

Vol. 17 No.4 2023

THE INFLUENCE OF CAPITAL STRUCTURE, WORKING CAPITAL TURNOVER, PROFITABILITY, AND COMPANY SIZE ON COMPANY VALUE IN MANUFACTURING COMPANIES IN THE BASIC INDUSTRIAL AND CHEMICAL SECTORS

Chika Govery¹, Melly Chinty², Irvan Rolyesh Situmorang³, Ribka
Sari Butar-Butar^{4*}

^{1,2,4}Universitas Prima Indonesia - Indonesia

³STIE Eka Prasetya

Email : ribkasaributarbutar@unprimdn.ac.id

Abstract

Submit :
19/09/2023

Accept :
15/12/2023

Publish :
31/12/2023

The reason is to examine and dissect the impact of the variables studied on the value of the company in forming basic and chemical businesses listed on the Indonesia Stock Exchange for the 2018-2020 period, either for themselves or for all of them. The number studied was 79 basic and chemical businesses on the IDX and used a purposive testing method to obtain information from 29 organizations with a total of 87 data. The statistical method is multiple linear regression analysis. The t test, namely Working Capital Turnover, Profitability, and Company Size have an impact on company value, while Capital Structure has no impact on company value. F Test, Capital Structure, Working Capital Turnover, Profitability, and Company Size have an impact on company value. The coefficient of determination is 29.3 % while the remaining 70.7% is explained by other variables not examined in this study.

Keywords: Capital Structure, Working Capital Turnover, Profitability, Company Size Company Value



INTRODUCTION

Compared to the previous year, the performance of basic and chemical industry issuers grew 24.01 % , or the largest compared to any sector. Growth this year is estimated to be slower than in 2018. Based on data on the performance of fundamental sector issuers, many groupings of issuers are driving the index, including paper, poultry and cement issuers. This is demonstrated by the strong performance of paper issuers, driven by increasing demand from China, which accounts for 26% of total global paper consumption, thereby pushing up pulp prices. On the other hand , China is suffering from a shortage of paper production, which requires increased imports to compensate. This benefits Indonesia, which together with Brazil is the largest paper producer in the world (market.bisnis.com, 2019). If the company value increases, the fundamental chemical sector business expansion will undoubtedly bring maximum shareholder prosperity. As a result, businesses must adopt an issuer value strategy; How to measure company value through Price to Book Value (PBV). In general, a few business developments show that the issuer's shares are not considered optimal, which is a common occurrence for issuers wanting to go public on the IDX. An inflated business valuation, on the other hand, indicates that the company's shares are too expensive, which is common for advanced issuers. Capital structure is the initial determinant of the value of a company. Capital Structure reveals the issuer's ability to pay off its long-term liabilities. An increase in capital structure

indicates that there is more debt than capital, resulting in poor company value. Working capital turnover is the second determinant of company value. Working capital turnover reflects the efficient use of business capital in creating high levels of sales. Increasing working capital turnover shows that working capital has been managed appropriately and effectively, resulting in high company value. Profitability is the third determinant of company value. Profitability measures the issuer's capacity to make a profit at a certain time. High profitability shows the issuer's success in creating large profits, which results in high company valuation.

Code Name	Year	Structure Capital	Rotation Capital Work	Profitability	Size Company	Market Company
PT Steel	201	1.2275	4.2094	0.00751	29.5019	0.20705
ISSP Pipe	8		0		1	
Industry of	201	1.0733	4.8645	0.02890	29.4911	0.42671
Indonesia	202	0.8219	3.9688	0.02894	29.4354	0.34472
Tbk,	0		6		7	
	201	1.255366	1.714	0.09780	30.7681	2.46819
JPFAJapfa	8		6		7	
Comfeed	201	1.199927	1.1232	0.07480	30.8572	1.61330
Indonesia	9		3		7	
_Tbk.	202	1.274086	4.4427	0.04708	30.8872	1.50539
	0		4		6	
	201	0.4374	2.2636	0.05640	27.2552	0.79378
SRS PT Indo	8		2		8	
N Acidatam	201	0.5143	2.1406	0.05496	27.3815	0.79549
aTbk	9		1		9	
	202	0.5426	2.8506	0.04869	27.5332	0.59392
	0		7		4	

