

UNIVERSITAS INTERNASIONAL BATAM

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ANALYSIS OF THE EFFECT OF OWNERSHIP STRUCTURE AND ROA ON FINANCIAL DECISION

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ABSTRACT

Financial decisions are one of the company's strategies to increase company value. Financial decisions can be influenced by internal factors and external factors. In this case the level of profitability and structure in ownership indirectly contribute to financial decision making. This study specifically discusses the relationship of ownership structure in the form of concentration of ownership in the company and ROA in its influence on financial decisions as measured by cash, dividends, and total debt.

By taking a sample of companies from all sectors on the Indonesian stock exchange listed in 2014-2018, this study selected 260 companies that fit the research criteria. Secondary quantitative data were used in the study and were obtained from the Indonesia stock exchange website. Panel regression test was used in this study to test the initial assumptions of this study.

The findings from the results of a series of hypothesis testing shows that ownership structure variables in the form of ownership concentration does not have a significant effect on financial decisions and the rate of return on assets gets a significant positive result on the financial decisions of the company. The results found in the control variable, Tobin's Q, have a significant positive influence on financial decisions, the fixed asset variable of the company has a significant negative effect on financial decisions, then on the variables of risk, sales growth, firm size, intangible assets are found that do not have a significant influence on financial decisions.

Keywords: *financial decisions, debt, ROA, ownership concentration.*