

Analysis of Banking and Capital Markets Dependencies and Its Effect on the Performance of the Public Company on Property Sector in Indonesia

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Abstract

This research aims to analyze: (1) the effect of banking transaction costs, banking moral hazard, banking adverse selection, and externality cost to the banking dependency of the publicly listed companies on the property sector in Indonesia; (2) the effect of capital market transaction costs, capital market moral hazard, capital market adverse selection, and externality cost to the capital market dependency of property companies; and (3) the effect of the cost of construction, cost of sales, the national economy, and the inflation rate on the performance of property companies. This research is a quantitative-descriptive study with panel data consisting of 45 observations. This study uses a simultaneous equation model analysis tool with the Fixed Effect and Random Effect Model regression method.

The results showed that: (1) Banking transaction costs, banking moral hazard, banking adverse selection, and externality cost have a significant effect to the banking dependencies of property companies (adjusted-R² is 76.28%). (2) Capital market transaction costs, capital market moral hazard, capital market adverse selection, and externality cost have a significant impact on the capital market dependency of property companies (adjusted-R² is 89.87%). (3) Cost of construction, cost of sales, the national economy, and the inflation rate have a significant impact on the performance of property companies (adjusted-R² is 34.42%).

Policy implications of this research are: (1) The government should pay attention to the main variables affecting the banking dependencies which is banking adverse selection.; (2) The government's efforts to be improved is the role of monitoring corporate performance and increasing the active participation.; and (3) Performance of the property company is not really affected by the inflation rate, which indicates that the Indonesian property industry can be a prime choice in considering investment when associated to the price fluctuations.

Keywords: banking dependencies, capital market dependencies, company performance, and institutional quantitative analysis.

INTRODUCTION

The company's performance is basically the result of the company's business with the resources owned or acquired. In terms of the performance of companies in the property sector, the business results of the company's operations is obtained by processing the funds, assets, and labor to get the final product in the form of long-term assets for consumers: such as houses, apartments, hotels, and other property types.

Duckworth (1993) stated that there are 14 property company performance indicators. One of the company's performance measurement indicators that are often used in various studies (Nourse: 1994, Gilley: 2000, Amihud: 2003, Hammes: 2005, Suyanto: 2007, Mahmood: 2008, Sinuraya: 2011) is the ROA (return on assets). ROA is the ratio of operating income per total assets of the company. This indicator is in accordance with the description in the paragraph above where the performance is basically the rate of corporate income of the company's results overall process of its resources.

One of the corporate resources that can affect the performance of the company according to Mankiw (2009) is the cost incurred by employers to get their business inputs such as labor and capital. This theory is shown mathematically by the production function ($Q = f(L, K)$).

In line with Mankiw, Epple (2010) states that the cost of the business that affect the performance consisted of the construction costs and the cost of sales (Epple, 2010). Construction costs affect performance negatively. The higher the cost of construction, the lower the benefits that will be obtained by company. It is the same for the cost of sales. As part of the costs component in the income statement of the company, increasing the cost of sales will reduce corporate profits.

In addition to the cost of business, the factors affecting the real estate company's performance can also be analyzed in terms of macroeconomics. Ulfah (2011) found in her research that the macroeconomic factors that affect the performance of the property sector in Indonesia for the years 1975 to 2004 consisting of: mortgage interest rates, inflation, exchange rate and the amount of Gross Domestic Product (GDP). Mortgage interest rates and inflation is said to have a negative effect on the performance of property companies.

For the exchange rate and GDP, Amihud (2003) and Sinuraya (2011) said that the appreciating exchange rate and increased national GDP will help improve the performance of property companies in Indonesia. In this study, two macroeconomic factors that are included are national income (national GDP) and the inflation rate. The selection of these two variables as in previous studies, these two variables were found to have the most impact than other macroeconomic variables.

Analysis of the performance of the micro and macroeconomics has often become the basis of previous researches. What is new in this study is the inclusion of institutional variables, especially its impact on company's performance. The institutional economics school (Coase, 1988; Prasad, 2003; North, 2009; Maseland, 2011; Yustika, 2013) has a different opinion about the factors that affect the performance of a company. Every economic activity that occurs is not solely influenced by the cost of business. This is because that the assumption of perfect markets has never been reached, so the micro and macroeconomic factors alone are not sufficient to explain the performance of the economy. Many development economists (North, 2009; Yustika, 2013; Strimling, 2013, and Lee and Park, 2013) explain the importance of the role of institutions in overcoming market imperfections.

