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The Influence of Capital Structure, Return on Equity (ROE), and Return on Investment on the Value of Food and Beverage Companies Listed on the IDX 2018-2021

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Abstract: *Firm value is one of the company's goals to maximize share value. There are several factors that affect the value of the company, but the authors only examine three variables, namely capital structure, Return on Equity, and Return on Investment. This study aims to examine the effect of capital structure, Return on Equity, and Return on Investment on firm value. The population of this study are food and beverage companies listed on the IDX for the 2018-2021 period with a total of 34 companies and a sample of 18 companies. This study uses multiple linear analysis techniques. The results showed that the independent variables in this study were variables that had a significant and insignificant effect on firm value. The capital structure positively and significantly influences the firm's value. Return On Equity has a positive and insignificant effect on firm value. Return On Investment has a positive and significant effect on firm value.*

Keywords: Capital Structure, Return on Equity, Return on Investment, Firm Value

I. INTRODUCTION

Companies that have gone public aim to increase the prosperity of stakeholders or shareholders by increasing the value of the company. These companies compete with each other and compete to increase the company's value as much as possible. Firm value is very important because with high corporate value, shareholder prosperity will also increase. A food and beverage company is one of the companies that can survive in an unstable economic condition. With the existence of a food and beverage company, it is hoped that it can provide beneficial benefits for the community. So that researchers are interested in making food and beverage companies as objects to be studied. On the Indonesia Stock Exchange, there are a population of 34 food and beverage companies, and we used 18 food and beverage companies as samples. . Factors that affect firm value include capital structure, return on equality (ROE) and return on investment (ROI).

The capital structure is a mix between debt and equity which aims to optimize the value of the firm. Using debt as a source of corporate funding has advantages and disadvantages. In this study using the Debt to Equity Ratio. The second factor, namely Return on Equity (ROE) is a measure of a company's ability to generate a company's rate of return or the company's effectiveness in generating profits by utilizing the equity owned by the company. According to Hidayat (2017) Return on Equity (ROE) is a ratio that shows the rate of return of the business of all existing capitals. This ratio is one of the indicators used by shareholders to measure the success of the business undertaken. The higher the ratio, the better, because the position of the owners of the companies is getting stronger. For the third factor ROI (Return on Investment) is a measurement of the company's ability as a whole to generate profits in the total amount.Assets available within the company. The higher the ROI, the better the condition of a company (Syamsuddin, 2013). ROI is measured by earnings after tax divided by total assets. EAT or earnings after tax is profit that has been deducted by income tax and total assets are all assets including fixed assets and non-fixed assets.

There are several studies that have been carried out to examine the factors that influence a company's value, but some of these studies have inconsistent results. Several studies have been conducted regarding the factors that affect firm value, one of which is capital structure. Research conducted by Nopianti, Risma and Suparno (2021) in their

research shows that capital structure has a significant effect on firm value. This is in contrast to research conducted by Irawan, Dedi and Kusuma, Nurhadi (2019) which shows that capital structure has no significant effect on firm value. (Irawan & Nurhadi, 2019). The second factor that affects a company's value is return on equality (ROE) in several studies that analyze return on equality, but the results of this study show that the results obtained are still not consistent with the value of the company. The results of research conducted by Hidayat, Wastam (2019) stated that return on equality has a significant effect on company value, the greater the profit obtained will have a positive impact on company value or stock prices. This is in contrast to research conducted by Maryadi & Susilowati, (2020)states that return on equality has no effect on firm value. The third factor that influences a company's value is return on investment. Research conducted by Etikasari, Hikmah and Maryanti, Eny (2021) state that return on investment significant effect on firm value, projected profitability results return on investment shows that the higher the high profitability will make the company have economic use value as well as benefits from reducing profit after tax. In contrast to the results of research conducted by Nitayaniet al(2022) which states that return on investment no significant effect on firm value.

Referring to the research background above. So the authors conducted a review of the financial reports made by food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2018-2021. Researchers are interested in taking the title: Effects of Capital Structure, Return On Equity, and Return On Investment on Company Value (Empirical Study of Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesian Stock Exchange 2018-2021).

