



The influence of company size, company growth, and profitability on company value with capital structure as a moderating variable in the 10 largest conventional banks in Indonesia 2017-2022

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ABSTRACT

This research aims to analyze the influence of company size, company growth and company profitability on company value with capital structure as a moderating variable. The companies that are the object of research are the 10 Conventional Banks with the Largest Assets according to the OJK 2017-2022. The type of data used in this research is quantitative data. The data source used in this research is secondary data taken from the Indonesia Stock Exchange at 10 Conventional Banks. The relationship or influence of these variables is explained using the multiple regression analysis method. The data used in this research used 60 samples. The test tool used is SPSS 25. The results of the research show that Company Size has an effect on Company Value, Company Growth has an effect on Company Value, Company Profitability has no effect on Company Value, Capital Structure does not moderate the effect of Company Size. on company value, capital structure is not able to moderate the effect of company growth on company value, capital structure is not able to moderate the effect of company profitability on company value.

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1. INTRODUCTION

Current economic conditions make companies more alert in making decisions. The goal is to maximize shareholder profits and increase company growth. In facing difficulties in the business world, companies are required to have a competitive advantage compared to other companies, as well as quickly read the situation occurring in the market, so that they can manage it well.

Conventional banks have been used in the world for a very long time. It is not surprising that this bank is found to be older than Islamic banks. Both Islamic and conventional banks are both financial institutions protected by the Financial Services Authority (OJK). An important factor in influencing investors' perceptions in making decisions can be supported by high company value. Because shareholder wealth can be determined by the high value of the company.

Some provisions for measuring the size of a company are total assets, log size, total sales, total income, total capital and stock market value. The size scale of company operations is generally grouped into three categories, namely large companies, medium-size companies and small firms. By

company size we can find out the company's financial condition, where large companies that are well stabilized have great flexibility because it is easier to obtain capital in the capital market compared to small companies. Or it is often referred to as a reflection of the total assets and total sales of the company. The high growth of the company shows that the Conventional Bank is developing and if the investment goes well it will bring profits in the future. A growing company will definitely need large funds. Banks will retain most of their profits and reduce the dividends they will give to shareholders.

Conventional Banks' ability to make a profit can be determined by the Profitability Ratio. This ratio also provides a measure of the level of effectiveness of a company's management. This is shown by the profits generated from sales and investment income. The point is that the use of this ratio shows the efficiency of a bank. Profitability can be measured using the ratio (return on equity). based on certain share capital and profitability ratios, this can also be used as a reference for shareholders, where if the company has high profitability, the company's debt portion is the lowest. Company profitability is a company indicator in calculating the ability to generate profits from the business activities being carried out. The form of financial proportions in conventional banks can be described by the capital structure which originates from long-term liabilities and shareholders' equity which is the source of financing for a company. The aim of capital structure management is to maximize company value and create a permanent source of funds in order to maximize share prices.

2. RESEARCH METHOD

Throughout 2022, there are 10 large banks that have succeeded in recording the largest asset growth in Indonesia. In this research, the objects of research are the 10 largest conventional banks in Indonesia in 2017-2022. The type of data used in this research is quantitative data. Quantitative data is data that can be measured using a numerical scale. The data source used in this research is secondary data. The dependent variable that will be discussed by researchers is company value (Y) and The independent variables discussed in this research are Company Size (X_1), Company Growth (X_2), Company Profitability (X_3). and Capital Structure as a Moderation Variable (Z).

3. RESULTS AND DISCUSSIONS

Conventional banks play an important role in the economy by providing financial services to individuals and businesses, and by supporting economic growth through lending and investment activities. Banks make conventional money by charging fees on various services, such as charging fees and transfers, and by earning interest on deposits and loans. They also invest in various financial products, such as securities and bonds, to generate additional income. The objects of this research are the 10 conventional banks with the largest assets in Indonesia for the 2017-2022 period which are listed on the Indonesian Stock Exchange. Conventional banks play an important role in the economy by providing financial services to individuals and businesses, and by supporting economic growth through lending and investment activities. Banks make conventional money by charging fees for various services, such as charging fees and transfers, and by earning interest on deposits and loans.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company Size	60	33	3516	3007.18	1014.071
Company Growth	60	-103	272	71.47	73.496
Company profitability	60	176185	228170067	81772927.00	63973035.143
The value of the company	60	93	17432	1442.28	2399.227
Capital Structure	60	6	1608	555.37	279.409
Valid N (listwise)	60				

The variable Company Size (SIZE) as measured by Ln (Total Assets) for 6 years has an average (Mean) of 3007,18 with a range of 33 and 3516. This indicates the overall size of the company owned 10 conventional banks have quite good results because the standard deviation is a representation of very high deviations, which causes

The distribution of the data provides normal results and does not provide biased results. The highest company size is Bank BRI in 2022 with a value of 35.16. Meanwhile, the lowest company size was Bank Permata (BNLI) 2017 with a value of 32.67.