The role of institutions on economic growth gained international attention since discussed by Douglas C. North in his article titled Institutions. North (2009) revealed how the economic performance in several different countries not only because of differences in the state-owned resources, but more important is institutional aspects in that country. In

conclusion, North stated that, the more dependent a country is to the system of economic institutions, then the better economic performance. If this theory is derived to micro statement, it can be stated also that institutional dependencies also affect the performance of private companies.

Institutional influence on the performance of the economy will be judged on the performance of companies in the property sector in Indonesia. One of the institutional systems that are very involved in the property industry in Indonesia is the funding agency. The financial institution is comprised of two main types, namely banking institutions and capital market institutions. Financial institutions have an influence on the performance of the company. Hendri (2008) conducted a study that proves that the cost of funds may affect the financial performance significantly. Research results show that banks can perform a certain strategy that will ultimately affect the performance of companies.

If North (2009) grand theory is associated with the explanation before, the initial hypothesis of this study is the influence of banking and capital markets institutions on the performance of public companies in Indonesia property sector. Factors that influence the role of banking and capital markets institutions on corporate performance are those costs that arise due to market imperfections. These costs include transaction costs, moral hazard, adverse selection and externalities costs (Yustika: 2013). With the economic reasons and tendencies for reducing these costs, it can be said that dependence to the institutions will lead to a better performance of the company.

Appendix 1 shows how the variables microeconomics, macroeconomics and economic institutions will affect the company's performance in Indonesia property sector. Appendix 2 shows how transaction costs, moral hazard, adverse selection, and the cost of externalities that affect the banking dependencies. Appendix 3 shows how transaction costs, moral hazard, adverse selection, and the cost of externalities affecting the capital markets dependencies. Based on those appendixes, we can see many fluctuations in variables that are inconsistent to the theory that has been described previously. Therefore, these theories deserve to be re-examined in this study.

Furthermore, the role of banks and capital markets on firm performance are worth to be studied in more depth. This is directly related to the improvement of business systems to support the economy of financial institutions. Many government regulations are followed by the execution of banking institutions and capital markets, especially in the control of public funds to be utilized as well as possible for the sake of economic growth objectives. Therefore, to explore the role of banking and capital markets institutions in driving the performance of property companies in Indonesia, this research needs to be conducted.

Several previous studies assessed to see how the company's performance in terms of costs and capital structure (Sitompul, 2013; Mufidah, 2012; Ulfah, 2011; etc.). By focusing research on the role of financial institutions on corporate performance properties with a microeconomic model analysis, the researchers took the title "**Analysis of Banking and Capital Markets Dependencies and Its Effect on the Performance of the Public Company on Property Sector in Indonesia.**"

THEORETICAL FRAMEWORK

1. The Theories of Company's Performance

Mahmood (2008) in the journal of Munich Paper RePEc Archives stated that the key objective of a company is to increase shareholder wealth. "Maximizing shareholder wealth is a single most important goal for any profit-seeking organization and as such it is extremely crucial for them to achieve higher profits" (Mahmood, 2008). Maximizing shareholder value is the most important goal for any profit-seeking organization and thus, it is important for them to gain higher profits.

The production function for property sectors is described by Epple (2010), which function is as follows:

$$Q = Q(L, M)$$

where:

Q = property products

L = Land and construction building

M = overall mobile factors

Based on the function of property production by Epple (2010) above, the variable L and M are described further as costs of constructions and cost of sales. This is related to the basic character of the variable L which is the cost for capital that does not move, such as land and buildings. On the other hand, the variable M is described as the composition of the overall costs associated with moving factor, or the mobile factors.

a. Cost of Constructions affecting the Property Company's Performance

Cost of constructions is the cost of changing the basic material into finished products, or the cost of productions in construction companies. As explained by Epple (2010), the variable L which is for the land and building is the cost of construction in the production function of the property companies.

