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The Influence of Capital Structure, Financial Performance, Growth and Company Size on The Value of Manufacturing Companies Listed on The Indonesia Stock Exchange

Mangasi Sinurat[1]*, Rico Nur Ilham[2]

Sekolah Tinggi Ilmu Ekonomi Bina Karya[1], Universitas Malikussaleh[2]
Email: mangasisinurat621@gmail.com*

ABSTRACT

The research method used is the method of qualitative data and quantitative data. While the data used is primary data. 1) a table value of 2,026 is obtained. From this description it can be seen that tcount (0.088) < ttable (2.026), likewise with a significant value of 0.931 > 0.05, it can be concluded that the first hypothesis is rejected, meaning that the Capital Structure variable (X1) has no significant effect to the variable Firm Value (Y). 2) a table value of 2,026 is obtained. From this description it can be seen that tcount (3.354) > ttable (2.026), likewise with a significant value of 0.002 <0.05, it can be concluded that the second hypothesis is accepted, meaning that the Financial Performance variable (X2) has a significant effect to the variable Firm Value (Y). a table value of 2,026 is obtained. From this description it can be seen that tcount (0.358) < ttable (2.026), likewise with a significant value of 0.723 > 0.05, it can be concluded that the third hypothesis is rejected, meaning that the company growth variable (X3) has a significant effect on the variable Firm Value (Y). 3) a table value of 2,026 is obtained. From this description it can be seen that tcount (0.060) < ttable (2.026), likewise with a significance value of 0.953 > 0.05, it can be concluded that the fourth hypothesis is rejected, meaning that the variable Firm Size (X4) has a significant effect to the variable Firm Value (Y). 4) Ftable value of 2.63 is obtained. From this description it can be seen that Fcount (3.052) > Ftable (2.63), and a significance value of 0.029 <0.05, it can be concluded that the fifth hypothesis is accepted,

Keywords: Capital Structure, Financial Performance, Growth, Company Size, Company Value

INTRODUCTION

The number of companies operating in the industrial world, as well as the current economic conditions have created intense competition between manufacturing companies. Competition in the manufacturing industry makes each company increasingly improve its performance so that its goals can still be achieved. In the perspective of financial management, it is more appropriate to say that the normative goal or goal that should be achieved in financial management is to increase (maximize) the value of the company or maximize the wealth of the owner or shareholder of the company (Syahyunan 2015).

The company value that has a high value is the desire of every company owner, because a high company value indicates the prosperity of its shareholders is also high. Shareholder and company wealth is represented by the market price of shares which is a reflection of investment decisions, financing, and asset management. Every activity carried out by the company will require funding, both internal funds (own capital) and funds from sources outside the company. Indeed, it would be ideal if the company used internal funds to invest, but in reality the investment requires a large enough amount of funds, so the company must seek it through external funding.

In the following you can see a comparison between the total debt and total equity used by PT. Budi Starch & Sweetener Tbk (BUDI), PT. Holcim Indonesia (SMCB) and PT. Kedawung Setia Industrial Tbk (KDSI).

Table 1. Comparison of Total Debt with Total Equity

Stock code	Year	Total Amoun of debt (in million rupiah)	Total Equity (in million rupiah)
BUDI	2019	1,766,825	1,164,982
	2020	1,744,756	1,194,700
	2021	2,166,496	1,226,484
	2022	1,714,449	1,285,318
SMCB	2019	11,702,538	8,060,595
	2020	12,429,452	7,196,951
	2021	12,250,837	6,416,350
	2022	12,584,886	6,982,612
KDSI	2019	722,488,734,446	419,784,286,104
	2020	842,752,226,515	485,539,501,101
	2021	836.245.435.111	555.171.029.401
	2022	645,444,999,358	608,205,409,017

Source:www.idx.co.id

From the table above it can be seen that PT. Budi Starch & Sweetener Tbk (BUDI), PT. Kedawung Setia Industrial Tbk (KDSI) and PT. Holcim Indonesia (SMCB) use debt more than their own capital to fund their companies. The increase in firm value is influenced by the company's financial performance. Good or bad company value depends on the company's financial performance itself. The company's financial performance shows the company's ability to provide benefits from assets, equity, and debt. Company performance is the company's performance. The company's growth basically describes how the company manages the funds it has for investment and operating activities. Increasing the number of assets, both current assets and long-term assets requires funds with internal and external funding alternatives (Joni and Lina, 2010).

