variable

Figure 4 shows that the value of  $\text{sig } 0.022 \leq \alpha = 0.05$  then the conclusion is to reject  $H_0$ . There is at least one independent variable affects the dependent variable. Simultaneous test results showed that in 2010 there was a significant effect of the independent variable on the dependent variable, namely by looking at the value of 0.022 at a significance level of  $\alpha = 0.05$ .

The t-test is used to see the effect of each independent variable on the dependent variable partially. If the *p-value* (column sig) each independent variable  $\leq \alpha = 0.05$ , then there is a significant effect of the independent variables on the dependent variable. The results of t-test and multiple linear regression can be seen in Figure 5. are size Scale Relative variable had no significant effect on *firm value* and the total transactions with Partial Test results in 2010 Related Parties variable have a significant effect on *firm value*.

Furthermore, from Figure 6. The coefficient of determination of 0.072 means that the change in the value of the Company in 2010 is only determined by the Related Party Transactions variable by 7.2%. This indication shows that the model used in this research are less *robust* statistically, the indications also show that there is still another factor of 92.8% outside the model that is able to change the value of the company

#### 4.3 Hypothesis Testing in 2011

F-test was conducted to test the relationship between *the dependent variable* regression with a set of *independent variables*. If  $\text{sig } 0.000 \leq \alpha = 0.05$  then there are one or more independent variables that simultaneously affect the dependent variable

Figure 7 shows that the  $0.353 \text{ sig} \geq \alpha = 0.05$  then the conclusion fails to reject  $H_0$ . There are no independent variables that affect the dependent variable. Simultaneous test results showed that in 2011 there was no significant effect of the independent variable on the dependent variable, namely by looking at the value in 0.353 at a significance level of  $\alpha = 0.05$ .

The t-test is used to see the effect of each independent variable on the dependent variable partially. If the *p-value* (column sig) each independent variable  $\leq \alpha = 0.05$ , then there is a significant effect of the independent variables on the dependent variable. The results of t-test and multiple linear regression can be seen in Figure 8. Partial Test results in 2011 are variable size Relative size scale does not significantly influence *the value of a variable measure enterprise*. And total size of transactions with Related Parties no significant effect on *firm value*.

Furthermore, from Figure 9, The coefficient of determination of 0.026 means that the change in the value of the Company in 2011 is only determined by the Transactions Related Party variable by 2.6%. This indication shows that the model used in this research are less *robust* statistically, the indications also show that in 2011 there is still another factor of 97.8% outside the model that is able to change the value of the company.

#### 4.4 Hypothesis Testing in 2012

F-test was conducted to test the relationship between *the dependent variable* regression with a set of *independent variables*. If  $\text{sig } 0.000 \leq \alpha = 0.05$  then there are one or more independent variables that simultaneously affect the dependent variable

Figure 10 shows that the value of  $\text{sig } 0.043 \leq \alpha = 0.05$  then reject the conclusion  $H_0$ . There is at least one independent variable affects the dependent variable. Simultaneous test results showed that in 2012 there was a significant effect of the independent variable on the dependent variable, namely by looking at the value of 0.043 at a significance level of  $\alpha = 0.05$ .

The t-test is used to see the effect of each independent variable on the dependent variable partially. If the *p-value* (column sig) each independent variable  $\leq \alpha = 0.05$ , then there is a significant effect of the independent variables on the dependent variable.

The results of t-test and multiple linear regression in 2012 can be seen in Figure 11. Partial test results in 2012 are variable size Scale Relative size had no significant effect on *firm value*. And variables measure the total size of transactions with Related Parties have a significant effect on *firm value*.

Furthermore, from Figure 12. The coefficient of determination of 0.068 means that the change in the value of the Company in 2012 is only determined by the variable Transactions Related Party 6.8%. This

indication shows that the model used in this research are less *robust* statistically, the indications also show that in 2012 there is still another factor of 93.2% outside the model that is able to change the value of the company.