The company growth variable (Growth) over the last 6 years has an average (mean) of 71.74 with a range of -103 and 272. This indicates that the overall company growth is quite good, where the highest growth is at Bank BMRI in 2022 with a value of 0.272 and lowest at Bank Permata in 2017 with value. -103.

The company profitability variable as measured by ROE over the last 6 years has an average (mean) of 81772927, with a range of 176185 and 228170067, this indicates that overall conventional banks have good profitability. Bank Danamon in 2019 had the lowest value with a value of 0.001762 and the highest was bank BBKA in 2022 with a value of 0.22817

The Company Value growth variable as measured by Tobins-Q over the last 6 years has an average (mean) of 1442.28, with a range of 93 and 17432. In 2021 Bank Panin had the lowest value, namely 0.852 with Bank Permata (BNLI) in 2020 with a value of 2.467.

The capital structure variable measured by DER for the last 6 years has an average (mean) of 555.37 with a range of 6 and 1608. Bank Danamon in 2022 received a score of 3.16 and the lowest was Bank BBTN in 2020 with a score of 16.08.

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residual
		60
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	885.12067837
Most Extreme Differences	Absolute	.062
	Positive	.062
	Negative	-.050
Test Statistic		.062
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

d. This is a lower bound of the true significance.

Based on the spss output results in table 2 which shows a significance value of $0.200 > 0.05$, it can be concluded that the research has a normal distribution, which means the assumption of normality is met.

Table 3. Multikolinieritas test

Model	Coefficients ^a				Collinearity Statistics		
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	3594.565	963.242		3.732	.000		
1 Company Size	-.800	.275	-.338	-2.905	.005	.999	1.001
Company Growth	10.940	3.867	.335	2.829	.006	.963	1.038
Company profitability	-6.465E-6	.000	-.172	-1.455	.151	.963	1.038

a. Dependent Variable: Y

Based on the table of multicollinearity test results above, it shows that the tolerance value has a value greater than 0.10 and the VIF value of each variable has a value below 10 (< 10). So it can be concluded that the data used in the research is protected from multicollinearity.

Table 4. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.493 ^a	.243	.202	2142.972	2.128

a. Predictors: (Constant), Profitabilitas Perusahaan, Ukuran Perusahaan, Pertumbuhan Perusahaan

b. Dependent Variable: Nilai Perusahaan

Based on the table above with $n=60$, the resulting d table values are $d_l = 1.4797$ and $d_u = 1.6889$. From the table above, it can be seen that $DW = 2.128$. $4-d_l = 25203$ and $4-d_u = 2.3111$. Based on the known test results of Durbin – Watson, it can be seen that the value lies in the range $d_u < d < 4-d_u$

So there is no autocorrelation.

Table 5. Heteroskedastisitas Test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3594.565	963.242		3.732	.000
1 Company Size	-.800	.275	-.338	-2.905	.005
Company Growth	10.940	3.867	.335	2.829	.006
Company profitability	-6.465E-6	.000	-.172	-1.455	.151

a. Dependent Variable: The value of the company

Based on the heteroscedasticity test table above, it shows that the significance value is greater than 0.05. So it can be concluded that there is no heteroscedasticity in the data.

Hypothesis testing

$NP = 3594.565 - 0,800 \text{ Company Size} + 10.940 \text{ Company Growth} - 6,465 \text{ Company Profitabilitas} + \varepsilon$

Table 6. Partial Test (t Test)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3594.565	963.242		3.732	.000
1 Company Size	-.800	.275	-.338	-2.905	.005
Company Growth	10.940	3.867	.335	2.829	.006
Company profitability	-6.465E-6	.000	-.172	-1.455	.151

a. Dependent Variable: The value of the company

Based on the Partial T Test Results in table 4.8, the following conclusions are obtained:

- 1) The Company Size variable has a t count of -2.905, and has a significance level of $0.005 < 0.05$. These results indicate the first hypothesis (H_1) that company size has a significant effect on company value.
- 2) The Company Growth variable has a t count of 2.829 and has a significant level of $0.006 < 0.05$. These results show that the second hypothesis (H_2) states that company growth has an effect on company value
- 3) The Company Profitability Variable has a t count of 1.455 with a significance level of $0.151 > 0.05$. it can be concluded that company profitability does not have a significant effect on company value.

