



**INTERNASIONAL CONFERENCE & CALL FOR PAPER**

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**THE EFFECT OF CAPITAL STRUCTURE, SALES GROWTH,  
AND INVESTMENT DECISIONS ON COMPANY VALUE**

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**ABSTRACT**

*This study aims to determine the effect of capital structure, sales growth, and investment decisions on company value. This type of research is quantitative and uses secondary data in the form of financial reports from consumer non-cyclicals companies in the food and beverage sub-sector, obtained from the Indonesian Stock Exchange (IDX). The population used in this study consists of 28 companies, and through purposive sampling criteria, 15 sample companies from the consumer non-cyclicals sector in the food and beverage sub-sector were selected, with the observation period from 2019 to 2023. Data management was conducted using Eviews version 12.0. Based on the results of the tests conducted, it was found that simultaneously, the variables of Capital Structure, Sales Growth, and Investment Decisions have an effect on Company Value. Partially, Capital Structure affects Company Value, Sales Growth does not affect Company Value, and Investment Decisions affect Company Value.*

*Keywords:* Capital Structure, Sales Growth, Investment Decisions, and Company Value

**ABSTRAK**

Penelitian ini bertujuan untuk mengetahui pengaruh struktur modal, pertumbuhan penjualan, dan keputusan investasi terhadap nilai perusahaan. Jenis penelitian ini adalah kuantitatif dan menggunakan data sekunder berupa laporan keuangan perusahaan sektor konsumen non-siklis sub sektor makanan dan minuman yang diperoleh dari Bursa Efek Indonesia (BEI). Populasi yang digunakan dalam penelitian ini sebanyak 28 perusahaan dan melalui kriteria purposive sampling, terpilih 15 perusahaan sampel sektor konsumen non-siklis sub sektor makanan dan minuman dengan periode pengamatan tahun 2019 sampai dengan tahun 2023. Pengelolaan data dilakukan dengan menggunakan Eviews versi 12.0. Berdasarkan hasil pengujian yang dilakukan, diperoleh hasil bahwa secara simultan variabel Struktur Modal, Pertumbuhan Penjualan, dan Keputusan Investasi berpengaruh terhadap Nilai Perusahaan. Secara parsial, Struktur Modal berpengaruh terhadap Nilai Perusahaan, Pertumbuhan Penjualan tidak berpengaruh terhadap Nilai Perusahaan, dan Keputusan Investasi berpengaruh terhadap Nilai Perusahaan.

**Kata Kunci:** Struktur Modal, Pertumbuhan Penjualan, Keputusan Investasi, Nilai Perusahaan



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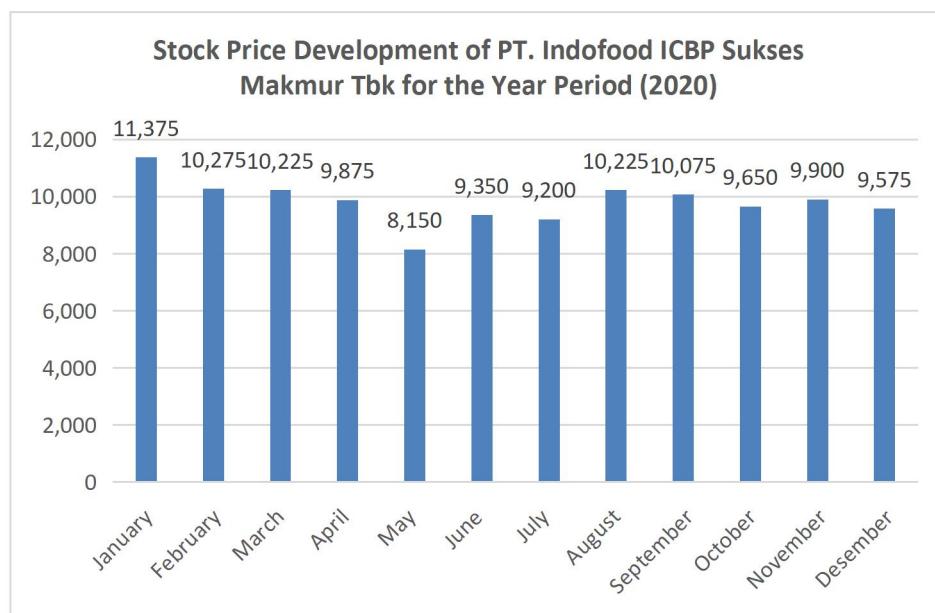
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**1. INTRODUCTION**

