

# **VALUE-ADDED ENTERPRISE, CORPORATE GOVERNANCE ON SUSTAINABLE ENTERPRISE WITH INVESTMENT OPPORTUNITIES SET AS INTERVENING VARIABLE**

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## ***ABSTRACT***

*This study was to analyze the causes of the company can be sustained. The company can not survive, internal problems: value-added enterprise is bad and no good corporate governance. External factors could be expected to affect the sustainable enterprise in global economic crisis.*

*The sample used a public company listed on the Indonesia Stock Exchange (IDX) and New York Stock Exchange (NYSE). The result is a significant influence investment opportunities set for sustainable enterprise, corporate governance significantly affect indirectly on sustainable enterprise through a set of investment opportunities, and value-added companies significantly affect indirectly on sustainable enterprise through a set of investment opportunities. The implication of government need to provide ease to the entrepreneurs to invest in order to enterprise sustainability, so as to open up a broader jobs and increase revenue for the state through taxation sector.*

*Keywords: Value-added enterprise, corporate governance, investment opportunity, sustainable enterprise.*

## INTRODUCTION

### Background Research

As a result of management actions selfish self-interest (Veronica, 2014) led to the company suffered losses and even bankruptcy. These conditions have occurred during the crisis Asia in the mid-1997 and the global financial crisis of 2008 in Europe and the United States. Company can not survive maintain business continuity, one of the factors thought to be the cause of the problem is an internal problem: the value-added enterprise is bad and no good corporate governance. External factors could be expected to affect the ability of a company that is sustainable as the global economic crisis.

According Hendriyeni (2014), sustainable business is a business that ensures that all activities and production processes into account the social and environmental conditions, and still make a profit. John Elkington (1997), the company wants to sustainable must consider the '3P' (Profit, People, Planet), namely that in addition to the pursuit of profit (*profit*), the company must also pay attention and be involved in the fulfillment of social welfare (*people*) and also contribute actively in protecting the environment (*planet*).

The Companies have a positive growth developments provide a positive signal to investors that use values added enterprise has good prospects. Research on investment opportunities (IOS), it can be seen that the variables are widely used and influential on the first OS is the use values of the company such as dividend policy, debt policy, profitability, risk and leverage (Belkanuoi, 2001). The reason is that the investment is used by a company when deciding to invest can be obtained from three (3) sources that internal funds, debt to banks or other institutions, and can also with the issue of shares on the stock exchange (Gumanti, 2008).

In determining the type of investment, whether the need for funds filled from within or from outside the company, for the management should pay attention to the level of financial capability (cash flow) company. Source of funding fulfillment means reflects a stage where the company is located, whether in the expansion or growth stage (*growth*). This management in demand can understand every alternative fulfillment with good funding and realistic (according to the ability of the company).

Kaen (2003), corporate governance in principle over who should control the activities of the company and why it should be controlling the activities of the company. "Who" is the shareholders, while the "why" because there is a relationship between the shareholders of the various parties interested in the company. Company has a moral duty to be honest, obey the law, uphold integrity, and financial irregularities.

In the future corporate governance policies (*corporate governance*) should pay attention to the needs of stakeholders (*stakeholders*), because in every activity of the company has always stressed that companies should develop ethical business practices and sustainable (*sustainable*) economic, social and environmental.

### **Problem Formulation Research**

The extent of constructs are built and based background as described above, this study examines the influence of *corporate governance* on *sustainable enterprise* with a set of investment opportunities (IOS) as *an intervening* variable, subsequently formulated in the form of questions as follows :

1. Is corporate governance influence on value-added enterprise?
2. Is value-added enterprise influence on sustainable enterprise?
3. Is investment opportunities set influence on sustainable enterprise?
4. Is corporate governance influence on sustainable enterprise?
5. Is the value-added enterprise influence on investment opportunities set ?
6. Is *corporate governance* influence on investment opportunities set ?
7. Is value-added enterprise influence on sustainable enterprise through investment opportunities set?
8. Is *corporate governance* influence on sustainable enterprise through investment opportunities set ?

### **Literature Review and Hypotheses Development**

#### **Definition of Contingency Theory**

Mikes (2014) states the contingency theory is a theory that explains that things happen because of the dependence of each other factors. These factors could be the antecedent and consequent. This theory should have specific hypotheses about the relationship between the organization of certain factors, the design of enterprise risk management structure (enterprise risk management) and systems.

Contingency theory is not merely a theory, but rather as a tool to facilitate the flow in order to understand the situation of an incident and provide an alternative to the company to respond to the flow. Contingency theory can be regarded as a sub-section of an open theory because such open systems theory to understand the dynamic flow of the situation, personnel, and resources that take place within the company.

#### **Context Contingency Theory**

The Plan Contingent is a response substitute formulated to affect the relationship between antecedent and consequent. In other words, can be described as follows:

- A = antecedents (corporate governance and value-added enterprise)
- B = condition ( investment opportunities set)
- C = consequent (sustainable enterprise)

Relationship between A and C improved by B, management strategy requires information that must exist for the marvelous sir and limit alternatives prepared.

Contingency theory as a potentially powerful tool to enhance value added enterprise with the ultimate goal of sustainable enterprise (Betts, 2011). Relation is often much simpler and easier to understand and more elegant than the other theory. Simplicity and scope make contingency theory has greater potential, the potential for the

development of simple decision rules that have large-scale impact on the sustainable enterprise.

### **Value-added Enterprise**

To increase the value-added enterprise should have a size use value-added enterprise relevant. Economic value added (EVA) is very relevant in this case because EVA measures the value-added enterprise based on the size of the profits earned during a certain period (Utomo, 1999). EVA is a financial analysis tool for measuring the economic profit of the company in which the shareholder wealth created if the company closes all capital costs and operating costs.

EVA is a total reduction of capital costs to operating profit after taxes. EVA is an indicator of the value creation of an investment. The results were positive EVA means the company managed to create value for investors because the company generates returns that exceed returns that exceed the level of the cost of capital. Conversely, if the results are negative EVA indicates the value of the company declined the company has not been able to produce a rate of return higher than the cost of capital. EVA can also be used as a basis for goal setting, capital budgeting, performance assessment, and incentive compensation of a company in the preparation of the company's strategy to lead the company's sustainability.