b. Operating Costs affecting Property Company's Performance

Associated with the production function according to Epple (2010), classified in cost of sales of variable M is all variables other than land and buildings move. The influence of the operational costs to the company's performance is described by Mankiw (2009) in the previous production function. The higher these costs, then the gains of the business will be smaller (Warren, 2007).

c. National Gross Domestic Product affecting Property Company's Performance

Theoretically economic fluctuations have an impact on the overall company's performance. High economic growth can increase the profitability of the company (Sinuraya: 2011). The company's performance will be reflected in the profit earned by the company.

d. Inflation affecting Property Company Performance

Inflation shows the rate of current general prices (Mankiw, 2009). Inflation is associated with a reduction in purchasing power, both individuals and companies. Research on the relationship between inflation and profitability is done by Widjojo (in Almilia, 2004) which states that higher inflation will further reduce the level of profitability of the company.

e. Banking and Capital Markets Dependencies affecting Property Company Performance

The existence of institutions affects the economic growth positively (North: 2009). Macro-economic growth of the study can be seen from the demand or supply side. From the micro level, the institutional influence on economic growth means also that the institutions have an impact on the performance of individual companies.

$$GDP = C + I + G + NX$$

$$Y = E(\text{people}) + E(\text{private}) + E(\text{government}) + E(\text{foreign})$$

$$E(\text{Private}) = Y - E(\text{people}) - E(\text{government}) - E(\text{foreign})$$

$$s^{-2} s^{-1} + + \dots + + s^{-3} s^{-n} = Y - E(\text{people}) - E(\text{government}) - E(\text{foreign})$$

If Institutional \rightarrow Y (according to North C),

Institutional \rightarrow $s^{-1}, s^{-2}, s^{-3}, \dots s^{-n}$

From the equation above, it can be concluded that because grand theory states that institutions can affect economy, while private investment or expenditure is part of the economy, then institutions are also said to affect private spending. Or in this case, associated with research background, banking and capital markets institutions can be said to affect the performance of property companies in Indonesia.

f. Property Company's Performance Indicator

The indicator used to express the performance of property companies in Indonesia are return on assets (profits per total assets). Duckworth (1993) has outlined 14 indicators of performance for the property companies. For enterprise-level analysis, Duckworth suggested the use of ROA. Nourse (1994) stated that the ROA has been the best indicator of the performance of the property companies. Hammes (2005) also stated this ROA is a more precise indicator of the performance of the property companies.

2. The Theories of Institutional Dependencies

Institutional dependency is a term used to indicate the company's dependence on the function of an institution outside the company / external parties. Definition of institutional dependency begins when the company does not have the ability to run a function in the normal course of business, so the company handed over the functions to particular institutions outside the company. In management knowledge field, function assignment to a third party company is called outsourcing.

Lei (1995) defined outsourcing as "the reliance on external sources for manufacturing components and other value-adding activities." That is, outsourcing is dependence on external sources for component of manufacturing or other value-adding activities. Initially this activity was associated with a manufacturing company / manufacturing, such as Coca Cola that rely on a large scale functions to external supply lines (Tas, 2004). Another function that can be handed to other institutions is the IT function (Anjum, 2012), the function of human resources, legal, finance, accounting, customer relationship, and other corporate functions (Overby, 2007).

The function of an organization discussed in this research is the function of banking and capital markets institutions. At the time of a company's financing functions can not be supported solely by its own, the company will seek funding from outside the company. The term used for this activity is the external financing or external funding. The two institutions as source of external funding for companies are banking and capital markets.

Corporate profits would also be obtained if they submitted the financing function to a third-party. If external funding is done, the company will also get an increase in performance. Wahyudi (2004) stated that "in a state in which the company's debt ratio is still relatively low, the higher the debt ratio, the higher the ROA will be."