According to (Oktiwiati & Nurhayati, 2020), business competition in the era of globalization in the capital market is rapidly increasing. Companies are required to maximize their existing capabilities in order to remain competitive. According to (Albanjari & Khafi, 2020), in 2020, the world, and especially Indonesia, is experiencing a devastating virus outbreak due to the impact of the coronavirus, which has led to restrictions on outdoor activities and requires people to work from home. This has also had a significant impact on both the national and global economies. One of the sectors affected is the financial sector, resulting in a decline in the Composite Stock Price Index (IHSG), followed by a plummet in the stock prices listed on the Indonesia Stock Exchange (IDX).

Almost all stock prices have experienced a decline during the current coronavirus pandemic, but there are also stocks that have managed to survive, even though their price fluctuations haven't dropped significantly. This is certainly influenced by the type of stocks and the performance of companies that have remained stable. One of the consumer non-cyclicals companies that is currently showing stock price stability is because sales can still continue, as the products they sell are very important and have a significant impact on society.

PT. Indofood CBP Sukses Makmur Tbk is one of the consumer stocks that has a parent company, PT. Indofood Sukses Makmur Tbk (INDF), which is also involved in the consumer sector. ICBP stock has recently shown stability, and although it occasionally drops, it is not by much. This stock is recommended to be held due to the consistent profits achieved each period, showing good progress. With PT. Indofood CBP Sukses Makmur Tbk's intention to buy or acquire all shares of Pinehill Company, the stock price briefly dropped due to the funds used for the acquisition and financing, which can also be referred to as debt. This is what caused the stock price to plummet to the lower auto rejection limit (ARB).



Source : Processed data (2020)

**Figure 1. Stock Price ICBF**



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Based on the data in the table above, it can be seen that PT Indofood CBP Makmur Tbk experienced a decline in stock value in 2020. This occurred when the whole world was shocked by the spread of the coronavirus, which impacted the economic and financial sectors of various countries. The stock movement of PT Indofood CBP Sukses Makmur Tbk still appeared positive in March 2020, with a value of 11,225 per share. However, in April 2020, the stock price of PT Indofood CBP Sukses Makmur Tbk could be considered to have declined to 9,875, along with the decrease in the Composite Stock Price Index (IHSG). The decline in ICBP's stock was due to the company's intention to acquire or purchase all shares of Pinehill Company. The reason for the acquisition, as stated by the CEO Anthoni Salim, was that he owned the majority of shares in Pinehill Company, amounting to 49%.

According to kontan.co.id in 2020, the stocks of PT Indofood Sukses Makmur Tbk (INDF) and PT Indofood CBP Sukses Makmur Tbk (ICBP) experienced a significant decline. The stock price of ICBP dropped by 6.77% to IDR 8,950 per share, while the stock price of INDF plunged by 6.61% to IDR 6,000 per share. Both stocks faced a lower auto-rejection (ARB) due to a price drop of more than 5%. Panin Sekuritas analyst William Hartanto assessed that the fall of INDF and ICBP was due to the negative response from market players regarding the plan to acquire Pinehill Company, with the acquisition funds sourced from debt.

