The Influence of Capital Structure, Company Growth, and Firm Size on Company Value in Infrastructure Companies Listed on the Indonesia Stock Exchange (IDX) Period 2017-2021

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ABSTRACT: *This study aims to examine the effect of capital structure, company growth and firm size on company value in infrastructure sector service companies listed on the Indonesia Stock Exchange. The independent variables in this study are capital structure, company growth, and firm size. The dependent variable is the company's value. This research uses a quantitative approach associative research. The research population includes all infrastructure sector service companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The sampling technique used was purposive sampling. The research population data were 62 companies and a sample of 41 companies was obtained. The data analysis method used is multiple linear regression with SPSS 25 which uses a significance level of 0.05. The data used in this research is secondary data. The data collection technique uses the documentation method through the official IDX website: www.idx.co.id. Hypothesis testing using partial test (t-test) and simultaneous test (F-test). The research results prove that (1) the results of data analysis using the partial test (t-test) capital structure variables have a significant effect on company value. (2) The growth of the company has no significant effect on the value of the company. (3) Firm Size has a significant effect on firm value.*

I.　INTRODUCTION

The company is an economic institution that has a long-term goal, namely to maximize the value of the company. Good corporate value can be something that is interesting for stakeholders to be able to start or develop investment in the company. Besides that, stakeholders can also receive signals that the company has performed as expected. The company's ability to generate good corporate value is influenced by management's ability to manage the company. The company expects financial managers to make better performance improvements for the company to create prosperity for owners and shareholders. Good company performance will also reflect good company value, this can be reflected in the share price (Anisyah and Purwohandoko, 2017). Firm value can be said as an investor's understanding of how much the level of success of a company is often associated with the company's stock price (Fauzi and Aji, 2018).

Firm value can be defined as the view held by investors on the level of success of a company that has a close relationship with the stock price invested by the investor concerned. Thus, in this case the measure of management's success in carrying out its duties can be seen from the company's ability to make shareholders

prosperous. Firm value can also be defined as a condition that has been achieved by a company as an illustration of public trust in the company after going through a process of business activities for several years, that is, starting from the company's establishment until now (Darmawang et al, 2019: 69).

II.   MATERIAL AND METHODS

1. Trade-off Theory

This theory predicts that capital structure is the result of the trade off theory of tax advantages. In addition, according to Cahyaningdyah the trade of theory is a classic view of a capital structure theory which states that companies have optimal target leverage ratios as a counterweight to bankruptcy risk (bankruptcy risk) and tax benefits from using debt as company funding. In addition, according to Brigham & Houston (2011) as a leverage exchange theory which states that companies exchange tax benefits from debt financing with problems that can be caused by potential bankruptcy.

2. Signalling theory

Signaling theory is a signal given to give a negative or positive signal to attract investors or to reduce the risk of instability of a company from an increase or decrease in market prices. According to Hesty (2018), Signaling theory is a theory to see signs and a network of conditions that describe an instability from rising and falling market prices, so that this theory can influence investor decisions.

3. Capital Structure

The capital structure is a combination of the long-term debts and securities of a company. The higher the company's debt, the higher the company's risk. According to Kasmir (2016) the company's risk level can be reflected from the dept to equity ratio which shows how much capital the company has to fulfill the company's obligations, while according to Sartono (2015) capital structure is the balance of the amount of permanent short-term debt, long-term debt, shares preferred and common stock.

H1: Capital Structure has an effect on Firm Value.

4. Company Growth

Company growth can be said to be asset growth in the past which will describe future profits. The growth of this asset will be the company's valuation. The greater the company's assets, the higher the value of the company. According to Mach Foedz (1996), company growth is how far a company places itself in the overall economic system or in the same industrial economic system. This indicates that the growth of the company affects the value of the company.

**H2: The growth of the company affects the value of the company.**

5. Firm Size

Company size is a measure of the size of a company, a company is said to be large if it has large assets. According to Dede Hertina (2019) company size is an assessment that reflects the company's development and growth or is receding or losing so you can see the value of the company. Pratamadan Wiksuana (2016) shows that his research shows that company size has a positive effect on firm value.

H3: Firm size has an effect on firm value.