The relationship between institutional variables and economic performance is explained by Yustika (2013: 182) in the following chart:



Figure 1. Relationship between Institutions and Economic Performance

The link between institutional dependencies and costs reduced by the existence is described by the chart above. Better dependence toward institutions will lead to a better economic performance. The costs reduced by the existence of institutions are explained below:

- a. Transaction Costs
- b. Moral Hazard
- c. Adverse Selection
- d. Cost Externalities

RESEARCH METHODOLOGY

This study is a quantitative descriptive study that will examine the influence of the banking and capital market dependency on the performance of public companies in Indonesia property sector, as well as the variables that influence these three variables. In addition, researchers will project how the prospect of property companies' performance in Indonesia, banking and capital markets dependencies in 2015. The type of data examined in this study is a documentary data. Data is obtained from the annual financial statements of public companies in Indonesia property sector, which is officially published by the Indonesia Stock Exchange through its website in www.idx.co.id. Assessment of the entire population are available, the number of samples obtained is 15 companies. Research is conducted for the period of 3 years, i.e. 2010, 2011, and 2012. Thus, the number of observation this research panel data are 45 observations.

1. Regression Model Decision

The study involves three major equations, i.e. equation of Banking Dependencies, Capital Markets Dependencies, and Property Company Performance. The proposed equation models are as follow:

$$\begin{aligned} \text{a. } \widehat{DPB}_{it} &= a_i + a_1 BT_{1it} + a_2 MH_{1it} + a_3 AS_{1it} + a_4 BE_{1it} + e_1 \\ \text{b. } \widehat{DPM}_{it} &= b_i + b_1 BT_{2it} + b_2 MH_{2it} + b_3 AS_{2it} + b_4 BE_{2it} + e_2 \\ \text{c. } KPP_{it} &= c_i + c_1 BK_{it} + c_2 BP_{it} + c_3 Y_t + c_4 \pi_t + c_5 \widehat{DPB}_{it} + c_6 \widehat{DPM}_{it} + e_3 \end{aligned}$$

To determine the appropriate regression model for those equations, there will be two stages of testing: the Chow test and the Hausman test. Based on the Chow test, for those three equations, H_0 is rejected, and thus the fixed effect and random effect model are better used than common effect one. Furthermore, based on the Hausman test, the exact forms of the regression model used for the Banking Dependencies and Capital Markets Dependencies are both the fixed effects models. This model would require tests of classical assumptions. While the exact form of the regression model used for the variable of Property Company Performance is random effects models. This model does not require the classical assumption test.

2. Regression Model Equation

Based on the results of classical assumptions test, the variables can be declared free from the problems of multicollinearity, autocorrelation, heteroscedasticity. The final regression equations are as follow:

$$\begin{aligned} \text{a) } \widehat{DPB}_{it} &= a_i + a_1 BT_{1it} + a_2 MH_{1it} + a_3 AS_{1it} + a_4 BE_{1it} + e_1 \\ \text{b) } \widehat{DPM}_{it} &= b_i + b_1 BT_{2it} + b_2 \log(MH_{2it}) + b_3 AS_{2it} + b_4 BE_{2it} + e_2 \\ \text{c) } KPP_{it} &= c_i + c_1 BK_{it} + c_2 BP_{it} + c_3 Y_t + c_4 \pi_t + c_5 \widehat{DPB}_{it} + c_6 \widehat{DPM}_{it} + e_3 \end{aligned}$$

RESULTS

1. Banking Dependencies Equation Model

The following table is the result of regression to the banking dependencies that are affected by the cost of banking transactions, banking moral hazard, adverse selection of banking, and the cost of externalities.

Dependent Variable: DPB?
Method: Pooled Least Squares
Date: 08/25/14 Time: 16:28
Sample: 2010 2012
Included observations: 3
Cross-sections included: 15
Total pool (balanced) observations: 45

C	-1.607264	2.838356	-0.566266	0.5761
BT1?	0.041853	0.064933	0.644563	0.5249
MH1?	0.025107	0.408695	0.061432	0.9515
AS1?	0.446684	0.160743	2.778876	0.0100
BE?	-0.019002	0.162048	-0.117262	0.9076
Fixed Effects (Cross)				
_ASRI--C	10.44449	_GPRA--C	-6.919090	
_CTRA--C	1.089295	_SMRA--C	6.520533	
_CTRP--C	2.800821	_ADHI--C	-7.915048	
_CTRS--C	4.069701	_JKON--C	5.757339	
_GMTD--C	-4.173111	_PTPP--C	5.650639	
_JPRT--C	0.249034	_TOTL--C	-9.553235	
_LPKR--C	-4.728040	_WIKA--C	-7.930284	
_MKPI--C	4.636956			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.762849	Mean dependent var	5.823333	
Adjusted R-squared	0.598667	S.D. dependent var	5.228657	
S.E. of regression	3.312399	Akaike info criterion	5.529101	
Sum squared resid	285.2717	Schwarz criterion	6.291914	
Log likelihood	-105.4048	Hannan-Quinn criter.	5.813470	
F-statistic	4.646367	Durbin-Watson stat	2.073586	
Prob(F-statistic)	0.000211			