#### 4.5 Overall analysis

Entire Hypothesis Test Results can be seen in the Table 1. By looking at Table 1, it is known that in 2009, 2010, 2011, and 2012 relative scale of related parties do not significantly affect the value of a business entity from an external viewpoint. In general, the relative scale does not significantly affect the value of a business entity from an external viewpoint. These results contrast with those of Zhu and Ma (2009) which states that the intensity of the related party transactions has a negative impact on the value of a business entity. The intensity of a related party transaction is obtained through the results of the relative scale of a related party transaction divided by the number of related party transactions. The negative impact study of Zhu and Ma (2009) arising from the greater relative scale, the value of a business entity will be smaller because enterprises tend to rely to related parties in performing its operation compared to the asset as the business entity independent ability to generate profits. The positive influence given to the value of a business entity by market capitalization shows that the larger the relative scale of a related party transaction, the value of the market capitalization of a business entity will be even greater. Market capitalization measures the ability of non-cash financing by enterprises. This means that with the increasing value of the relative scale of a related party transaction, the ability of the financing entity will also increase. It can be concluded that in 2009, 2010, 2011 and 2012, external parties tend not to look at the relative scale special relationship as a transaction that increases the value of the enterprise, in particular stock prices.

By looking at Figure 5.23, it is known that in 2009, and 2011, the value of related party transactions do not significantly affect the value of a business entity from an external viewpoint, but in 2010 and 2012 the value of related party transactions significantly affect the value of the enterprise from the point external point of view.

The results obtained in 2009 and 2011, is in contrary to the results stated by Young (2005) who reports *the Rutgers Study* (Gordon et al, 2004) found a negative relationship between the performance of enterprises and the the dollar value of the transaction involving the leadership of the enterprise. Transactions involving the leadership of the enterprise can be categorized as a related party transaction because the leadership of the business entity has an interest in the business entity's performance. The view of the results of research conducted by Gordon et al. (2004) also supports the view that the related party transactions tend to give rise to a conflict of interest between the manager or board of directors and shareholders that will also negatively affect the value of a business entity. On the other hand, Ryngaert and Thomas (2007) showed that on average, related party transactions conducted by business entities will not harm shareholders. Results of previous studies have consistency with the results of research conducted at this time. In the absence of the influence of the total value of the transactions related to the business enterprise value means the total value of related party transactions are not detrimental to the shareholders, but also not to benefit shareholders.

Both of the above results indicate that investors pay more attention to the total value of the transaction compared to the relative scale of the special transaction. It is apparent from the findings that there is no year between 2009 to 2012 in which the relative scale of special party transactions relating to the value of the company. While the total value of related party transaction affect the value of the company in 2010 and 2012. The effect of the total value of related party transaction to firm value is positive, in which it is different from the findings in previous studies. In previous studies that found a relationship is negative as investors found related party transaction will create conflicts of interest and can be used by management as a tool for expropriation of the firm's resources. But what happened in Indonesia is of the view that investors' related party transaction will add value to the company, possibly through a decrease in *transaction costs*. The use of a related party transaction by management to conduct expropriation of the firm's resources are also considered to be minimal since most of company in Indonesia is in the form of a family company with family members sitting in a managerial position. In 2009 and 2011, no relationship was found between the total value of the transactions with the related company, likely due to the 2009 stock market was experiencing recovery from the 2008 economic crisis that these factors dominate the movement of stock prices. In mid-2011 the stock market had declined sharply from about 4100 to 3500 in just over two months due to crisis in Europe, and it also masked the effects of related party transactions. There was no correlation between the relative scale of related party transactions with the company. This could be due to investors not paying attention to the total assets of a company that does related party transactions. Thus, only total related party transactions is influential, rather than relative value.

The results of this study have several benefits. For investors, this study provide a new paradigm on the effects of related party transactions that occur in the business entity listed on the Indonesia Stock Exchange during the years 2009-2012 on the value of a business entity so as to increase investor caution in the analysis of the activities of business entities related party transactions special relationship. For enterprises, this study provide information related to the motive behind the related party transactions undertaken by entities listed in the Indonesia Stock Exchange during the years 2009-2012 and was expected to be a consideration for a business

entity prior to related party transactions and considering that the condition/value of a business entity that is to be achieved. For the people, this study can increase knowledge related to the effect of related party transactions that occur in a business entity that is listed in the Indonesia Stock Exchange during the years 2009-2012 the value of a business entity. For others, this study can be a reference and comparison to the preparation of research on topics similar/related.

## 5. Conclusions and Recommendations

### 5.1 Conclusions

This study aims to analyze the transaction privilege and its effect on firm value of non-financial companies in Indonesia. This study was conducted to demonstrate empirically the influence of related party transactions with the company value.

Based on the results of testing that has been done, it can be concluded that in 2009 related party transactions do not affect the value of the company. In 2010 a related party transactions affect the total value of the company, which is the total related party transactions. In 2011 related party transactions do not affect the value of the company. In 2012 a related party transactions affect the total value of the company, which is the total related party transactions. Future research can be directed at confirming the factors that determine the influence of related party transaction to company value. A research with longer time frame may uncover general factors that mask the effect of related party transaction.