The phenomenon that underlies this research is the development of the capital market which is increasing sharply (Fahmi, 2012). Both companies and individuals can easily buy issuer shares with capital that is not too large, plus everyone can easily find information related to issuers with increasingly sophisticated technological advances. Any information released by issuers will be immediately absorbed by investors. From this information investors will analyze whether a company is feasible to be used as a place of investment or not at all. In the capital market, positive company value is reflected in the increasing selling price of shares from time to time. As for data regarding the development of capital structure, financial performance, company growth, company size and the value of several manufacturing companies that have been listed on the Indonesia Stock Exchange.

Table 2. Manufacturing Companies on the Indonesian Stock Exchange

No.	Code	Year	DER	ROE	Growth in Total Assets	*ln Total Assets*
1	BUDI	2019	1.51	0.033	-10,231	2,931
		2020	1.46	0.038	0.260	2,939
		2021	1.76	0.041	15,428	3,392
		2022	1.33	0.049	-11,589	2,999
2	SMCB	2019	1.45	0.035	14,095	19,763
		2020	1.72	0.105	-0.691	19,626
		2021	1.90	0.129	-4,887	18,667
		2022	1.80	0.071	4,822	19,567
3	KDSI	2019	1.72	0.112	-2958	1.142
		2020	1.73	0.142	16,284	1.328
		2021	1.50	0.138	4,752	1,391
		2022	1.06	0.105	-9,901	1.253

Source:www.idx.co.id

In Table 1.2 the variables capital structure (DER), financial performance (ROE), company growth (total asset growth), and company size experience fluctuations that are not always in accordance with company value. The capital structure, which fluctuates annually in 2019-2022, is not in line with a constant (fixed) company value. At the 3 companies. The capital structure of this company fluctuates which is not in line with the value of the company, and the same goes for financial performance. The fluctuations that occur in company growth and company size are also not in line with those that occur in company value. This shows that the capital structure, financial performance, company growth and company size used in some of these companies have different levels of suitability as has been presented.

LITERATURE REVIEW

Capital Structure

According to Syahyunan (2015: 260) Every investment activity carried out by the company will require funding. Therefore, if internal funds (own capital) are not sufficient, the company must seek funds from sources outside the company. The use of funds from outside the company in financial management is called the capital structure which appears on the liability and equity sides of the company's balance sheet. The task of every financial manager is to determine the optimal capital structure, which will minimize the company's capital costs so that it will maximize company profits.

Financial performance

Fahmi (2017) financial performance is an analysis carried out to determine the extent to which the company has implemented the rules that have been set regarding the proper and correct use of finance.The company's financial performance has a direct influence on changes in stock prices, which means that information about growth is responded positively by investors, so that it will increase stock prices.

Company Growth

Gustian (2017) revealed that company growth has a significant and positive influence on company value. This means that the faster the company's growth will result in a higher company value as well. However, research conducted by I Nyoman Agus Suwardika and I Ketut Mustanda (2017) shows that company growth has a significant but negative direction on company value. In this case the faster the growth of the company will result in a decrease in the value of the company.

Company Size

Putu Ayu and Gerianta (2018), argued that company size is a scale on which the size of the company can be classified measured by total assets, number of sales, value of shares and so on. Large companies can access the capital market more easily than small companies. The larger the size of the company, the easier it is to obtain external capital in larger amounts, so that investors are interested in investing in the company.

The value of the company

According to Keown et al (2011) firm value is the market value of outstanding company debt and equity securities. The price that potential buyers are willing to pay is defined as the market price of the company itself. Meanwhile, according to Sadalia (2010) company value is the value or amount of money that will be received if the company is sold. Firm value is an investor's perception of a company which is often associated with stock prices. High stock prices make the value of the company increase thereby maximizing the wealth or value of the company.