Based on the results of the model regression equation above study, it was concluded that there is influence of each variable determinant of Banking Dependencies variables, with regression coefficient is not equal to zero ($a_1 \neq a_2 \neq a_3 \neq a_4 \neq 0$). Banking Dependencies equation model for public property company in Indonesia are as follows:

$$DPB_{it} = -1,607 + 0,042BT1_{it} + 0,025MH1_{it} + 0,447AS1_{it} - 0,019BE_{it} + e_1$$

2. Capital Market Dependencies Equation Model

The following table is the result of regression to capital market dependencies that are influenced by the capital market transaction costs, capital market moral hazard, adverse selection of capital markets, and the cost of externalities.

Dependent Variable: DPM?
Method: Pooled Least Squares
Date: 08/27/14 Time: 07:25
Sample: 2010 2012
Included observations: 3
Cross-sections included: 15
Total pool (balanced) observations: 45

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.643986	18.26473	0.473261	0.6400
BT2?	-0.185014	0.117284	-1.577484	0.1268
LOG(MH2?)	2.339758	5.885056	0.397576	0.6942
AS2?	0.035838	0.131670	0.272177	0.7876
BE?	0.010300	0.155148	0.066385	0.9476
Fixed Effects (Cross)				
_ASRI--C	11.41460	_GPRA--C	11.01564	
_CTRA--C	18.51078	_SMRA--C	-7.975224	
_CTRP--C	17.94759	_ADHI--C	-12.52259	
_CTRS--C	-1.311869	_JKON--C	-2.224134	
_GMTD--C	-4.946499	_PTPP--C	-8.241619	
_JPRT--C	-9.598079	_TOTL--C	5.979866	
_LPKR--C	-3.509624	_WIKA--C	-7.269268	
_MKPI--C	-7.269564			
Effects Specification				

Cross-section fixed (dummy variables)

R-squared	0.898777	Mean dependent var	15.35356
Adjusted R-squared	0.828699	S.D. dependent var	11.01607
S.E. of regression	4.559389	Akaike info criterion	6.168133
Sum squared resid	540.4887	Schwarz criterion	6.930946
Log likelihood	-119.7830	Hannan-Quinn criter.	6.452502
F-statistic	12.82543	Durbin-Watson stat	1.660744
Prob(F-statistic)	0.000000		

Based on the results of the regression, it was concluded that each determinant variable has influence on Capital Markets Dependencies, with a regression coefficient value is not equal to zero ($b_1 \neq b_2 \neq b_3 \neq b_4 \neq 0$). Equation model for capital market dependencies of public property companies in Indonesia are as follows:

$$DPM_{it} = 8,644 - 0,185BT2_{it} + 2,340\log(MH2_{it}) + 0,036AS2_{it} + 0,010BE_{it} + e_2$$

3. Property Company Performance Equation Model

The following table describes how the variable of property companies' performance affected by the cost of construction, cost of sales, the national economy, inflation, banking dependencies and capital markets dependencies.