The value of a company is the perception of investors regarding the company, which is related to its stock price. According to Brigham and Gapenski in (Susetyowati & Handayani, 2020), they stated that the value of a company is very important because a high company value is followed by increased prosperity for shareholders. The company's value itself is influenced by various factors, such as capital structure, sales growth, and investment decisions.

Capital structure is necessary to increase the value of a company, as the placement of capital structure in the company's financial policy determines profitability and the company's position.

According to Harahap in the study (Alfarizi et al., 2023), sales growth reflects the company's achievements in the past and is used to predict the company's future performance. High or stable sales growth can have a positive impact on the company's profits, which is taken into account and considered by management in determining the company's value.

Investment decisions are an important factor in a company's financial function, as achieving the company's objectives can be realized through investment activities. According to (Gatot Nazir Ahmad et al., 2020), making investment decisions is the most difficult task for company management because it will impact the company's value.

Based on the background, phenomena, and differences in the results of previous studies, the researcher will conduct a study titled "The Effect of Capital Structure, Sales Growth, and Investment Decisions on Company Value."

## **2. THEORETICAL FRAMEWORK AND HYPOTHESIS (IF ANY)**

### **Company Value**

Company value is the performance of a company reflected by its stock price, which is shaped by the demand and supply in the capital market that reflects the public's assessment of the company's performance (Khoiroh & Subardjo, 2020). Company value



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is related to the signaling theory, as it can be seen that stock prices can send signals to investors regarding information about the success level of a company.

**Capital Structure**

Capital structure is the comparison between debt, preferred stock, and equity. According to (Andika & Sedana, 2019), capital structure plays an important role because the quality of the capital structure directly affects the financial position of the company. According to (Putry & Ratnasari, 2024), the use of optimal capital structure will improve and enhance financial performance. Capital structure is related to agency theory. According to (Anggita & Hidayati, 2021), capital structure has a direct effect on the company's financial position, especially when there is significant debt, which becomes a burden for the company. Additionally, it tends to lower the stock price. However, companies with low debt may create opportunities for fund mismanagement by managers.

**Sales Growth**

Sales growth plays an important role in assessing a company. By understanding the extent of sales growth, a company can predict how much profit it will generate. Sales growth is related to agency theory; the higher the sales growth, the more the company will rely on capital and tend to use debt. If a company has significant debt, when it generates revenue, it will prioritize debt repayment over the well-being of its investors. This can trigger agency problems.

**Investment Decisions**

The right investment decisions can influence a company's value, as evidenced by a number of investments that generate surpluses. The surplus gained by the company will contribute to cash inflows, which are then accumulated as the company's profit. Investment decisions are related to signaling theory, as the right investments send a positive signal about the company's prospects in the future, which can be an indicator of rising stock prices. Comprehensive, relevant, accurate, and timely information is crucial as an analytical tool in the investment decision-making process, aimed at increasing the company's value.

H1: It is suspected that Capital Structure, Sales Growth, and Investment Decisions have an effect on Company Value

H2: It is suspected that Capital Structure has an effect on Company Value

H3: It is suspected that Sales Growth has an effect on Company Value

H4: It is suspected that Investment Decisions has an effect on Company Value

**3. RESEARCH METHOD**

In this study, the type used is descriptive quantitative research. Research with a quantitative approach emphasizes the analysis of numerical data or figures that are processed using statistics..

This research was conducted on the consumer non-cyclicals subsector, specifically food and beverage companies listed on the Indonesia Stock Exchange (IDX). The



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Indonesia Stock Exchange was chosen as the research location, considering that IDX is one of the main centers for stock trading of publicly listed companies in Indonesia. The researcher downloaded relevant and necessary data, including financial statements and annual reports of insurance companies listed on the Indonesia Stock Exchange for the period of 2019-2023 from the website www.idx.id.