III.   CONCEPTUAL FRAMEWORK

Based on the theory previously mentioned and previous research, the authors took research entitled Effects of Capital Structure, Company Growth, and Firm Size on Firm Value at Infrastructure Companies Listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. This research is different from previous research in which this study calculated from the 2017-2021 period. The research framework that the author made is as shown below:
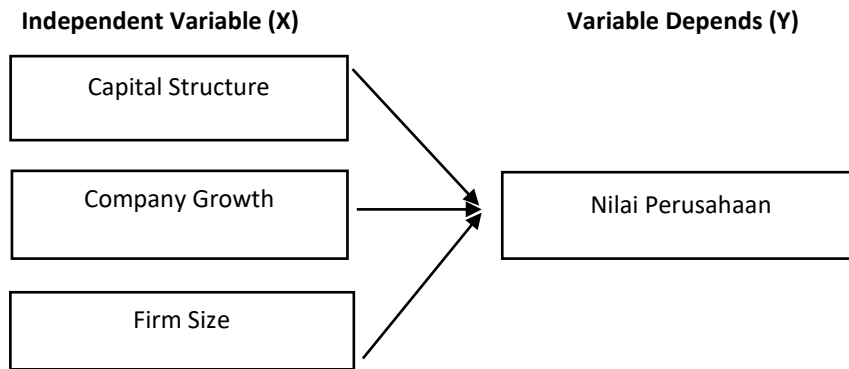
IV.   RESEARCH METHOD

The sample is the number or character in the population that meets the criteria for research. The sample used in this study is Infrastructure Companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. The sampling method was carried out using the*purposive sampling*, where the population that will be used as the research sample is the population that meets certain sample criteria. The author determines certain sample criteria in this study, namely as follows:

1. Infrastructure sector service companies listed on the Indonesia Stock Exchange for the 2017-2021 period
2. Companies that publish complete financial statements for the period ended December 31, during the observation period
3. Companies that present financial reports in rupiah
4. Companies that have complete data related to the calculation of the variables used in the study, namely capital structure, company growth, company size

Variable Measurement

The value of the company

The dependent/bound variable is often called the output variable, the criteria, the consequence is the variable that is affected or the result, because of the independent variable (Sugiyono, 2013: 63). The dependent variable in this study is company value proxied by PER.

$$\text{Price Earning Ratio (PER)} = \frac{harga\ pasar\ perlembar\ saham}{Laba\ perlembar\ saham}$$

Capital Structure

The capital structure is equity and debt funding in a company. The capital structure is measured by the Debt to Equity Ratio (DER). Debt to Equity Ratio (DER) is the ratio of the total debt owned by the company to the total equity of the company. According to Brigham and Houston (2009) DER can be calculated using the following formula:

$$\text{DER} = \frac{Total\ Utang}{Total\ Modal}\ x\ 100\%$$

Company Growth

The company's growth is measured by using the change in total assets. Asset growth is the difference between the total assets owned by the company in the current period and the previous period to the total assets of the previous period (Mahatma and Wirajaya, 2014). Growth can be calculated by the following formula:

$$\text{Growth} = \frac{Total\ Asset\ (t) - Total\ Asset\ (t-1)}{Total\ Asset\ (t-1)}\ x\ 100\%$$

Firm Size

In this study, firm size is measured by the total assets owned by the company that can be used for the company's operations. If the company has large total assets, the management will be more flexible in using the existing assets in the company. According to (Ghozali, 2018) the indicators used to measure firm size are as follows:

Size = *Ln of Total Aset*

V. RESULT AND DISCUSSION

1. Descriptive statistic

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DER	160	-2,856	8,428	1,60670	1,64369
GROWTH	160	-,999	6,277	,34546	,97206
SIZE	160	18,171	33,255	29,29746	2,17451
PER	160	-80,689	84,308	11,03014	20,16495
Valid N (listwise)	160				

Source: Results of SPSS Data Processing, 2023

a. The capital structure variable proxied by the debt to equity ratio (DER) has a value a minimum value of -2.856 was obtained from PT Leyand International Tbk in 2019 and a maximum value of 8.428 was obtained from PT Acset Indonusa Tbk in 2020 with a standard deviation of 1.64369 higher than the average of 1.60670 so, the capital structure variable has large variations tall.

b. The company growth variable proxied by growth has a minimum value of -0.999 obtained from PT Leyand International Tbk in 2021 and a maximum value of 6.277 obtained from PT PP Presisi Tbk in 2019 with a standard deviation of 0.97206 higher than the average of 0. 34546 so, the company's growth variable has a high variation.