While the market value added (MVA) by Brigham (2006) The main goal of the company is to maximize shareholder wealth. Increased MVA can be done by increasing EVA which is the measurement value added annual operational, thus EVA has a strong relationship with the MVA. MVA as a measure of value added externally, and can only be measured if the company has gone public, where MVA tend to provide greater assessment of additional investment real wealth.

Based on the above explanation, the researchers used the economic value-added (EVA) and market value added (MVA) to measure values-added enterprise. The reason EVA is a very important measurement used as financial distress signal at a company (Salmi, 2001). A company can not gain above required of return, it will be a negative EVA. This is a warning of financial distress for the company. While MVA is more dependent on the expectations of the value added in the future (Syahlina, 2013). Company with a history of negative EVA can only have a positive MVA provided that the investors expect there is a change in the future.

### **Corporate Governance**

In Indonesia the concept of *corporate governance* (CG) much discussed since the Asian crisis that occurred in mid 1997. According Hidayah (2008) The economic crisis in Southeast Asia and other countries not only due to macroeconomic factors but also the weakness of good corporate governance (GCG), such as: lack of legal, accounting standards and financial checks that have not been established, the capital market is still under-regulated, weak supervision commissioner, and neglected minority rights. GCG is not only a positive result for shareholders, but for the wider community in the form of national economic growth.

Efendi (2009) stated that CG as a set of rules in order to control the company to generate added value for the stakeholders because of the presence of CG will form working patterns transparent management, clean and professional. Companies with good management and transparent means already implementing implementation good corporate governance (GCG). GCG is not only focused to provide benefits for the management and employees of the company, but also for stakeholders: customers, suppliers, government and society associated with the company (Ramdhanings ih, 2013).

Monda (2013) designed a multi-dimensional index to measure the quality of *corporate governance* system which was adopted by the company to determine the relationship between the quality of corporate governance and value of the company. As a result a positive relationship and significant statistically between corporate governance, as measured by a subset of 12 variables, with the value of the company. Meanwhile, according Limanto (2014), the effect of the implementation of GCG score is positive significant towards sustainable enterprise. Based on the above reasons, researcher used a measurement indicator CG berpendoman in Asean Corporate Governance Scorecard years 2012-2013.

### **Investment Opportunity Set (IOS)**

Ratnawati (2007), sustained growth of the company is the degree to which the company's sales could grow depending on how the asset support to increase sales and how the funds are available (*in the form of current liabilities, debt, retained earnings and new sales*) on the growth of assets by assuming the company is willing and able to provide new debt and capital increase. This assumption to overcome financial constraints to growth. According Saputro (2003) the growth of the company is a party desired expectation that the company's internal management and the eksternal companies such as investors and creditors. This growth is expected to give a positive aspect for companies such as the existence of an opportunity to invest in the company. Growing the company's prospects for investors is a lucrative prospect for capital invested is expected to give a high *return*. Research Vogt (1997) showed that companies that grow will be responded positively by the market. According to Smith and Watts (1992) opportunities to grow the company looks at investment opportunities that proxy with various combinations of indicators set of investment opportunities.

Based on the above understanding, researcher concluded that the investment is sacrifice some funds to have one or several assets during a given period that will give results in the form of receipts / payments in the future are uncertain. IOS is a variable that can not be observed with certainty that the necessary a proxy to measure it (Indrawati, 2012). Most of the proxy in the calculation of the IOS more using the stock price and the size of the market value of equity sebagai proxy of IOS.

According to research Yuliani (2012) that a da variable intervening where IOS significantly and positively as an intermediate variable that affects the relationship between strategy of the company ber to advanced. While research Chaibi (2014) and the Goddess (20 12) and Hasnawati (2005) variable set of investment opportunities proxied in three proxy yait u: (1) Proxy IOS, price based proxies based on the differences between

assets and stock market value. , (2) Proxy IOS, investment-based proxies shows a high level of investment activity is positively associated with a firm set of investment opportunities, and (3) Proxy IOS, variance measure is based on the idea of choice will become more valuable as the variability of *return* on the basis of the increase in assets.

Based on this, the researcher used price based proxies that market to book value of assets ratio (MVABVA), market to book value of equity ratio (MVEBVE), and firm value to book value of property, plant and equipment ratio (VPPE) to measure the investment opportunity set.

### **Sustainable Enterprise**

Companies that have expansion plans will require additional funding from external parties either through creditors and the sale of shares in the capital market. It is to be considered by the bank as a creditor and investor does have the company's growth prospects such as sales, profits and assets. Growth that has prospects for growth in the use values of t dd would be in the interest of business. The company's growth is not always good as expected by shareholders and other parties (*stakeholders*), if the sale is too high the company can obtain the pressure on financial resources. Conversely, if the sales are too low, the company is considered unable to take advantage of existing enterprise resources.

Growth companies are often carried out as factors that influence the sustainable company. Praptitorini (2011) sustainable company is always associated with the ability of management to manage the company in order to maintain service continuity in the company led. Each company not only aims to generate profits but also aims to maintain continuous service. Corporate social responsibility is a mechanism for an organization to voluntarily integrate social and environmental concerns into its operations and interactions with stakeholders, which exceeds the responsibility of the organization in the field of law (Anggriani, 2006).

Corporate social responsibility is expressed in the report called Sustainability Reporting. Sustainability Reporting is reporting on economic policy, environmental and social, influence and performance of the organization and its products in the context of sustainable development (sustainable development). Sustainability Reporting includes reporting on economic, environmental and social influence on organizational performance (ACCA, 2004 in Anggriani, 2006). Sustainability report should be a high-level strategic document which puts the issues, challenges and opportunities sustainability development which took him to the core business and industrial sectors.

Based on the above, researchers used indicators berpendoman on the Global Reporting Initiative (GRI) version 3 or better known as G3. GRI is a network-based organization that has pioneered the development of the world, the most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.

## **Inflation**

Heightened global oil prices because not seimbangannya supply and demand for oil, the cause is due to: (a) the growth of the world economy very rapidly within the last year, especially in the countries of China, (b) factors that bad weather in the Gulf of Mexico oil shipments menyebabkan be reduced , (3) Geo-politics developed in Turkey, and fears the outbreak of war between the United Anerika state with the Iranian state.