The population of this study consists of all manufacturing companies in the consumer goods industry subsector, selected from the years 2019-2023. In this study, the sampling technique used is a probability technique, specifically purposive sampling. According to (Sugiyono, 2024), "purposive sampling is a sample selection technique based on certain considerations." The criteria for the samples used are as follows :

- a. Consumer Non-Cyclicals Subsector Food and Beverage companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2023.
- b. Consumer Non-Cyclicals Subsector Food and Beverage companies that conducted a listing during the period 2019-2023.
- c. Consumer Non-Cyclicals Subsector Food and Beverage companies that reported annual financial statements consecutively during the period 2019-2023.
- d. Consumer Non-Cyclicals Subsector Food and Beverage companies listed on the Indonesia Stock Exchange during the period 2019-2023 that present financial statements in rupiah currency.
- e. Consumer Non-Cyclicals Subsector Food and Beverage companies that have achieved profits consecutively during the period 2019-2023

**4. DATA ANALYSIS AND DISCUSSION**

**Results and Discussion**

Based on the results of the tests conducted using the Chow test, Hausman test, and Lagrange Multiplier (LM) test, as well as the explanations provided above, it can be concluded that the random effect model is chosen as the panel data regression model as follows :

**Tabel 1. Summary of Panel Data Regression Model Selection Test Results**

<b>Model Test</b>	<b>Result</b>	<b>Description</b>	<b>Selected Model</b>
Uji Chow	0.0000	< 0.05	FEM
Uji Hausman	0.4865	> 0.05	REM
Uji Lagrange Multiplier	0.0000	< 0.05	REM

Source: Data processed by the researcher, 2024



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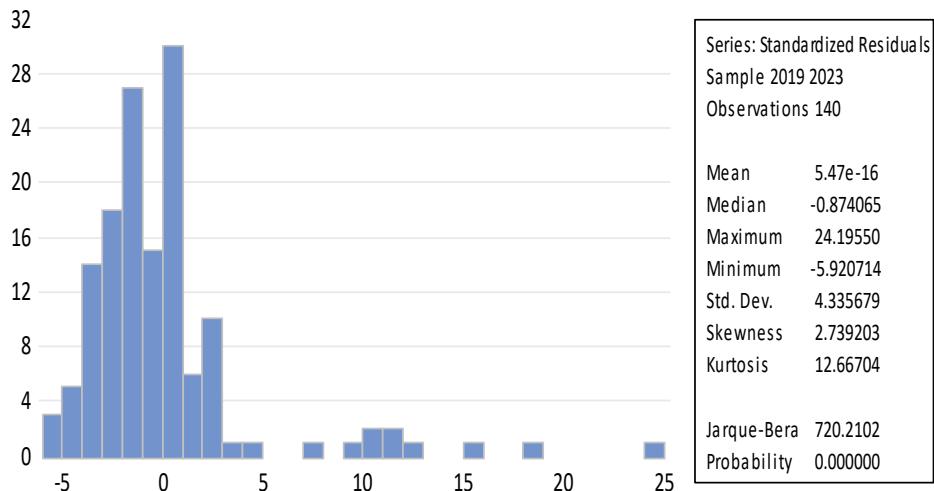
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**Classic Assumption Test**