Table 1. Phenomenon

From the data above, it is clear that the phenomenon that occurs is the capital structure at PT Japfa Comfeed Indonesia Tbk. (JAPFA) in 2019-2020 experienced an increase of 6.18 % , while company value in 2019-2020 actually experienced a decrease of 6.69%. Working capital turnover at PT Indo Acidatama Tbk





(SRSN) in 2019-2020 increased by 33.17 % , while the company value in 2019-2020 actually decreased by 25.34%. Profitability at PT Steel Pipe Industry of Indonesia Tbk (ISSP) in 2019-2020 increased by 0.11 % , while the company value in 2019-2020 actually decreased by 19.21%. The company size at PT Indo Acidatama Tbk (SRSN) in 2019-2020 increased by 0.55 % , while the company value in 2019-2020 actually decreased by 25.34%.

RESEARCH METHODS

Using the official IDX website (<https://www.idx.co.id>) aims to identify basic and chemical industries registered during 2018-2020. The approach uses a quantitative approach which is collected first and then investigated and researched further in accordance with the hypothesis. This research is of a descriptive type and has the nature of explanatory level research. The population consists of 79 basic and chemical industries in 2018-2020. Purposive sampling is used to see the sample selection criteria and the criteria can be seen in this table.

Information	Amount
Company Which registered in Exchange Effect Indonesia period 2018-2020	79
Company Which No publish report finance with eye Money rupiah period 2018-2020	(17)
Company Which No get period profit 2018-2020	(29)
Company Which No get capital positive work period 2018-2020	(4)
Amount company Which selected become sample study	29
Number of observations (29 x 3)	87

Table 2. Sample Selection Criteria

Documentation studies are used to carry out a data collection approach, which involves collecting secondary data in the form of audited financial reports from businesses. Researchers also conduct documentation studies, which involve reviewing and studying literature, including books, journals, and research papers related to the problem under investigation. For example, researchers study a brief description of a company which includes the company's founding date and its listing on the Indonesian Stock Exchange . This research uses quantitative data expressed as numbers or figures. The data source is secondary data, especially audited financial reports for the 2018–2020 period. From manufacturing companies in basic and chemical industries taken from the IDX website or information from the websites of each company that will be the subject of the study.

RESULT

	N	Minimu m	Maximu m	Mea n	Std. Deviation
Structure	8	.0941	5.4426	.921630	.9552660
Capital	7				
Rotation	8	.5259	130.1171	10.36246	17.622203
Capital	7			1	3
Work					
Profitabilit y	8	.0004	.2575	.053719	.0497707
Company	8	26.1048	32.0106	28.41861	1.4485663
Size	7			6	
Mark	8	.2070	7.7954	1.529966	1.5047825
Company	7				
Valid N (listwise)	8				
	7				

Table 3. Descriptive Statistics

From the table above it can be explained that Capital Structure has a minimum of 0.0941 , a maximum of 5.4426, a mean of





0.921630 and a standard deviation of 0.9552660. Working Capital Turnover has a minimum of 0.5259 , a maximum of 130.1171, a mean of 10.362461 and a standard deviation of 17.6222033. Profitability has a minimum of 0.0004 , a maximum of 0.2575, a mean of 0.053719 and a standard deviation of 0.0497707. Company Size has a minimum of 26.1048, maximum 32.0106, mean 28.418616 and standard deviation 1.4485663 and Company Value has a minimum of 0.2070, maximum 7.7954, mean 1.529966 and standard deviation 1.5047825.