Oil prices are rising too high overall impact on inflation because it can trigger an increase in the price of other goods and services for the oil as one of the basic components for manufacturing companies, companies transporasi, and other industries as well as households. The increase in oil prices could push up the rise in production costs of goods and services that increase the price of goods and services in general.

Inflation shows the prevailing price level in general and conceptually prices measured by the weighted average rate. Practice to measure the overall level of prices. The most important price index is the consumer price index (CPI), the GNP *deflator* and producer price index (PPI). Based on the above research using the consumer price index some countries

### Summary Regarding, name of Researcher, Year, Variables and Outcomes Research

Items on the study of theory and literature, are summarized in tabular form below.

No.	Researcher (years)	Variables	Research Result
1.	Limanto and Juniarti. (2014)	<i>Good Corporate Governance as variable independent</i>  <i>Strategy as variable independent</i>  Sustainable enterprise as variable dependent	1. GCG significant positive effect on sustainable enterprise. 2. Market share strategy is proxied as significant positive effect on sustainable enterprise
2.	Ali, et al. (2013)	Strategy as variable independent  Set of investment opportunities as variable intervening  Sustainable enterprise as variable dependent	1. Strategy positive effect on sustainable enterprise. 2. Organizational self-assessment is proxied as an investment opportunity set has a mediating effect on the relationship between strategic and sustainable enterprise.
3.	Bachoo, et al. (2013)	Value added enterprise as variable independent  Sustainable enterprise as variable dependent	Value added enterprise effects positive on the company to continue in the future
4.	Monda, Barbara and Giorgino, Marco. (2013)	Good Corporate Governance as variable independent  Sustainable enterprise as variable dependent	The existence of a positive and significant relationship static between corporate governance (CG) and sustainable company.
	Yuliani, et al. (2012)	Strategy as variable independent	The influence of positive and significant, as proxied diversification effect on the company's ongoing strategy.



	Set of investment opportunities as variable intervening	Investment opportunities set as intervening variable in significant and positive affect to sustainable enterprise
6. Yuniasih, et al. (2009)	Sustainable enterprise as variable dependent t Value-added as variable independent t CSR as variable intervening Sustainable enterprise as variable dependent t	<i>Return on assets (financial value added) statistically proven positive effect on firm value (sustainability) listed on the Jakarta Stock Exchange during the years 2005-2006.</i>  <i>CSR as a moderating variable statistically proven positive effect on the relationship return on assets and the value of the company or in other words</i>  <i>CSR is a moderating variable in relation to the relationship return on assets and the value of the company.</i>  <i>Managerial ownership as moderating variables are not shown to affect the relationship return on assets and the value of the company or in other words, managerial ownership is not a moderating variable.</i>

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## RESEARCH METHODOLOGY

This research design using quantitative methods, and the population of this research is *the* company listed in Indonesia Stock Exchange (IDX), Jakarta and New York Stock Exchange (NYSE).

Sample selection technique in this research is the method purposive sampling, the samples taken from certain considerations based on the destination (Sekaran 2011). Sampling criteria: (1) public company listed in Indonesia Stock Exchange (IDX) and the New York Stock Exchange (NYSE), (2) annual reports (AR) and *sustainability report* (SR) in 2009 to 2013, (3) not in delisting years 2009-2013, (4) manufacturing company.

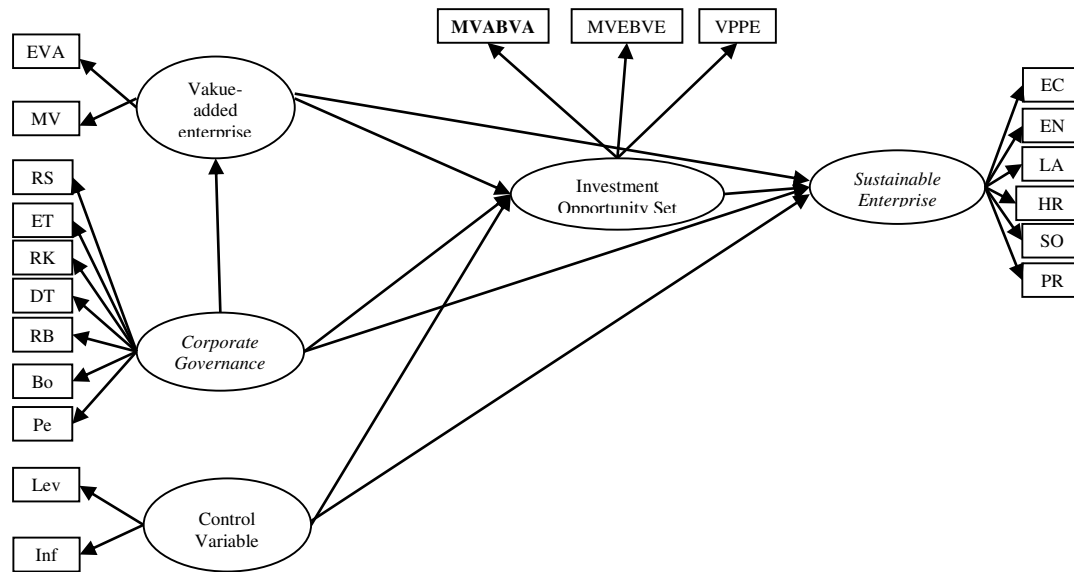
**Measurement of Operational Variables**

Variables	How to measure	Scale	Data Source
		Ratio	Secondary
	<p>ASEAN <i>Corporate Governance Scorecard</i> then given a value of 1 and if not given the value 0.</p> <p>ASEAN <i>Corporate Governance Scorecard</i> consists of indicators:</p> <ul style="list-style-type: none"> <li>- <i>Right of Shareholders</i> (26)</li> <li>- <i>Equitable Treatment</i> (17)</li> <li>- <i>Role of Stakeholders</i> (21)</li> <li>- <i>Disclosure &amp; Transparency</i> (42)</li> <li>- <i>Responsibilities of the Board</i> (79)</li> <li>- <i>Bonus</i> (11)</li> <li>- <i>Penalty</i> (23)</li> </ul> <p>A total of 219 items</p> <p>Value indicator = Total proceeds items divided by the total items available on the indicator.</p> <p>Author: Utama, et al. (2013)</p> <p><i>Economic Value added:</i></p> <p><i>NOPAT - Capital Charges</i></p>		
Added Value The company	<p><i>Market Value Added:</i></p> <p>(Number of outstanding shares) (stock price)</p> <p>- capital invested</p> <p>Author: Syahlina (2013)</p>	Ratio	Secondary