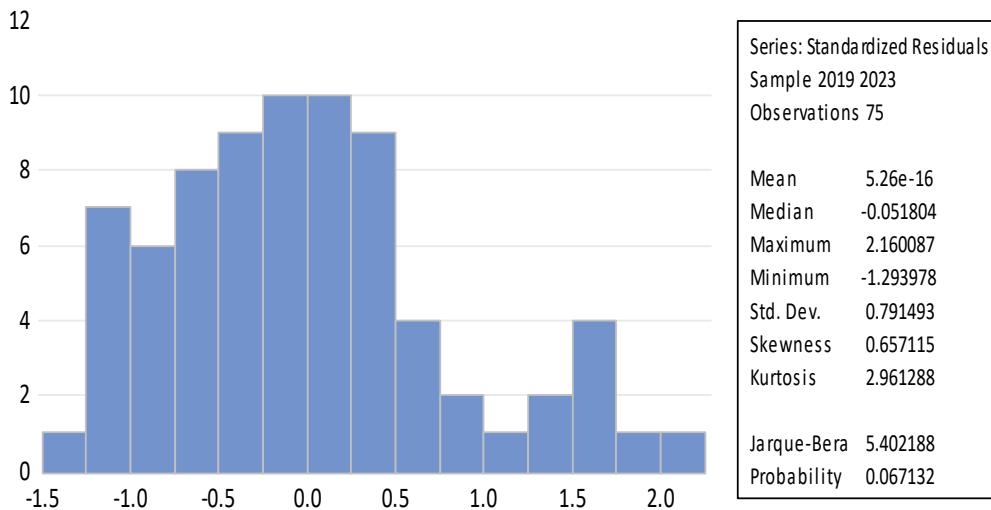
**Normality Test**



Source : Output Eviews 12

**Figure 1. Result Normality Test**

Based on the graph above, it can be seen that the Jarque-Bera probability is less than 0.05 ( $0.000000 < 0.05$ ), indicating that the data in this study is not normally distributed. To address this non-normality, an outlier test was conducted, and the data was transformed into a log form using the formula  $=\log(\text{data})$  in Eviews 12 software.



Source : Output Eviews 12

**Figure 1. Result Normality Test after LN**



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Based on the normality test above, the Jarque-Bera (JB) probability value is 0.067132, which is above the significance level of 0.05. Therefore, it can be concluded that the residuals are normally distributed.

**Multicollinearity Test**

**Table. 2 Result of Multicollinearity Test**

	X1	X2	X3
X1	1.000000	0.137867	-0.281819
X2	0.137867	1.000000	-0.230640
X3	-0.281819	-0.230640	1.000000

Source : Output *Eviews* 12

Based on the results of the multicollinearity test shown in the table above, it can be seen that the correlation values of the independent variables, namely Capital Structure, Sales Growth, and Investment Decisions, are less than 0.80. This is in line with the testing criteria, where the results of the multicollinearity test indicate that there is no correlation between the independent variables greater than 0.80. Therefore, it can be concluded that the analysis passes the multicollinearity test.

**Heteroscedasticity Test**

**Table 3. Result Heteroscedasticity Test**

Heteroskedasticity Test: Breusch-Pagan-Godfrey

Null hypothesis: Homoskedasticity

F-statistic	1.860987	Prob. F(3.71)	0.1440
Obs*R-squared	5.467563	Prob. Chi-Square(3)	0.1406
Scaled explained SS	3.442901	Prob. Chi-Square(3)	0.3282

Source : Output *Eviews* 12

Based on the results of the heteroscedasticity test above, the Prob. Chi-Square value is 0.1406, which means the value is greater than 0.05. This result indicates that there are no signs of heteroscedasticity, and the data can be used for further analysis.

**Autocorrelation Test**

**Table 4. Result AutocorrelationTest**



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R-squared	0.471037	Mean dependent var	0.837690
Adjusted R-squared	0.448687	S.D. dependent var	0.795318
S.E. of regression	0.590527	Sum squared resid	24.75930
F-statistic	21.07498	Durbin-Watson stat	1.288456
Prob(F-statistic)	0.000000		

Source : Output *Eviews* 12

Based on the results of the autocorrelation test, as shown in the table above, the Durbin-Watson (DW) value is 1.288456, where the DW value falls between -2 and +2, or  $-2 < 1.288456 < +2$ . Therefore, it can be concluded that no autocorrelation has occurred.