RESEARCH METHODS

Methods of data collection in this study using the documentation method. Data collection was carried out through a documentation study by collecting supporting data from literature, journals and reference books to get an overview of the problem under study and to collect relevant secondary data. The data source in this study was obtained from the official website of the Indonesia Stock Exchange namelywww.ojk.co.id by downloading financial reports that have been audited by banking companies. By taking this sample, 41 (forty one) manufacturing companies were obtained that met the criteria as samples in this study. This research was conducted for one year during 2022, so this study used 246 observations.

RESEARCH RESULTS AND DISCUSSION

Normality test

The Normality Test aims to test whether in the regression model, the confounding or residual variables have a normal distribution (Ghozali, 2016).

Table 3. One Sample Kolmogorov Smirnov Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residuals
N			41
Normal Parameters, b	Means		.0000000
	std. Deviation		522568660.50806220
Most Extreme Differences	absolute		083
	Positive		083
	Negative		-.069
Test Statistics			083
asymp. Sig. (2-tailed)			.200c,d
Monte Carlo Sig. (2-tailed)	Sig.		.927e
	99% Confidence Intervals	LowerBound	.822
		Upperbound	1,000

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
e. Based on 41 sampled tables with a starting seed of 2000000.

Source : Processed data SPSS (2023)

It can be seen that the significance value (Monte Carlo Sig.) of all variables is equal to0.927 If the significance is more than 0.05, then the residual value is normal, so it can be concluded that all variables are normally distributed.

Autocorrelation Test

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period.

Table 4. Multicollinearity Test Results

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.503a	.253	.170	550835733.67625	1,504

a. Predictors: (Constant), Capital_Structure_X1, Company_Size_X4, Financial_Performance_X2, Growth_Company_X3
b. Dependent Variable: Company_Y Value

Source : Processed data SPSS (2023)

With a Durbin-Watson value of 1,504 and a sample size of 41 (n), the number of independent variables is 4 (k=4), the Durbin-Watson value, DW 1,720 is greater than the upper limit (du) of 1,504 and less than 4 –1,504 (4 -du), with table values at a significance level of 5%, it can be concluded that there is no autocorrelation in this regression model, or the calculation can be concluded that the DW value lies in the test area. with an upper limit value (du) 1.504 and a lower limit (dl) 1.295.

Multiple Linear Regression Testing

Multiple linear regression testing explains the magnitude of the role of the variables Capital Structure (X1), Financial Performance (X2), Company Growth (X3), and Company size (X4) on the Firm Value variable (Y).

Table 5. Multiple Linear Regression Results

Coefficientsa

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.	Collinearity Statistics tolerance	VIF
1	(Constant)	.936	.886		1,201	.238		
	Performance_Finance_X2	.470	.140	.496	3,354	002	.947	1,055
	Growth_Company_X3	.746	.476	054	.358	.723	.917	1,090
	Size_Company_X4	006	.108	.009	.060	.953	.969	1,032
	Structure_Modal_X1	024	.274	013	088	.931	.903	1.107

Dependent Variable: Company_Y Value
Source : Processed data SPSS (2023)

Based on these results, the multiple linear regression equation, the description of the multiple linear regression equation above, is as follows: Based on these results, the multiple linear regression equation has the formulation: Y: a+b1x1+ b2x2+ b3x3+ b4x4+e, so the equation is obtained:Y =0.936+ 0.024X1 + 0.470X2 + 0.746X3 + 0.006X4

Coefficient of Determination (R2)

The coefficient of determination is used to see how much the independent variable contributes to the dependent variable. The greater the value of the coefficient of determination,

the better the ability of variable X to explain variable Y. If the determination (R2) is greater (closer to 1), it can be said that the effect of variable X is large on firm value.

