

## **ABSTRACT**

### **THE EFFECT OF INSTITUTIONAL OWNERSHIP AND DEBT POLICY ON FIRM VALUE**

**(Empirical Study on Manufacturing Companies Miscellaneous Industry  
Sector in Indonesia Stock Exchange)**

By

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This study aimed to examine the effect of institutional ownership and debt policy on firm value on manufacturing companies miscellaneous industry sector in Indonesia Stock Exchange in 2013.

The type of research used is the descriptive and verification method. Samples were obtained by using purposive sampling method by using several criteria established by the authors, and as the result 38 companies are used as samples of this research. The method of analysis used in this research is path analysis.

The result of regression equation (1) shows that institutional ownership variable does not affect the debt policy significantly. The Results of regression equation (2) shows that the debt policy significantly affect the firm value, while institutional ownership has no direct effect on firm value. Based on the calculation of the path coefficients, institutional ownership does not affect the firm value through debt policy and debt policy is not able to be the intervening variable.

**Keywords: Institutional Ownership, Debt Policy and Firm Value**