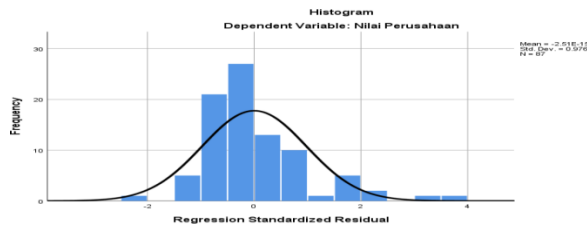


Figure 1. Histogram

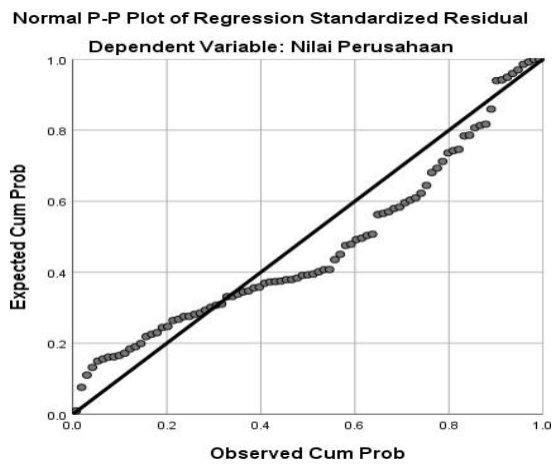


Figure 2. Normality Probability Plot Graph Before Outliers

The image above shows abnormal data where the distribution pattern does not follow a bell-shaped curve. The image above shows that the distribution of the

data pattern in the form of dots has not been distributed following a diagonal line.

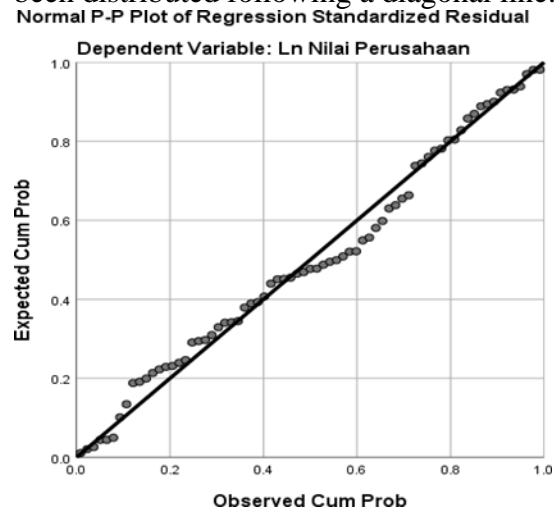


Figure 3. Normality Probability Plot Graph After Outliers

The image above shows how the data pattern in the form of dots is spread either away from the diagonal line or not.

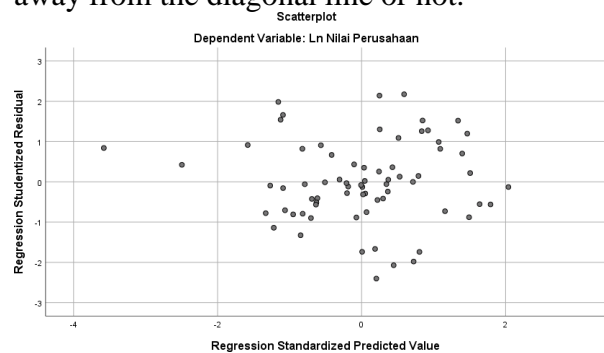
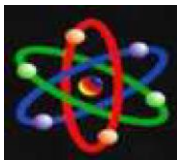


Figure 4. Scatterplot graph

In the figure above the points are distributed randomly, with no discernible pattern, and are spread above and below 0 on the Y axis. The Glejser test shows this test as well.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	-		-.765	.447





	3.102				
Ln Structure Capital	,186	.109	,334	1,703	,093
Ln Rotation Capital Work	-.111	,089	-.236	-	,219
				1,242	

Table 4. Glejser Test Results

According to the statistical findings in the table above, the significant values of the independent variables are all > 0.05 , indicating that there is no heteroscedasticity.

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	17,226	4	4,307	8,238	,000 ^b
Residual	34,503	66	,523		
Total	51,729	70			

Table 5. Simultaneous Test Results (F Test)

Based on Table 13, the calculated F value exceeds the F table value by 2.51 (0.05, 4, 66), and the significant value is $0.000 < 0.05$. This means that H_0 is rejected and H_a is accepted, which shows that company value is influenced by all independent variables.

These results prove that the Capital Structure variable has no relationship to company value. Therefore, the first theory is refuted. The findings of this analysis are in line with research by Irawan & Kusuma (2019) which found that capital structure has nothing to do with the value of the issuer.