c. The variable firm size (company size) which is proxied by size has a minimum value of 18.171 obtained from PT Leyand International Tbk in 2021 and a maximum value of 33.255 obtained from PT Telkom Indonesia (Persero) Tbk in 2021 with a standard deviation of 2.17451 lower than the average that is equal to 29.29746 so, the variable firm size (company size) has a low variation.

d. Variable Company value proxied by price earning ratio (PER) has a minimum value of -80.689 obtained from PT Visi Telekomunikasi Infrastruk in 2017 and a maximum value of 84.308 obtained from PT XL Axiata Tbk in 2017 with a standard deviation of 20.16495 greater than the average which is equal to 11.03014 so the value of the company has a high variation.

2. Hypothesis Testing

a. Multiple Linear Regression Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-65,541	24,263		-2,701	,008		
	DER	-2,301	1,134	-,188	-2,029	,044	,703	1,423
	GROWTH	,288	1,616	,014	,178	,859	,989	1,011
	SIZE	2,736	,860	,295	3,180	,002	,698	1,434

Based on the table of results of multiple linear regression analysis above, the following equation is obtained:

Y = -65.541 − 0,188X1 + 0,014X2 + 0,295X3

The regression model equation above can be interpreted as follows:

a). The constant value is negative -65,541. These results indicate that the independent variables, namely capital structure, company growth and firm size, are zero, so the value of the dependent variable is the value of the company -65,541.

b). The coefficient value of the capital structure variable (X1) is -0.188. These results indicate that the other independent variables have fixed values and the capital structure variable has increased by 1%, so the firm value will decrease by -0.188.

c). The value of the company's growth coefficient (X2) is 0.014. These results indicate that the other independent variables have a fixed value and the company's growth variable has increased by 1%, so the company's value will decrease by 0.23.

d). Variable coefficient value*firm size* (X3) which is equal to 0.295. These results indicate that other independent variables have fixed and variable values*firm size* experience an increase of 1%, the value of the company will increase by 0.222.

b. Statistical test (t test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-65,541	24,263		-2,701	,008		
	DER	-2,301	1,134	-,188	-2,029	,044	,703	1,423
	GROWTH	,288	1,616	,014	,178	,859	,989	1,011
	SIZE	2,736	,860	,295	3,180	,002	,698	1,434

Based on the output results it can be interpreted that:

capital structure (*DER*) has a result value of t_{count} -2,029 is less than $t_{subject}$l 1,975 and a significant value of 0,044 which is smaller than 0,05.

company growth (*GROWTH*) has a result value of t_{count} 0,178 smaller than $t_{subject}$l 1,975 and a significant value of 0,859 which is greater than 0,05.

Firm size or company size*SIZE*) has a result value of t_{count} 3,180 more than $t_{subject}$l 1,975 and a significant value of 0,002 which is smaller than 0,05.

c. F test

Hasil Uji F
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4077,273	3	1359,091	3,500	,017[b]
	Residual	60576,173	156	388,309		
	Total	64653,446	159			

a. Dependent Variable: PER
b. Predictors: (Constant), SIZE, GROWTH, DER

Based on the results of the f test output in the table, it shows a significant value of 0.017 which is less than 0.05 indicating that the independent variable stimulates the dependent variable.

d. Coefficient of Determination

Hasil Uji Koefisien Determinasi
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,251[a]	,063	,045	19,70555257776 29604

a. Predictors: (Constant), SIZE, GROWTH, DER

Based on the output results, the determinant coefficient test has an adjusted R Square value of 0.045 indicating that the dependent variable has a strong ability to explain the independent variable.

VI. Conclusion

This study aims to analyze the effect of capital structure, company growth, and firm size on company value in infrastructure companies listed on the Indonesia Stock Exchange (IDX) in the 2017-2021 period. Based on the results of the tests and discussions that have been carried out in the study, it can be concluded that there is one independent variable that influences this research, namely firm size or company size. The remaining two independent variables, namely capital structure and company growth, have no effect in this study.

1. Capital structure is significant to firm value so that H1 is accepted in this study.
2. Company growth is not significant to firm value so that H2 is rejected in this study.
3. Firm size is significant to firm value so that H3 is accepted in this study.

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