	$\frac{\text{Market to book value of equity ratio (MVEVBE Ratio)}}{\frac{\text{Shm Circulating X Share Price}}{\text{Total Equity}}}$	Ratio	Secondary
Investment Opportunity Set	$\frac{V PPE: \text{Firm value to book value of PPE ratio}}{\frac{\text{Total Assets - Total Equity}}{\text{Net Fixed Assets}}}$	Ratio	Secondary
	$\frac{\text{market to book value of assets ratio (MVABVA)}}{\frac{(\text{TA-TE}) + (\text{OS X SP})}{\text{Book Value of Assets}}}$		
	Author: Marinda (2014), Yuliani (2012), the Goddess (2012), Martati (2011), Hutchinson (2004)		
Sustainable Enterprise (Dependent variable)	GRI 3, with indicators: Instruments GRI version 3	Ratio	Secondary
Variable Control	Raar, J. (2002)  $\frac{\text{Leverage: Debt to Equity Ratio}}{\frac{\text{Total debt}}{\text{Owner's equity}}}$	Ratio	Secondary
	Author: Agustina (2013), Wahdaniah (2013), Enekwe (2012)		
	Inflation: Consumer Price Index Countries ( <i>Consumer Price Indices of Selected Countries</i> ) 2009-2013  Statistics Indonesia		

Source: researcher

### Model-based research *Partial Least Square (PLS)*



#### Description:

EVA	<i>Economic Value Added</i>
MVA	<i>Market Value Added</i>
MVABVA	<i>Market to Book Value of Assets</i>
MVEBVE	<i>Market to Book Value of Equity</i>
VPPE	<i>Firm Value to Book Value of Property Plant and Equipment</i>
RS	<i>Right of Shareholders(26 items)</i>
ET	<i>Equitable Treatment (17 items)</i>
RK	<i>Role of Stakeholders (21 items)</i>
DT	<i>Disclosure &amp; Transparency (42 items)</i>
RB	<i>Responsibilities of the Board (79 items)</i>
Bo	<i>Bonus items for companies(11 items)</i>
Pe	<i>Penalty items for companies with poor practices (23 items)</i>
Lev	<i>Leverage</i>
Inf	<i>Inflation</i>
EC	<i>Economic (9 items)</i>
EN	<i>Environmental (30 items)</i>
LA	<i>Labor Practices &amp; Decent Work (14 items)</i>
HR	<i>Human Rights (9 items)</i>
SO	<i>Society (8 items)</i>
PR	<i>Product Responsibility (9 items)</i>

## Descriptive Statistics

Descriptive statistics for the dependent variable, independent variable, intervening variables and control variables used in this study the following:

The samples used in this study were 150, which consists of 30 companies in the period from 2009 until 2013. The businesses acquired from the developing world through the Indonesia Stock Exchange (IDX) and the developed countries through the New York Stock Exchange (NYSE) .

Independent variables used in this study are *Corporate Governance*, *Value Added Enterprise*, *Investment Opportunity Set* and the dependent variables used in this study is a *sustainable enterprise* measured by the scale ratio for comparing the existing data with the instrument *the Global Reporting Initiative* (GRI ) version 3. The control variable using *leverage* and *inflation*.

The measurement result value-added companies showed an average *market value added* (MVA) of 10764.4040 greater than average *economic value added* (EVA) for - 6,138.2480 so it can be concluded the company more attention to a single measure that does not require analysis of *trends* and industry norms of the capital structure, the identification of activities or projects to provide a return of capital costs. Another thing with the measurement of *corporate governance*, the average yield no great difference is about 0.7388 to 0.8883. The average score of *shareholder rights* (RS) of 0.8051, the average *equitable treatment* (ET) 0.8188, the average *role of stakeholders* (RK) 0.7388, the average *disclosure and transparency* (DT) .8722 , the average *responsibility of the board* (RB) 0.8883, *bonus i tems for companies that go beyond the minimum standards* (Bo) 0.7688 and the average *penalty last items for companies with poor practices* is 0.7845. The result can be concluded that all 30 companies from 2009 to 2013 for the corporate governance system in above average so that it can be said the company has been running *good corporate governance*.

IOS measurements for the average *market-to-book value of equity* (MVEBVE) is 508,532.45, *market to book value of assets* (MVABVA) is 255,739.3964 and *firm value to book value of property, plant and equipment* (VPPE) 10 779. 362,506,147.72 very large. Conclusion that the set of investment opportunities, the company has studied showed good growth prospects for the company and could be the *sustainability of enterprise*).

Average *economic* (EC) is 4.7556, the average *environmental* (EN) is 5.1478, *labor practices and decent* (LA) is 4.4905, *human rights* (HR) was 3.6192, the average *society* (SO) is 3.5038 and the final *product responsibility* (PR) is 3.6489. The results of the measurement of *enterprise sustainability* by using the GRI version 3 shows the company who researched describe tersbut company concerning the environment, society and economy. In the end will produce a positive thing for a sustainable company.

### Hypothesis Testing Results

PLS approach is *distribution free* (do not assume a particular distribution of data, can be nominal, category, ordinal, interval and ratio) and the small sample size. PLS method can also be used for confirmatory theory than as a prediction. Therefore, PLS do not assume any particular distribution for parameter estimation, the parametric techniques to test the significance of the parameters is not required. PLS evaluation model based on measurement predictions that have a non-parametric nature. Measurement model or *models* with indicator *outer* reflexive *convergent* and *discriminant* evaluated from the indicators and *composite* indicators of *reliability* for the *block* indicator.