Dependent Variable: KPP?
 Method: Pooled EGLS (Cross-section random effects)
 Date: 08/27/14 Time: 08:06
 Sample: 2010 2012
 Included observations: 3
 Cross-sections included: 15
 Total pool (balanced) observations: 45
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-179.6733	79.74878	-2.252991	0.0301
LOG(BK?)	-0.778909	0.656506	-1.186446	0.2428
LOG(BP?)	0.468497	0.580459	0.807116	0.4246
LOG(Y?)	12.93007	5.327259	2.427153	0.0201
INF?	0.393667	0.708486	0.555645	0.5817
DPB_TOP?	0.126491	0.120149	1.052778	0.2991
DPM_TOP?	-0.294915	0.085438	-3.451801	0.0014
Random Effects (Cross)				
_ASRI--C	4.509851	_GPRA--C	0.302785	
_CTRA--C	1.159120	_SMRA--C	-3.129406	
_CTRP--C	-0.286052	_ADHI--C	-1.683727	
_CTRS--C	-3.025431	_JKON--C	0.683216	
_GMTD--C	-1.493649	_PTPP--C	-0.933549	
_JPRT--C	-1.988350	_TOTL--C	3.632822	
_LPKR--C	-3.289506	_WIKA--C	0.195838	
_MKPI--C	5.346037			

Effects Specification

	S.D.	Rho
Cross-section random	3.202347	0.8061
Idiosyncratic random	1.570689	0.1939

Weighted Statistics

R-squared	0.344236	Mean dependent var	2.278113
Adjusted R-squared	0.240695	S.D. dependent var	1.944453
S.E. of regression	1.694360	Sum squared resid	109.0925
F-statistic	3.324617	Durbin-Watson stat	1.775827
Prob(F-statistic)	0.009911		

Based on the results of the regression equation, it was concluded that each variable determinant of property company performance, the value of the regression coefficient is not equal to zero ($c_1 \neq c_2 \neq c_3 \neq c_4 \neq c_5 \neq c_6 \neq 0$). Property Company Performance equations model for public property company in Indonesia are as follows:

$$KPP_{it} = -179,673 - 0,778\log(BK_{it}) + 0,468\log(BP_{it}) + 12,930\log(Y_t) + 0,393\pi_t + 0,126DPB_{it} - 0,295DPM_{it} + e_3$$

4. Projection of Banking Dependencies, Capital Markets Dependencies and Property Company Performance

Based on these formulas, the projections for banking dependencies, capital markets dependencies, and performance of the company property on average in Indonesia in 2013-2015 are as follows:

Dependent Variables	2013	2014	2015
Banking Dependencies	$a_i + 7,49\%$	$a_i + 7,46\%$	$a_i + 7,45\%$
Capital Market Dependencies	$b_i - 1,68\%$	$b_i - 1,68\%$	$b_i - 1,68\%$
Property Company Performance	$8,26\% + 0,126DPB_{it} - 0,295DPM_{it}$	$8,25\% + 0,126DPB_{it} - 0,295DPM_{it}$	$8,24\% + 0,126DPB_{it} - 0,295DPM_{it}$

Source: Researcher's Calculation

CONCLUSION AND RECOMMENDATIONS

1. Conclusion

Based on the research findings, this study can be summarized that all hypotheses has been proven. The first hypotheses: the banking transactions costs, banking moral hazard, banking adverse selection, the cost of externalities jointly have significant effect on the property companies' banking dependency sector in Indonesia. Adjusted-R2 value shows a large contribution in the first model which is 76.28%. The variable with the most impact on the banking dependencies is banking adverse selection.

Furthermore, the capital market transactions cost, capital market moral hazard, capital markets adverse selection, the cost of externalities affect the capital market dependencies of the public company in Indonesia property sector. Adjusted-R2 value shows a large contribution which is 89.87%. The variable with the most impact on the capital market dependency is the moral hazard of capital markets.

Next, the cost of construction, cost of sales, national economy, inflation, banking dependencies, and capital markets dependencies, affect the performance of public company in Indonesia property sector. Adjusted-R2 value shows a large contribution which is 34.42%. The variable with the most impact on the performance of the property company is the national economy.

Lastly, the projection for banking dependencies, capital markets dependencies and property companies' performance shows that the highest value of banking dependencies will be owned by ASRI in 2013 while the lowest value will be owned by TOTL in 2015. The highest value of capital markets dependencies will be owned by CTRA in the years 2014-2015 while the lowest value will be owned by ADHI in 2015. The highest value of the property company's performance will be owned by SMRA in 2013 while the lowest value will be held by CTRA in 2014-2015.