II. HEADINGS

Signaling Theory

Hardiningsih (2009) states that the positive signal given in the signaling theory concept from management can be used to provide an overview of the company's sustainability based on the existing level of profitability. Companies are expected to reduce asymmetric information in order to increase firm value, namely information where external parties have different information about the company's prospects, because internal parties get better information (Brigham and Houston, 2006:38).

Trade-Off Theory

Trade Off Theory is a theory that discusses the relationship between capital structure variables and firm value. The Trade Off Theory put forward by Myers (2001), this theory states that companies constantly have debt, but are indebted to certain limits, where the tax savings (tax shields) from adding debt are equal to the cost of financial distress (financial distress). The increase in the cost of financial distress (financial distress) accompanied by an increase in agency costs (agency cost) is due to a decrease in the company's credibility(Yudhistira, 2019).

The value of the company

Firm value is the investor's perception of the company's level of success, which is often associated with stock prices. High stock prices make the company value also high, and increase market confidence not only in the company's current performance but also in the company's prospects in the future.

Capital Structure

Capital structure is a company's source of funding consisting of short-term debt, long-term debt and equity owned by the company because capital structure is a very influential factor in the company's financial position. According to Hermuningsih (2013) when the level of debt reaches an optimal level it can make the company's value also reach an optimal value. Conversely, if the debt level exceeds the optimal level, it will have a negative effect on firm value.

Return on Equity (ROE)

Return on Equity (ROE) is a financial ratio used to measure profitability according to equity. The return on equity (ROE) ratio shows the company's ability to generate net profit using its own capital and generate net income available to owners or investors(Winda, 2020).

Return on Investment (ROI)

One indicator to measure the performance of a company is by using the return on investment. Return on Investment is the ability of the capital invested in all assets to generate net profits. In addition, return on investment is defined by Lukman Syamsuddin (1992: 63), as a measurement of the company's overall ability to generate profits with the total assets available in the company.

III. INDENTATIONS AND EQUATIONS

Research Design

This study was designed to determine the independent or independent variables, namely capital structure, return on equity and return on investment on the dependent or dependent variable, namely firm value. This study uses quantitative research. Source of data used in this research is in the form of secondary data. The secondary data used in this research is the publication of financial reports on capital structure, ROI (Return on equity), and ROI (Return of Investment) as well as company value in the food and beverage sector on the Indonesia Stock Exchange during the 2018-2021 period accessed onwww.idx.co.id.

Population and Sample

The population used in this study are food and beverage companies listed on the Indonesia Stock Exchange for the 2018-2021 period, totaling 34 companies. After eliminating data, researchers used 18 food and beverage companies as samples in this study.

Types and Data Sources

Researchers use secondary data types. Secondary data is data obtained indirectly through intermediaries. Generally secondary data is in the form of records, evidence or historical data published by the company. Source of data used in this research is in the form of secondary data. The secondary data used in this research is the publication of financial reports on capital structure, return on equity, and return on investment as well as company values in the food and beverage sector on the Indonesia Stock Exchange during the 2018-2021 period (www.idx.co.id.)The research was conducted using the literature study method. That is a method of collecting information from books, journals, and the internet that is relevant to the topic to be discussed.

Multiple Linear Regression Analysis

Multiple linear regression is a continuation of simple linear regression, when simple linear regression provides only one independent variable (X) and one dependent variable (Y). Multiple regression analysis is used to determine capital structure, return on equity and return on investment on firm value with the following model:

$$Y=\alpha+\beta 1X1+\beta 2X2+\beta 3X3+e$$

Information:

Y = Firm Value (PBV)

$X1$ = Capital Structure

$X2$ = Return of Equity (ROE)

$X3$ = Return of Investment (ROI)

α = constant value

$\beta 1$ = Capital structure regression coefficient

$\beta 2$ = Regression coefficient Return of Equity (ROE)

$\beta 3$ = Return of Investment (ROI) regression coefficient

e = error or residual (residual)