These results prove that the Working Capital Turnover variable has a relationship with company value. Consequently, the second premise is accepted. The findings of this research are in line with the research of Setiawan et al. (2021) who found that working capital

turnover has a major impact on business value. These results show that the profitability variable has an impact on company value. As a result, the third hypothesis is accepted. The findings of this research are in line with research by Putra (2020) which states that profitability has a big influence on company value.

These results indicate that the company size variable has a relationship with company value. Consequently, the fourth hypothesis was adopted. The findings of this research are in line with the findings of Dewantari et al (2019) who found that company size has a large influence on company value.

CONCLUSION

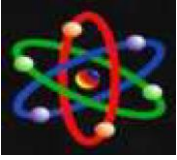
Capital structure has no effect on company value. Working Capital Turnover has a significant effect on company value. Profitability has a significant effect on company value. Company size has a significant effect on company value. Capital Structure, Working Capital Turnover, Profitability, and Company Size have a significant effect on company value.

BIBLIOGRAPHY

Dewantari, Ni Luh Surpa. 2019. The Influence of Company Size and Leverage and Profitability on Company Value in Food and Beverages Companies on the IDX. Prospect Journal, Vol. 1 No. 2, December 2019, 74-83.

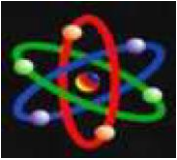
Fahmi, Irham. 2016. Introduction to Financial Management. Bandung: Alfabeta Publisher.





- Ghozali, Imam. 2016. Application of Multivariate Analysis with the SPSS Program. Edition 8. Semarang: Diponegoro University Publishing Agency.
- Hardiana, Aprelliya Tri. 2019. The Effect of Working Capital Turnover on Company Value with Profitability as a Moderating Variable. Management, Business and Accounting Innovation Seminar I 14 August 2019, 221-233
- Harmono. 2014. Financial Management: Based on the Balanced Scorecard. Jakarta: Bumi Aksara Publisher.
- Henry. 2017. Balanced Scorecard For Business. Jakarta: PT Grasindo Publisher.
- Hidayat, Wastam Wahyu. 2019. The influence of company size, return on equity and leverage on company value in manufacturing companies in Indonesia. ECONOMIC FORUM, 21 (1) 2019, 67-75.
- Irawan, Dedi & Kusuma, Nurhadi. 2019. The Influence of Capital Structure and Company Size on Company Value. STIE Trisna Negara Actual Journal Volume 17 (1) June 2019, 66-81.
- Son, I Putu Pranata Eka. 2020. The Influence of Profitability, Debt and Company Size on the Value of Food and Beverage Companies. E-Journal of Accounting, 30(8), 2115- 2126.
- Ramdhonah, Zahra. 2019. The Influence of Capital Structure, Company Size, Company Growth, and Profitability on Company Value (Empirical Study of Mining Sector Companies Listed on the Indonesian Stock Exchange 2011-2017). Journal of Accounting and Financial Research, 7 (1), 2019, 67- 82
- Savitri, Dhian Andanarini Minar. 2021. The Effect of Profitability and Company Size on Company Value with Capital Structure as an Intervening Variable (Study of Manufacturing Companies listed on the Indonesia Stock Exchange in 2017-2019). Journal of Accounting and Tax, 21 (2), 2021, 500-507
- Septriana, Ira & Mahaeswari, Haniif Fitri. 2019. The Influence of Liquidity, Firm Size, and Profitability on Company Value (Study of Mining Companies listed on the IDX for the 2013 - 2017 Period). Indonesian Accounting Journal, Vol. 8 No. July 2, 2019, 109 – 123
- Setiawan, Muhammad Rhamadan. 2021. Influence of Capital Structure, Working Capital Turnover, and Company Size Against Company Value. Owner: Accounting Research & Journal, 208-218
- Toni, Nagian, et al. 2021. Company Income Smoothing Practices: Strategies for Increasing Profitability, Financial Leverage, and Dividend





Policy for Companies. Bandung: Adab
Publisher.

Warouw, Christiana et al 2016. The
Influence of Working Capital
Turnover and Profitability on
Company Value in Pharmaceutical
Companies on the Indonesian Stock
Exchange. Efficiency Scientific
Periodical Journal Volume 16 No. 02
of 2016, 366-375.