2. Recommendations

The purpose of the policy is to improve the efficiency of institutions that will ultimately bring positive influence to the performance of companies that take advantage of the existence of the institution. Therefore, the research results show that banking dependencies can improve the performance of property companies suggested that the government should pay attention to the main variables that affect the banking dependencies. The most important variable affecting the banking dependencies is banking adverse selection represented by the total value of trade receivables of the company. The larger the company non-cash transaction (receivables) indicates that the dependency on the banking institutions will increase. Therefore, government oversight to maintain the characteristics of healthy financial institutions should be improved.

Dependencies associated with capital markets have a negative effect on performance; it can be stated for this research has not proven the positive effect of capital market dependency on the performance of the company. Problems can occur on how the capital market framework that currently exists in reality does not indicate intensive for performance improvement. If this is proven in further research, then the government effort that should be improved is the role of monitoring corporate performance and increase the active participation of members in the capital markets to ensure the oversight of the company's performance.

Performance of the property company is most significantly affected by the national economy. Therefore, it is advisable for the government and stakeholders related to the national economy and the development of properties in order to integrate the industry in improving the performance of the economy as optimal as possible for the sake of the common good. Performance of the property company is nearly unaffected by inflation, which indicates that the Indonesian property industry can be a considerable investment advice as safe choice when associated with price fluctuations.

APPENDIX

1. Public Property Company Performance in Indonesia and Determinant Variables in 2012

Research Samples	Company Performance		Cost of Construction		Cost of Sales		National Economy		Inflation Rate		Banking Dependencies		Capital Market Dependencies	
	%	GRW (%)	Million (Rp)	GRW (%)	Million (Rp)	GRW (%)	Billion (Rp)	GRW (%)	%	GRW (%)	%	GRW (%)	%	GRW (%)
ADHI	13.25	1.38	6,671,81461	11.93	20,751.36	2.80	8,229,439.40	10.92	4.28	-20.48	2.35	-18.75	2.29	-22.35
ASRI	11.46	-15.49	979,517.35	72.86	68,458.02	79.31	8,229,439.40	10.92	4.28	-20.48	7.27	-21.21	17.95	-39.65
BSDE	8.96	-35.81	1,346,82825	31.88	287,041.62	-6.44	8,229,439.40	10.92	4.28	-20.48	0.57	-24.91	10.95	-19.96
CTRA	7.12	-21.32	1,656,10829	45.87	240,642.49	47.62	8,229,439.40	10.92	4.28	-20.48	10.68	53.51	27.54	-16.30
CTRP	6.50	-2.85	302,656.94	88.95	64,245.30	114.62	8,229,439.40	10.92	4.28	-20.48	17.35	210.07	28.59	-19.77
DGK	4.85	-45.80	1,074,00529	9.98	88,894.59	24.37	8,229,439.40	10.92	4.28	-20.48	10.51	11.16	35.65	-4.47
GMTD	8.49	-54.86	111,875.12	14.61	45,258.45	95.04	8,229,439.40	10.92	4.28	-20.48	0.00	N/A	6.51	-37.56
GPRA	7.65	-47.66	165,575.07	-21.66	25,098.79	40.71	8,229,439.40	10.92	4.28	-20.48	13.85	43.35	32.59	25.61
JKON	12.02	-40.71	3,445,96928	24.77	82,761.38	67.13	8,229,439.40	10.92	4.28	-20.48	17.64	5.60	12.71	-3.53
JRPT	9.20	-23.28	494,740.89	22.62	180,080.66	12.76	8,229,439.40	10.92	4.28	-20.48	0.00	-100.00	5.75	-14.95
SMRA	10.15	-21.52	1,871,17637	42.60	148,319.54	17.97	8,229,439.40	10.92	4.28	-20.48	8.26	-20.54	7.24	-18.71
TOTL	17.03	27.74	1,485,38558	12.09	160,943.24	40.69	8,229,439.40	10.92	4.28	-20.48	1.06	N/A	16.65	-7.49
WKA	7.73	-25.59	8,902,20896	27.57	11,386.52	212.30	8,229,439.40	10.92	4.28	-20.48	11.45	108.27	5.58	-23.96

Sources: Company Annual Financial Report in 2012, Economic Data from Indonesia Bureau of Statistics (BPS) (www.bps.go.id);