IV. FIGURES AND TABLES

IV.1.1 Discussion of Data Analysis

IV.1.1.1 Descriptive Statistical Analysis

Table 1. Descriptive Statistics

MODEL	N	Minimum	Maximum	Means	std. Deviation
CAPITAL STRUCTURE	72	045	3,358	.79069	.640473
ROE	72	001	1,070	.18699	.207113
ROI	72	001	.424	.09808	.077647
THE VALUE OF THE COMPANY	72	013	28,874	3.68133	5.036789
Valid N (list wise)	72				

Source: 2021 Data Analysis Results

Based on the results of descriptive statistics in table IV.2 above, it can be interpreted that capital structure as an independent variable with a sample size of 72 has the lowest value of 0.045, namely Indofood Cbp Sukses Makmur Tbk. In 2019 and the highest score was 3,358, namely Buyung Poetra Sembada Tbk. In 2021. The resulting mean value is 0.79069 with a standard deviation of 0.640473.

IV.1.1.2 Classical Assumption Test

IV.1.1.3 Normality Test

Table 2. Normality Test

Kolomogorov- Smirnov Z	asymp. Sig. (2-tailed)	Information
0.499	0.964	Normal Distributed Data

Source: 2021 Data Analysis Results

Based on the normality test above using the Kolmogorov-Sminornov Test it shows a result of 0.499 and an as ymp value. Sig (2-tailed) is 0.964. This shows that the significance value of 0.964 in the regression model is greater than α = 5% (0.05) which can be interpreted that the data is normally distributed.

IV.1.1.3 Multicollinearity Test

Table 3. Multicollinearity Test

Variable	tolerance	VIF	Information
Capital Structure	0.689	1,452	Multicollinearity Free
Return On equity	0.313	3,196	Multicollinearity Free
Return on Investment	0.310	3,221	Multicollinearity Free

Source: 2021 Data Analysis Results

Based on the results of the multicollinearity test above, it can be seen that all independent variables have a Tolerance Value greater than 0.10 and a Value Inflation Factor (VIF) value less than 10, so it can be concluded that the regression model in this study did not have multicollinearity.

IV.1.1.4 Autocorrelation Test

Table 4. Autocorrelation Test

Durbin-Watson	Du < dw < 4-du	Information
2021	1.7054 < 2.021 < 2.2945	There is no autocorrelation, positive or negative

Source: 2021 Data Analysis Results

Based on the results of the autocorrelation test above, it shows that dw > du and dw < 4-du, so it can be concluded that the Durbin-Watson (DW) value of 2.021 is in an area that is not affected by positive or negative autocorrelation problems.

IV.1.1.5 Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Variable	Significance	DESCRIPTION
Capital Structure	0.441	FREE OF HETEROSEDASTICITY
Return On Equity	0.094	FREE OF HETEROSEDASTICITY
Return On Investment	0.189	FREE OF HETEROSEDASTICITY

Source: 2021 Data Analysis Results

Based on the test results, it was obtained that the significance value of the independent variables, namely capital structure (0.441), ROE (0.094), and ROI (0.189), had a value greater than the level of significance, namely 5% or 0.05, which meant that it did not affect the dependent variable so that it could be categorized as not There are symptoms of heteroscedasticity.

IV.2 Hypothesis Testing

IV.2.1 Multiple Linear Regression

Table 6. Multiple Linear Regression Results

MODEL	Coefficient	tcount	Sig
(Constant)	-3,212	-3,720	0.000
CAPITAL STRUCTURE	2089	3.148	0.002
ROE	0.713	0.234	0.815
ROI	52,083	6,388	0.000
Fcount	45,301		0.000
R2	0.667		
adjustedR2	0.652		

Source: 2021 Data Analysis Results, Y = -3.212 + 2.0889X1 + 0.713X2 + 52.083X3 + e

Based on the multiple regression equation, it can be explained as follows:

1. A constant value of -3,212 indicates that the variable capital structure, return on equity, and return on investment, the firm value is -3,212
2. The capital structure coefficient value (X1) is 2,089 indicating that every 1% addition to the capital structure ratio increases firm value by 2,089
3. The ROE coefficient value (X2) is 0.713 indicating that every 1% addition to the ROE ratio increases firm value by 0.713
4. The ROI coefficient value (X3) is 52,083 indicating that every 1% addition of the ROI ratio increases firm value by 52,083.