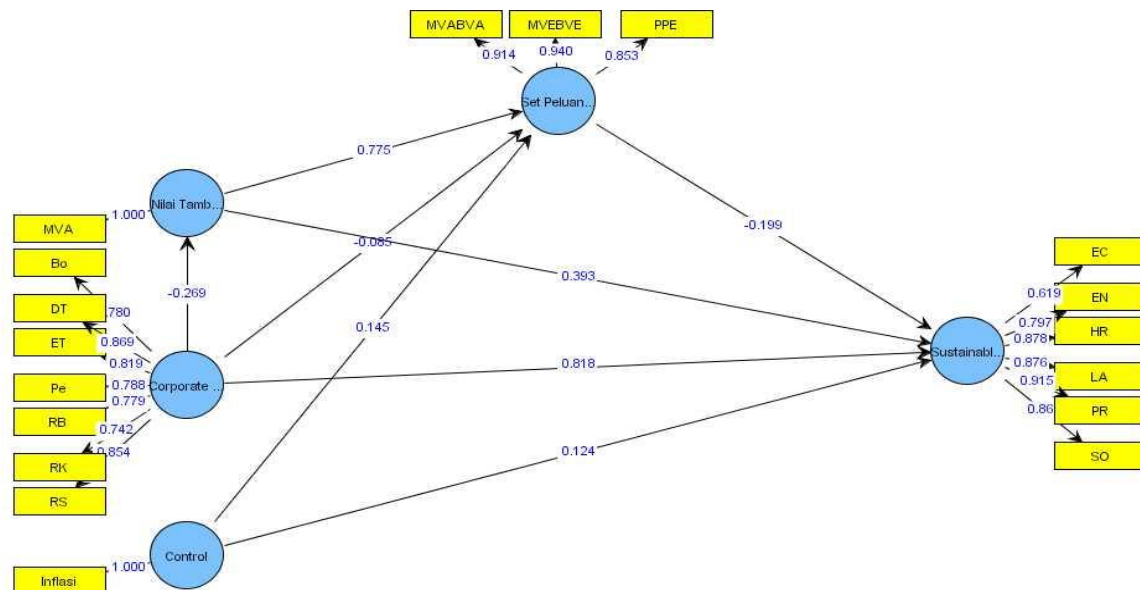
While the *outer models* with formative indicators are evaluated based on its *substantive content* is by *weight* and see the significance of the size of the *weight*. *inner* structural model or *the model* was evaluated by looking at the percentage of *variance* explained by looking at the value of  $R^2$  for the dependent latent constructs using size *Stone-Geisser Q squares test* and also see the huge structural path coefficients. The stability of these estimates was evaluated using t-test statistics obtained through *bootstrapping* procedure.

The result is the value of the parameter coefficients and statistical significance value of t as follows:

<b>Path Coefficient</b>	<b>original sample estimate</b>	<b>the mean of subsamples</b>	<b>Standard deviation</b>	<b>T- Statistic</b>
<b>Corporate Governance - &gt; Value Added Enterprise</b>	-0269	-0257	0.213	1,264
<b>Value Added Enterprise -&gt; Investment Opportunity Set</b>	0.775	0.809	0074	10 447
<b>Corporate Governance - &gt; Investment Opportunity Set</b>	-0085	-0091	0.083	1,024
<b>Control -&gt; Set Investment Opportunities</b>	0145	0.128	0056	2,607
<b>Value Added Enterprise -&gt; Sustainable Enterprise</b>	0393	0.306	0269	1,458
<b>Corporate Governance - &gt; Sustainable Enterprise</b>	0818	0.864	0081	10:14
<b>Control -&gt; Sustainable Enterprise</b>	0124	0101	0.077	1.62
<b>Investment Opportunity Set -&gt; Sustainable Enterprise</b>	-0199	-0106	0144	1,387

*Source: Data processed, SmartPLS*

## Research Result



Source: Smart PLS

### Discussion hypothesis 1

The coefficient of corporate governance -0.269 which means there is a negative effect of corporate governance on the value added of -0.26 means that if the company's corporate governance has increased the unit, the company value added will go down one unit and vice versa with the value of the  $t$ -statistic for 1.264 because the value  $t$ -statistics more  $t_{table}$  smaller than 1.97 (5% significance  $t_{Table} = 1.97$ ) or in other words  $H_0$ 1 acceptable means there is no significant relationship between corporate governance towards value added enterprise.

These results differ from the results Retno (2012) and Kukreja (2013) which states the application of corporate governance form a good working culture and provide significant influence on the value-added enterprise. In conjunction with previous studies corporate governance perception index (CGPI) by asking the company to fill out questionnaires (using primary data) while researchers use the ASEAN Corporate Governance Scorecard. ASEAN Corporate Governance Scorecard using secondary data with more detailed indicators (219 items) so that the results are more accurate for detecting the application of the principles of corporate governance (GCG) international.

### Discussion hypothesis 2

The magnitude of the coefficient value-added enterprise 0. 393 which means there is a positive influence on the value-added enterprise towards sustainable enterprise by 0363 meaning that if the value added enterprise increased one unit of the company continuing to rise one unit and vice versa with the valve of the  $t$ -statistic for 1. 458 because the value of the  $t$  statistic is smaller than  $t$  table 1. 97 ( $t$  table significance 5% = 1. 97), or in other words  $H_0$  2 acceptable means there is no significant effect of added value added enterprise towards sustainable enterprise.



The results are in contrast to studies Ammons (2007), reveals a good added value measurements will reveal the strengths and weaknesses of the company's operations. The company's operations are well made and sustained growth firms. Ulupui (2007), stated that a sustainable company is determined by the earnings power of the company's assets. The results showed that the higher the positive earnings power more efficiently and asset turnover or higher profit margins obtained by the company, and this will have an impact on sustainable enterprise. The reason there is a difference with previous studies because the data used are different. Previous research as Ammons (2007), using a sample of companies in the United States in 2005-2007 and Ulupui (2007) used a sample listed in Indonesia Stock Exchange (IDX) years from 1999 to 2005 where the research was not the global financial crisis of 2008, while researchers using a sample of listed companies not only of BEI but also listed on the New York Stock Exchange (NYSE) with the study of the global financial crisis of 2008.

### Discussion hypothesis 3

The magnitude of the coefficient sets -0.199 investment opportunities which means there is a negative effect on the investment opportunity set towards sustainable enterprise at -0.199 pales set of investment opportunities has increased one unit of the company continuing to be down one unit and vice versa with the value of the t-statistic of 1.387 for t-statistic value smaller than 1.97  $t_{table}$  ( $t_{Table}$  significance 5% = 1.97) or in other words Ho3 acceptable means there is no significant relationship between the set of investment opportunities for sustainable enterprise.

Research Chen (2010) and Adam (2007) the company's growth is partially represented by the stock price. This means that IOS can be observed from the growth of the company's book value in the future. Growth companies with positive developments from year to year, and in the end make the company remains ongoing, whereas no significant research results

Difference because previous research examining the global economic crisis, while researchers at that time was experiencing a global economic crisis.