Table 6. Coefficient of Determination

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.503a	.253	.170	550835733.67625	1,504

a. Predictors: (Constant), Capital_Structure_X1, Company_Size_X4, Financial_Performance_X2, Growth_Company_X3
b. Dependent Variable: Company_Y Value

Source : Processed data SPSS (2023)

It is known that the value of the adjusted R square is 0.170 or 17.0%. This shows that the variables Capital Structure (X1), Financial Performance (X2), Company Growth (X3), Company Size (X4) can explain the variable Firm Value (Y) of 17.0%, the remaining 83.0% (100 % - 17.0%) is explained by other variables outside this research model.

Partial Test (t)

The t statistical test is also known as the individual significance test. This test shows how far the influence of the independent variables partially on the dependent variable.

Table 7. Partial Test (t)

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Constant)	.936	.886		1,201	.238		
	Performance_Finance_X2	.470	.140	.496	3,354	002	.947	1,055
	Growth_Company_X3	.746	.476	054	.358	.723	.917	1,090
	Size_Company_X4	006	.108	.009	.060	.953	.969	1,032
	Structure_Modal_X1	024	.274	013	088	.931	.903	1.107

Dependent Variable: Company_Y Value
Source : Processed data SPSS (2023)

a. A ttable value of 2.026 is obtained. From this description it can be seen that tcount (0088) < ttable (2.026), likewise with a significance value of 0.931> 0.05, it can be concluded that the first hypothesis is rejected, meaningvariable Capital Structure (X1) has no significant effectto the variable Firm Value (Y).
b. A ttable value of 2.026 is obtained. From this description it can be seen that tcount (3.354) > ttable (2.026), likewise with a significance value of 0002<0.05, it can be concluded that the second hypothesis is accepted, meaningvariable Financial Performance (X2) has a significant effectto the variable Firm Value (Y).
c. A ttable value of 2.026 is obtained. From this description it can be seen that tcount (0.358) < ttable (2.026), likewise with a significance value of 0,723> 0.05, it can be concluded that the third hypothesis is rejected, meaningcompany growth variable (X3) has a significant effectto the variable Firm Value (Y).
d. A ttable value of 2.026 is obtained. From this description it can be seen that tcount (0.060) < ttable (2.026), likewise with a significance value of 0,953> 0.05, it can be concluded that the fourth hypothesis is rejected, meaningvariable Firm Size (X4) has a significant effectto the variable Firm Value (Y).

Simultaneous Test (F)

This test basically shows whether all the independent variables included in this model have a joint effect on the dependent variable.

Table 8. Simultaneous Test (F)

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	370393283680283 0300,000	4	92598320920070 7580000	3,052	.029b
	residual	109231201978076 12000,000	36	30342000549465 5870.000		
	Total	146270530346104 42000.000	40			

a. Dependent Variable: Company_Y Value
Predictors: (Constant), Capital_Structure_X1, Company_Size_X4, Financial_Performance_X2, Growth_Company_X3
Source : Processed data SPSS (2023)

The Ftable value is 2.63. From this description it can be seen that Fcount (3.052) > Ftable (2.63), and a significance value of 0.029 <0.05, it can be concluded that the fifth hypothesis is accepted, meaning that the Capital Structure Variable (X1), Financial Performance (X2), Company Growth (X3), Company Size (X4) has a significant effect simultaneously (simultaneously) on Firm Value (Y).

CONCLUSION

Based on the results of the analysis and discussion, the conclusions that can be drawn from this research are as follows:

1. It is expected that manufacturing companies listed on the Indonesian stock exchange will always maintain financial performance, and this research should be used as a strategy or as material for consideration so that companies pay attention to company value. This means that the company continues to maintain good financial performance in managing the company in order to increase the value of the company.
2. Investors/prospective investors can make the company's value the variables considered in determining their investment if the company's value is one of the prioritized elements in investing.
3. The company is also expected to continue to make efforts to make optimal investment policies so as to increase the value of the company. Companies should pay more attention to factors such as investment policies and profitability that can affect and increase the value of the company and be more careful take policies so as not to reduce the value of the company

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