IV.2.2 Simultaneous Test (F Test)

This test aims to test the magnitude of the influence of the independent variables jointly on the dependent variable and determine whether the regression model is fit or not. The simultaneous significance test was used to examine the effect of the independent variables, namely capital structure (X1), return on equity (X2), and return on investment (X3) simultaneously on the dependent variable, namely firm value (Y).

Based on the table 6 test, the regression results obtained fcount of45,301. the statistical value shows a significance result of 0.000 with a value of α = 0.05, so 0.000 <0.05. this shows that the regression model is declared fit (goodness of fit).

IV.2.3 Determination Coefficient Test (Adjusted R2)

In this study, the coefficient off determination uses the Adjusted R2 value. Table 6 shows the results of the magnitude of the coefficient of determination or adjusted R2 of 0.652. this shows that 65.2% of company value in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021 can be influenced by capital structure, return on equity, and return on investment, while 34.8% is influenced by other variables which were not analyzed in this hypothesis test.

IV.2.4 Statistical Test (t Test)

Table 7

T Test Result

Variable	Regression Coefficient	tcount	Significance	Information
CAPITAL STRUCTURE	2089	3.148	0.002	H1 is accepted
ROE	0.713	0.234	0.815	H2 is rejected
ROI	52,083	6,388	0.000	H3 is accepted

Source: 2021 Data Analysis Results

Based on table IV.8 the results of calculations for each variable can be explained the effect of each independent variable on the dependent variable as follows:

1. Effect of Capital Structure on Firm Value

The results of the capital structure test show a tcount value of 3.148 with a significance value of 0.002 which is lower than the value of α = 0.05 (0.002 <0.05). This shows that the Capital Structure has an effect on Firm Value, so that H1 is accepted. This means that the Capital Structure has an effect on Firm Value.

2. The Effect of Return On Equity (ROE) on Firm Value

The results of the Return On Equity test show a tcount value of 0.234 and has a significance value of 0.815 which is higher than the value α = 0.05 (0.815 > 0.05) this shows that Return On Equity has no effect on Firm Value, so H2 is rejected. This means that Return On Equity has no effect on firm value.

3. The Effect of Return On Investment (ROI) on company value

The results of the Return On Investment test show a tcount of 6,388 with a significance value of 0,000 which is lower than the value of α = 0.05 (0.000 <0.05) this shows that Return On Investment has an effect on Firm Value, so H3 is accepted. This means that Return On Investment affects the value of the company.

V. Conclusion

Based on the analysis and discussion that has been done, the conclusions of this study are as follows:

1. The results of the regression analysis show that capital structure affects company value in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021. It can be proven by the regression coefficient value of 2.089 and a significance of 0.002, the significance value is less than 5% or 0.05.
2. The results of the regression analysis show that return on equity has no effect on company value in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021. It can be proven by the value of the regression coefficient of 0.713 and the significance of 0.815, the significance value of 0.815 is greater than 5% or 0.05.
3. The results of the regression analysis show that return on investment has an effect on company value in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021. It can be proven by the value of the regression coefficient of 52,083 and a significance of 0,000, the significance value is less than 5% or 0.05.

Research Limitations

The research limitations contained in this study can be explained as follows:

1. The subjects in this study only came from food and beverage companies so that the application of the results was limited to food and beverage companies.
2. The period in this study is only limited to a short term period, namely 2018-2021, so it is still lacking in providing maximum results.

Suggestion

Based on the results of the analysis of the discussion as well as the conclusions and limitations of this study, the researchers provide suggestions and recommendations as follows:

1. For future researchers, in conducting research with samples of other corporate sectors, as well as adding independent variables that have not been examined so that the results of the research have a broader generalization.
2. For future researchers to increase the observation period in the long term, so as to be able to provide maximum results.

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