### Discussion hypothesis 4

The coefficient of *corporate governance* 0.818 which means there is a positive influence on the company's corporate governance that had advanced to at 0.824 means that if *corporate governance* is an increase of one unit of the company continuing to rise one unit and vice versa with the value of the t-statistic of 10.14 as the value of t statistics greater than  $t_{table}$  1.97 ( $t_{table}$  significance 5% = 1.97), or in other words Ho4 rejected it means a significant difference between the corporate governance towards sustainable enterprise.

Results are consistent with research Limanto and Juniarti (2014) which states the application of *corporate governance* significant effect on sustainable enterprise, supported also by the researcher Monda (2013) found a positive relationship with the significant influence of *corporate governance* for *sustainable enterprise*.

### Discussion hypothesis 5

The magnitude of the coefficient value-added enterprise 0, 775 which means there is a positive influence on the value added enterprise investment towards investment opportunities set at 0. 775 pales in value-added enterprise increased one unit then the investment opportunities set will go up one unit and vice versa with the value of the t-statistic for 10.447 because the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}} 1.97$  ( $t_{\text{table}}$  significance 5% = 1.97), or in other words  $H_0 5$  rejected it means a significant difference between the value added enterprise towards investment opportunities.

These results indicate there is significant value added enterprise towards the set of enterprise IT investment return. This is consistent with research Martati (2011) who said that the influence of value-added enterprise proxied by increasing the value of shares of the investment opportunities set to increase.

### Discussion hypothesis 6

The coefficient of *corporate governance* -0.085 which means there is a negative effect of *corporate governance* towards the investment opportunities set - 0.0 85 pales in *corporate governance* has increased one unit of the investment opportunity set will go down one unit and vice versa with the value of the t-statistic of 1.024 for values  $t_{\text{statistic}}$  is smaller than  $t_{\text{table}} 1.97$  ( $t_{\text{table}}$  significance 5% = 1.97), or in other words  $H_0 6$  acceptable means there is no significant relationship between *corporate governance to wards* investment opportunities set.

Based on the results of the study of Liu (2006) can be said that the participation of foreign investors are proxied by *corporate governance* positively correlated investment opportunities. While the results of this study showed no significant difference between the *corporate governance* of the investment opportunity set. The reason for the study period Lin (2006) did not experienced the global economic crisis, while researchers used a study is experiencing a global economic crisis.

To answer to the hypothesis 7 and 8 using the guidelines Ghazali (2012: 181) models simultaneously testing the effect of exogenous variables (X) and variable *intervening* (M) to the endogenous variable (Y). in the final phase of testing is expected effect of exogenous variables (X) to endogenous (Y) is not significant, while the influence of variables *intervening* (M) to the endogenous variable (Y) to be significant in the  $t_{\text{statistic}} > 1.97$ .

### Discussion hypothesis 7

The value added enterprise to *sustainable enterprise* has no significant influence and also variable *intervening* investment opportunity set does not have a significant impact on *sustainable enterprise* , so it can be concluded  $H_0 7$  acceptable means to not have a significant effect.

### **Discussion hypothesis 8**

Corporate Governance for sustainable enterprise has significant influence but variable *intervening* investment opportunity set does not have a significant impact on sustainable enterprise, so it can be concluded Ho 8 acceptable means to not have a significant effect.

Reason hypothesis 7 and 8 sets of investment opportunities as a variable *intervening* does not have a significant impact on the enterprise sustainable because at the time of the 2009 to 2013 sample company in meticulous ti not done investment. The reason the state of the world economy just starting to recover around 2014 from the global financial crisis that began in 2008.

### **Sensitivity Analysis**

This analysis is done because there is a possibility of bias on the size of the independent variable value-added enterprises, variable *intervening* set of investment opportunities, and the independent variables *sustainable enterprise* . This bias is overcome by conducting research in 2006 and 2007 who have not experienced the global economic crisis. The samples used were 60 which consists of 30 companies in the period from 2006 to 2007.

**Results Analyst is Sensitivity**

	<b>original sample estimate</b>	<b>the mean of subsamples</b>	<b>Standard deviation</b>	<b>T- Statistic</b>
<b>Corporate Governance -&gt; Added Value Company</b>	0174	0242	0.115	1,514
<b>Added Value Enterprise-&gt; Investment Opportunity Set</b>	0312	0.317	0.218	1,431
<b>Corporate Governance -&gt; Investment Opportunity Set</b>	0533	0462	0152	3,513
<b>Control -&gt; Set Investment Opportunities</b>	0347	0:44	0139	2,497
<b>Added Value Enterprise -&gt; Sustainable Enterprises</b>	0.077	-0005	0.225	0343
<b>Corporate Governance -&gt; Sustainable Enterprises</b>	0.304	0327	0133	2,287
<b>Control -&gt; Sustainable Enterprises</b>	0.026	0.028	0109	0.236
<b>Investment Opportunity Set -&gt; Sustainable Enterprises</b>	0524	0583	0:25	2,097

**Discussion hypothesis 3**

Having performed a sensitivity analysis in 2006 - 2007, the results of the coefficient of 0.524 investment opportunity set, which means there is a positive influence on the investment opportunity set of sustainable enterprise at 0.524 means that if investment opportunities set has increased one unit of the company continuing to be down one unit and vice versa with the t-statistic values for 2.097 because the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}}$  2.00 ( $t_{\text{table}}$  significance 5% = 2.00), or in other words  $H_0$  3 rejected significant relationship between the set of investment opportunities for sustainable enterprise

So in accordance with previous studies, the research carried out not in a state of the global economic crisis. The result is a significant difference between investment opportunities set towards sustainable enterprise.

### Discussion hypothesis 6

Having performed a sensitivity analysis in 2006 - 2007, the coefficient of corporate governance is 0.533, which means there is a positive effect of corporate governance on the set of investment opportunities of 0.533 means that if corporate governance is an increase of one unit of the investment opportunity set will go down one unit and vice versa with the value of  $t_{\text{statistics}}$ , amounted to 3.513 as the value is  $t_{\text{statistics}}$  smaller than  $t_{\text{table}}$  1.97 (5% significance  $t_{\text{Table}} = 1.97$ ) or in other words  $H_06$  rejected it means a significant difference after the sensitivity analysis in the year 2006-2007

Based on the results of the sensitivity analysis, together with the research results Liu (2006) can be said that the participation of foreign investors are proxied by *corporate governance* positively correlated investment opportunities, if a study is done the same as previous researchers at a time of global economic crisis is not.