Table 7. Determinant coefficient R²

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493 ^a	.243	.202	2142.97154

a. Predictors: (Constant), Profitabilitas Company, Company Size , Company Growth

Adjusted R Square (R_2) is 0.202. This means that the Contribution of the Influence of Company Size, Company Growth and Profitability to Company Value is 20.20%, while the remaining 79.80% is influenced by other factors outside this research model such as current ratio, asset structure, and investment decisions.

Moderating Regression Analysis (MRA) Test Results

Table 8. Analysis (MRA) Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	5143.698	2687.033		1.914	.061
Company Size	-.991	.729	-.419	-1.360	.180
Company Growth	3.742	9.213	.115	.406	.686
Company profitability	-1.415E-5	.000	-.377	-1.076	.287
1 Capital Structure	-3.240	4.834	-.377	-.670	.506
Company Size * Capital Structure	.000	.001	.134	.246	.807
Company Growth * Capital Structure	.014	.016	.311	.916	.364
Company profitability * Capital Structure	1.656E-8	.000	.296	.683	.498

a. Dependent Variable: The value of the company

Based on the results of the moderating regression analysis test, the following are obtained:

$$NP = 5143,698 - 0.991 \text{ Company Size} + 3,742 \text{ Company Growth} - 1,415 \text{ Company Profitability} - 3,240 \text{ Capital Structure} + 0 \text{ Company Size_Capital Structure} + 0.014 \text{ Company Growth_Capital Structure} + 1,656 \text{ Company Profitability_Capital Structure}$$

Based on the formula above, it can be explained as follows:

- 1) The constant is 5143.698 which indicates a positive or unidirectional influence between the independent variable, dependent variable and moderating variable. This indicates that if all independent variables, namely Firm Size, Growth, ROE, and Capital Structure have a value of 0, then the value of earnings management is 5143,698
- 2) The independent variable Company Size as measured by Firm Size has a coefficient of -0.991 which indicates a negative or opposite relationship between the Company Size variable and Capital Structure. This indicates that every 1% increase in the Company Size variable will experience a decrease of 0.991
- 3) The independent variable company growth as measured by Growth has a coefficient of 3,742, which indicates that there is a positive or unidirectional relationship between company growth and capital structure. This indicates that for every 1% increase in the Company Growth variable, the capital structure variable will increase by 3,742.
- 4) The Independent Variable Profitability as measured by ROE has a coefficient of -1.415 which indicates a negative or opposite relationship between the Profitability variable and capital structure. This indicates that every 1% increase in the Company Size variable will experience a decrease of -1,415

- 5) The Moderation Variable has a coefficient of -3.240 which indicates a negative or opposite relationship between company size and company value. This indicates that for every 1% increase in the company size variable, the company value variable decreases by 3,240
- 6) The moderating variable Company Size_Capital Structure has a coefficient of 0, indicating that there is no positive or opposite relationship between the Company Size_Capital Structure variable and Company Value. This indicates that for every 1% increase in the Company Size_Capital Structure variable there will be no increase.
- 7) The moderating variable Company Growth_Capital Structure has a coefficient of 0.014, indicating that there is a positive or unidirectional relationship between the Company Growth_Capital Structure variable and Company Value. This indicates that for every 1% increase in the Company_Structure Growth variable there is an increase of 0.014
- 8) The moderating variable Company Profitability_Capital Structure has a coefficient of 1.656, indicating that there is a positive or unidirectional relationship between the Company Profitability_Capital Structure variable and Company Value. This indicates that for every 1% increase in the Company Profitability_Structure variable there is an increase of 1,656

4. CONCLUSION

This study aims to determine the effect of company size, company growth, and company profitability, with capital structure as a moderation in 10 conventional banks in 2017-2022. The results of the discussion that have been presented in the previous chapter can be concluded as follows: Company size has a significant effect on company value, Company growth affects company value, Company profitability does not have a significant effect on company value, Capital structure is unable to moderate the relationship between company size and company value, Capital structure is unable to moderate the relationship between company growth and company value, Capital structure cannot moderate the relationship between profitability and company value.

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