2. Public Property Banking Dependencies in Indonesia and Determinant Variables in 2012

Research Samples	Banking Dependencies		Banking Transaction Cost		Banking Moral Hazard		Banking Adverse Selection		Externality Costs	
	%	Growth (%)	%	Growth (%)	%	Growth (%)	%	Growth (%)	%	Growth (%)
	ADHI	2.55	-18.75	19.41	-21.79	6.27	-7.22	30.57	23.53	6.97
ASRI	7.27	-21.21	2.38	-71.39	0.39	NA	1.21	-43.46	-3.69	-326.49
BSDE	0.57	-24.91	5.55	-67.96	2.20	50.96	2.23	-28.00	-5.95	7.25
CTRA	10.68	53.31	3.60	62.35	0.40	-64.84	21.80	88.35	-1.75	-38.18
CTRP	17.33	210.07	4.98	556.49	0.10	-90.54	22.97	228.18	-4.51	-71.77
DGJK	10.51	11.16	17.16	-38.05	0.54	-29.03	21.55	27.35	-0.74	-142.25
GMTD	0.00	N/A	0.00	-100.00	3.86	39.51	6.99	-43.46	-4.32	-124.66
GPRA	13.85	43.35	9.16	-55.11	1.97	74.33	49.28	31.01	6.35	11.03
JKON	17.64	5.60	12.69	64.94	2.06	-33.87	16.03	27.72	0.27	-96.49
JRPT	0.00	-100.00	0.64	1113.22	26.44	32.65	1.33	-40.60	-4.52	-143.77
SMRA	8.26	-20.54	10.59	-31.40	0.00	NA	3.77	13.55	0.71	-50.25
TOTL	1.06	N/A	0.19	-93.82	2.02	-21.18	23.85	-8.94	5.91	14.84
WKA	11.45	108.27	4.29	78.48	7.01	-0.73	20.16	-16.33	0.38	22.55

Sources: Company Annual Financial Report in 2012, Economic Data from Indonesia Bureau of Statistics (BPS) (www.bps.go.id);

3. Public Property Capital Market Dependencies in Indonesia and Determinant Variables in 2012

Research Sample	Capital Market Dependencies		Capital Market Transaction Cost		Capital Market Moral Hazard		Capital Market Adverse Selection		Externality Costs	
	%	Growth (%)	%	Growth (%)	%	Growth (%)	%	Growth (%)	%	Growth (%)
	ADHI	2.29	-22.35	6.07	-14.87	6	20.00	42.30	21.43	6.97
ASRI	17.95	-39.63	5.88	-20.19	5	0.00	106.55	42.10	-3.69	-326.49
BSDE	10.95	-19.96	8.38	-2.64	8	0.00	162.89	0.00	-5.95	7.25
CTRA	27.54	-16.30	24.60	-15.01	5	-16.67	76.27	0.00	-1.75	-38.18
CTRP	28.59	-19.77	8.02	-0.03	5	0.00	87.07	0.00	-4.51	-71.77
DGJK	35.63	-4.47	0.00	-100.00	5	0.00	74.40	0.00	-0.74	-142.25
GMTD	6.51	-37.56	2.38	-24.26	10	0.00	42.31	0.00	-4.32	-124.66
GPRA	32.59	25.61	3.43	66.05	3	0.00	63.42	0.00	6.35	11.03
JKON	12.71	-3.53	9.78	3.47	5	0.00	78.88	0.00	0.27	-96.49
JRPT	5.73	-14.93	7.58	15.24	5	0.00	93.05	0.00	-4.52	-143.77
SMRA	7.24	-18.71	8.61	91.90	4	-20.00	146.57	57.14	0.71	-50.25
TOTL	16.63	-7.49	54.95	216.76	6	0.00	68.97	0.00	5.91	14.84
WKA	5.58	-23.96	11.59	-12.41	6	20.00	84.64	13.17	0.38	22.55

Sources: Company Annual Financial Report in 2012, Economic Data from Indonesia Bureau of Statistics (BPS) (www.bps.go.id);

ACKNOWLEDGEMENTS

The researchers thank the committee of International Conference on Business and Economic 2014, Universitas Andalas, Indonesia, for publishing this paper in its conference associated papers.

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