**Hypothesis Test**

**Coefficient of Determination (Test R<sup>2</sup>)**

**Table 5. Result Test R<sup>2</sup>**

Weighted Statistics			
R-squared	0.471037	Mean dependent var	0.837690
Adjusted R-squared	0.448687	S.D. dependent var	0.795318
S.E. of regression	0.590527	Sum squared resid	24.75930
F-statistic	21.07498	Durbin-Watson stat	1.288456
Prob(F-statistic)	0.000000		

Source : Output *Eviews* 12

Based on Table 4.16 above, the result of the coefficient of determination test with an Adjusted R-squared value of 0.448687 or 45%. Therefore, it can be stated that the independent variables in this study have an effect on the company's value variable by 45%, and the remaining 55% is influenced by other variables that are not included in the regression model.

**Simultaneous Test (F-Test)**

**Table 6. Result F-Test**

R-squared	0.471037	Mean dependent var	0.837690
Adjusted R-squared	0.448687	S.D. dependent var	0.795318
S.E. of regression	0.590527	Sum squared resid	24.75930
F-statistic	21.07498	Durbin-Watson stat	1.288456
Prob(F-statistic)	0.000000		

Source : Output *Eviews* 12



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Based on Table 4.18 above, it shows that the prob value (F-Statistic) is 0.000000, which is less than 0.05, so the third hypothesis can be accepted. This means that, simultaneously, the variables of Capital Structure, Sales Growth, and Investment Decisions have an effect on the Company's Value.

**Partial Test (t-Test)**

**Table 7. Result T-Test**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.571355	0.535297	-1.067360	0.2894
X1	-0.623926	0.237139	-2.631059	0.0104
X2	0.580559	0.468413	1.239417	0.2193
X3	1.269846	0.183369	6.925090	0.0000

Source : Output Eviews 12

The effect of the independent variables on the dependent variable partially is as follows :

- a. The result of the t-test on the Capital Structure variable shows a probability value of 0.0104, which is smaller than 0.05, so the hypothesis is accepted. The first hypothesis is accepted, meaning that the Capital Structure variable has a negative effect on the Company's Value.
- b. The result of the t-test on the Sales Growth variable shows a probability value of 0.2193, which is larger than 0.05, so the hypothesis is rejected. The second hypothesis is rejected, meaning that the Sales Growth variable does not have an effect on the Company's Value.
- c. The result of the t-test on the Investment Decision variable shows a probability value of 0.0000, which is smaller than 0.05, so the hypothesis is accepted. The third hypothesis is accepted, meaning that the Investment Decision variable has a positive effect on the Company's Value

**5. CONCLUSION & SUGGESTION**

The first hypothesis is accepted, stating that Capital Structure, Sales Growth, and Investment Decisions have an effect on the Company's Value in Consumer Non-Cyclicals companies within the food and beverage sub-sector listed on the Indonesia Stock Exchange during the period 2019-2023.

- a. The second hypothesis is accepted, stating that the Capital Structure variable has an effect on the Company's Value in Consumer Non-Cyclicals companies within the food and beverage sub-sector listed on the Indonesia Stock Exchange during the period 2019-2023.
- b. The third hypothesis is rejected because the Sales Growth variable does not have an effect on the Company's Value in Consumer Non-Cyclicals companies within the food



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and beverage sub-sector listed on the Indonesia Stock Exchange during the period 2019-2023.

c. The fourth hypothesis is accepted, stating that the Investment Decision variable has an effect on the Company's Value in Consumer Non-Cyclicals companies within the food and beverage sub-sector listed on the Indonesia Stock Exchange during the period 2019-2023.

**1. RECOMMENDATIONS**

a. For Future Researchers

Future researchers can expand the scope of the study to gather more data and present more accurate results. Additionally, they may add or replace variables that affect the Company's Value, such as Capital Structure, Sales Growth, and Investment Decisions.

b. For Company Institutions

For a company, it is recommended that management continuously improve financial performance and overall management performance every year to increase investor confidence in investing in the company. To improve company performance, caution should be exercised when making decisions, such as investment decisions.

c. For Investors

For an investor, before making the decision to invest in a company's stock, it is advised that they consider various factors that may influence financial ratios, such as domestic and international political turbulence that could affect stock movements.

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