### 5.2 Recommendations

This study has some limitations, future studies are expected to be able to improve and complement the study. Suggestions for improvements in research and further development, among others:

1. This study has the limitations of the study period, where the research using data 2009-201 2. Recommendations for further research, may use a different period range with longer period.
2. This study uses Abnormal Return as a measure of the value of the company. Recommendations for further research, can use the measurement of the value of the company in addition Abnormal Return. This is so that further research can further explore the influence of related party transactions to the value of the company based on different measurements.

This study uses a relative scale related party transactions and the total number of the related party transaction. Recommendations for further research is to use more detailed measurements such as the amount of receivables to related party, and the amount payable to the related party. This is to make further research that can further explore the influence of related party transactions to the value of the company based on different measurements.

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Table 1. Entire Hypothesis Test Results

Year	Effect of Relative scale of related party transactions	Effect of Total value of related party transactions	Adjusted R-Squared
2009	X	X	0.4%
2010	X	V	7.2%
2011	X	X	1.4%
2012	X	V	3.2%

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.283	2	35.641	.018	.982 <sup>a</sup>
	Residual	168623.699	84	2007.425		
	Total	168694.982	86			

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2009  
 b. Dependent Variable: Abnormalreturn\_2010

Figure 1. Output SPSS: Simultaneous Test Results 2009

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.140	19.965		1.760	.082
	Skalarelatif_2009	-.021	1.216	-.002	-.017	.986
	Intotaltransaksi	-.172	.937	-.020	-.183	.855

a. Dependent Variable: Abnormalreturn\_2010

Figure 2. Output SPSS: Linear Regression Results 2009



Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.021 <sup>a</sup>	.004	.002	44.80429651	.000	.018	2	84	.982

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2009

Figure 3. Output SPSS: Determination Test Results 2009

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12882.978	2	6441.489	3.973	.022 <sup>a</sup>
	Residual	166979.043	103	1621.156		
	Total	179862.020	105			

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2010  
 b. Dependent Variable: Abnormalreturn\_2011

Figure 4. Output SPSS: Results Simultaneous Test 2010

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-23.059	15.138		-1.523	.131
	Skalarelatif_2010	27.729	23.286	.115	1.191	.236
	Intotaltransaksi	1.684	.732	.222	2.299	.024

a. Dependent Variable: Abnormalreturn\_2011

Figure 5. Output SPSS: Linear Regression Results 2010

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.268 <sup>a</sup>	.072	.054	40.26357852	.072	3.973	2	103	.022

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2010  
 b. Dependent Variable: Abnormalreturn\_2011

Figure 6. Output SPSS: Determination Test Results 2010

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4691.361	2	2345.681	1.057	.353 <sup>a</sup>
	Residual	173137.352	78	2219.710		
	Total	177828.713	80			

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2011  
 b. Dependent Variable: Abnormalreturn\_2012

Figure 7. Output SPSS: Simultaneous Test Results 2011

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.340	21.786		.016	.988
	Skalarelatif_2011	41.577	36.449	.129	1.141	.257
	Intotaltransaksi	.748	1.040	.081	.719	.474

a. Dependent Variable: Abnormalreturn\_2012

Figure 8. Output SPSS: Linear Regression Results 2011

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.162 <sup>a</sup>	.026	.014	47.11379465	.026	1.057	2	78	.353

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2011  
 b. Dependent Variable: Abnormalreturn\_2012

Figure 9. Output SPSS: Determination Test Results 2011

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	577.021	2	288.511	.327	.043 <sup>a</sup>
	Residual	83739.455	79	1059.993		
	Total	84316.476	81			

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2012  
 b. Dependent Variable: Abnormalreturn\_2013

Figure 10. Output SPSS: Simultaneous Test Results 2012

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.549	14.925		-.439	.662
	Skalarelatif_2012	-5.854	8.089	-.083	-.724	.471
	Intotaltransaksi	.196	.703	.032	.936	.046

a. Dependent Variable: Abnormalreturn\_2013

Figure 11. Output SPSS: Linear Regression Results 2012

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.202 <sup>a</sup>	.068	.032	32.55753523	.007	.327	2	79	.043

a. Predictors: (Constant), Intotaltransaksi, Skalarelatif\_2012  
 b. Dependent Variable: Abnormalreturn\_2013

Figure 12. Output SPSS: Determination Test Results 2012

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