### Discussion hypothesis 7

Prior to the sensitivity analysis, by conducting research in 2009 - 2013 result added value enterprise towards sustainable enterprise does not have significant influence as well as the intervening variable investment opportunity set does not have a significant impact on sustainable enterprise, so it can be concluded  $H_07$  acceptable means to not have a significant effect. Having performed a sensitivity analysis in 2006 - 2007, the results of the coefficient of 0.524 investment opportunity set, which means there is a positive influence on the investment opportunity set sustainable company of 0.524 means that if a set of investment opportunities has increased one unit of the company continuing to be down one unit and otherwise the value of the  $t_{\text{statistics}}$  for 2007 because the value  $t_{\text{statistics}}$  is greater than  $t_{\text{table}}$  2.00 (5% significance  $T_{\text{Table}} = 2:00$ ), or in other words  $H_07$  rejected it means a significant difference between investment opportunities set towards for sustainable enterprise.

The result show that in global economy normal circumstances, the company can make investments while in economic crisis, the companies face difficulties to invest.

### Discussion hypothesis 8

Corporate governance towards sustainable enterprise has significant influence but variable *intervening* investment opportunity set does not have a significant impact on sustainable enterprise. In sensitivity analysis in 2006 - 2007, the results of the coefficient of 0.524 investment opportunity set, which means there is a negative effect on the investment opportunity set towards sustainable enterprise of 0.524 means that if a investment opportunities set has increased one unit of the company continuing to be down one unit and otherwise the value of the  $t_{\text{statistics}}$  for 2007 because the value is  $t_{\text{statistics}}$  greater than  $t_{\text{table}}$  2.00 (5% significance  $t_{\text{Table}} = 2:00$ ), or in other words there significant relations between the investment opportunities set and sustainable enterprise.

## CONCLUSION, LIMITATIONS, IMPLICATIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH

### CONCLUSION

This study aims to answer the question whether there is influence of the value added enterprise, *corporate governance* of the *enterprise sustainability* through investment opportunities set as a variable *intervening*. Based on previous research developed by 8 hypotheses. All hypotheses related to *sustainable enterprise*.

The samples are taken from the manufacturing company specific considerations based on the destination (Sekaran, 2011) during the years 2009 to 2013 were not in delisting on the Indonesia Stock Exchange (IDX) and the New York Stock Exchange (NYSE). The company that publishes an annual report (*annual report*) and *sustainability report* (SR) in 2009-2013.

Summarizes the results of hypothesis testing showed *corporate governance* significantly affect towards *sustainable enterprise* with the value of t-statistic of 10.14 as the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}} 1.97$  ( $t_{\text{table}} \text{ significance } 5\% = 1.97$ ), value-added companies significantly influence the investment opportunity set with the value of the t-statistic of 10.447 as the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}} 1.97$  ( $t_{\text{table}} \text{ significance } 5\% = 1.97$ ). While the hypothesis does not significant compared with previous studies.

There are several factors that allegedly have an influence on *the enterprise sustainable*. First, a study conducted in 2009 - 2013 to coincide with the global economic crisis that began in 2008, alleged the company had not invested. This allegation is evidenced by the sensitivity analysis in the previous year were not experiencing the global economic crisis, the results are: *corporate governance* is an increase of one unit of the investment opportunity set will go down one unit and vice versa with the value of the t-statistic of 3.513 as the value of the  $t_{\text{statistic}}$  is smaller than  $t_{\text{Table}} 1.97$  ( $t_{\text{table}} \text{ significance } 5\% = 1.97$ ), the set of investment opportunities significantly influence the *sustainable enterprise* with a t-statistic value of 2.097 because the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}} 2.00$  ( $t_{\text{table}} \text{ significance } 5\% = 2.00$ ), *corporate governance* significantly affect indirectly on *sustainable enterprise* through investment opportunities set with a t-statistic value of 2.097 because the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}} 2.00$  ( $t_{\text{table}} \text{ significance } 5\% = 2.00$ ), and the added value of the company significantly affect indirectly on *sustainable enterprise* through a set of investment opportunities with a t-statistic value of 2.097 because the value of the  $t_{\text{statistic}}$  is greater than  $t_{\text{table}} 2.00$  ( $t_{\text{table}} \text{ significance } 5\% = 2.00$ ).

The second factor is suspected of using a different measurement, previous researchers using corporate governance perception index (CGPI) by asking the company to fill out questionnaires (using the data p Rimer) while researchers use the ASEAN *Corporate Governance Scorecard*. ASEAN *Corporate Governance Scorecard* by using secondary data. The results *Corporate governance* does not significantly influence the company's value added to the value of the t-statistic of 1.264 because the value of the  $t_{\text{statistic}}$  is smaller than  $t_{\text{table}} 1.97$  ( $t_{\text{table}} \text{ significance } 5\% = 1.97$ ).

While the latter suspected causative factor is previous research as Ammons (2007) and Ulupui (2007), using a sample of different companies with researchers. The result is the added value of the unit of the company has increased the company continuing to rise one unit and vice versa with the value of the  $t$ -statistics for 1.458 because the value is smaller than  $t_{table}$   $t_{statistik}$  1.97 (5% significance  $T_{Table} = 1.97$ ) or in other words  $H_0$  acceptable means there significant influence of value added enterprise towards sustainable enterprise.

### **Limitation**

This study has limitations. First, the period of the study was not long, however this study has conducted a sensitivity analysis to determine the consistency of the results of hypothesis testing, and the results show consistency with previous research. Second, sustainable research conceptually new enterprise using 5 variables that have direct effect, indirect effect and influence to make constant control variable relationships directly against indirect variables are not influenced by external factors not examined.

Directly as antecedent variables consist of value-added companies and corporate governance of the indirect variable as a sustainable enterprise that is consistent with the variables that improve conditions of antecedent variables and consequent variables, namely the set of investment opportunities. Third, the data that is used only on the annual report and the sustainability report as well as the consumer price index from several countries. Last limitations, the limitations of the measuring instrument in this study and the conditions of each country is different for the samples studied company.

### **Theoretical Implications**

Theoretical implications on future research related to the measurement of variables, especially for variables that have not been successfully backed significance. Economic value added (EVA) which is the amount of money created by the company to reduce the burden of net operating capital after tax (NOPAT) that describes the return on the capital cost investment by the company less attractive. Economic value added of negative indicates that value added enterprise is reduced so that the rate of return generated lower than the rate of return demanded by investors, which means that the company did not manage to create added value for investors. As a result, value-added companies did not significantly affect indirectly to sustainable enterprise through a variable set of investment opportunities, but held a sensitivity analysis in which the global economic crisis is not significant results. Another implication of the form of the implications of corporate governance which companies are implementing good corporate governance greatly affect the company's sustainable and visible this study, in which a significant influence. The results of this study expected the company owners or investors are more motivated to implement good corporate governance for the company to be sustainable (sustainable enterprise). As well as the macro-economic factors in the control variable with a significant indicator of inflation affecting the sustainable enterprise when the study coincided with the global economic crisis.

## Implications

In this paper, we have not considered the challenges faced by the high tech companies in Indonesia. The subject is very important considering the competitive global market. Companies are aiming to advance themselves considering the sustainable development. This study attempted to identify the key motivating factors affecting the sustainability development strategies adoption, and the relationships between the motivating factors and the readiness of these companies to adopt these strategies at strategic level (management willingness) and tactical level (resource allocation, and attitudes). Besides that, it would have been better if a larger sample size was available for statistical analysis, such as structural equation modeling to testify the direct and indirect relationships between the measured items. Though this study is just exploratory but results are quite promising. The results suggest the driving and the enabling effect of the “internal factors” on the readiness of high-tech firms to implement sustainable development strategies. Especially, in East Asia there is a great importance and potential for sustainable development with a global impact. It is expected to extend the work by developing an instrument for readiness measurement in which applied mathematical tools will be used.

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## Results of Descriptive Statistics

Statistics Value_added Enterprise				
		EVA	MVA	
N	Valid	150	150	
	Missing	0	0	
Mean		-6138,2480	10764,4040	
Median		,0280	,3023	
Std. Deviation		36462,4175	47561,6188	
		5	1	

Statistics Investment Opportunity Set				
		MVABVA	MVEBVE	VPPE
N	Valid	150	150	150
	Missing	0	0	0
Mean		255739,3964	508532,4500	10779362506147,7200
Median		136,7570	648,3507	302561684,3000
Std. Deviation		690702,1222	1150151,6289	47559215215830,6000
		5	3	00

Statistics Corporate Governance								
		RS	ET	RK	DT	RB	Bo	Pe
N	Valid	150	150	150	150	150	150	150
	Missing	0	0	0	0	0	0	0
Mean		,8051	,8188	,7388	,8722	,8883	,7688	,7845
Median		,8077	,8235	,7140	,8810	,8861	,7273	,7830
Std. Deviation		,06039	,07931	,08278	,05075	,03736	,09766	,06374

Statistics Control Variable		
		Inflasi
N	Valid	150
	Missing	0
Mean		1,9029
Median		1,4813
Std. Deviation		1,89389

**Statistics Sustainable Enterprise**

		Ec	En	LA	HR	SO	PR
N	Valid	150	150	150	150	150	150
	Missing	0	0	0	0	0	0
Mean		4,7556	5,1478	4,4905	3,6192	3,5038	3,6489
Median		4,8889	5,1333	4,8571	3,2727	3,1875	3,4444
Std. Deviation		1,17561	1,05279	1,47644	1,31303	1,21309	1,14034

**Results for outer loadings**

	original sample estimate	mean of subsamples	Standard deviation	T- Statistic
Value-added enterprise				
MVA	1.000	1.000	0.000	
Corporate Governance				
Bo	0.780	0.784	0.079	9.856
DT	0.869	0.863	0.046	18.991
ET	0.819	0.818	0.075	10.859
Pe	0.788	0.787	0.084	9.392
RB	0.779	0.791	0.031	25.095
RK	0.742	0.740	0.041	18.034
RS	0.854	0.852	0.065	13.230
Control variable				
Inflation	1.000	1.000	0.000	
Investment				
Opportunity Set				
MVABVA	0.914	0.945	0.033	28.029
MVEBVE	0.940	0.939	0.022	42.996
PPE	0.853	0.879	0.039	21.621
Sustainable Enterprise				
EC	0.619	0.598	0.106	5.861
EN	0.797	0.786	0.058	13.857
HR	0.878	0.866	0.047	18.597
LA	0.876	0.862	0.038	23.221
PR	0.915	0.909	0.022	42.493
SO	0.860	0.861	0.037	23.420

**Results for outer weights**

	original sample estimate	mean of subsamples	Standard deviation	T-Statistic
Value-added enterprise				
MVA	1.000	1.000	0.000	
Corporate Governance				
Bo	0.129	0.136	0.030	4.338
DT	0.238	0.230	0.038	6.224
ET	0.143	0.144	0.028	5.022
Pe	0.165	0.172	0.030	5.504
RB	0.267	0.259	0.051	5.235
RK	0.138	0.131	0.016	8.646
RS	0.158	0.156	0.019	8.187
Control Variable				
Inflation	1.000	1.000	0.000	
Investment Opportunity Set				
MVABVA	0.323	0.335	0.019	17.132
MVEBVE	0.350	0.334	0.031	11.212
PPE	0.441	0.420	0.043	10.279
Sustainable Enterprise				
EC	0.133	0.163	0.067	1.975
EN	0.184	0.183	0.033	5.657
HR	0.217	0.216	0.026	8.324
LA	0.225	0.202	0.032	7.092
PR	0.220	0.221	0.022	9.847
SO	0.212	0.220	0.020	10.446

**R-Square**

	R-square
Value-added enterprise	0.073
Corporate Governance	
Control variable	
Investment Opportunity Set	
Sustainable Enterprise	0.741
	0.735

**Average variance extracted (AVE)**

Value-added enterprise	1.000
Corporate Governance	0.649
Control variable	1.000
Investment Opportunity Set	0.816
Sustainable Enterprise	0.689

**Composite**

Value-added enterprise	1.000
Corporate Governance	0.928
Control variable	1.000
Investment Opportunity Set	0.930
Sustainable Enterprise	0.929