The Effect of Company Growth, Company Size, Dividend Policy, and Capital Structure on The Value of Companies in Manufacturing Companies Listed on The Indonesia Stock Exchange for The Period of 2020-2023

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I N D E X I N G	A B S T R A C T
Keywords: Keyword 1; Company Growth Keyword 2; Dividend Policy Keyword 3; Manufacturing Companies Keyword 4; Company Size Keyword 5; Capital Structure	Using secondary data from annual financial reports and Price to Book Value (PBV) as a measure of firm value, this study examines how firm size, business growth, dividend policy, and capital structure affect the value of manufacturing businesses listed on the IDX between 2020 and 2023. The results of the multiple linear regression analysis of this study indicate that firm growth has no significant impact on its value. On the contrary, the scale of the company significantly increases its value. The study's findings yield a number of important conclusions. First, the company's expansion does not have much effect on the value of manufacturing companies listed on the IDX. Second, it is clear that the size of a company affects its value, with larger companies often having higher values. Furthermore, there is no clear impact of the dividend policy on the company's valuation, which suggests that investors are more concerned with other considerations.

INTRODUCTION

Companies are trying to become more competitive to increase revenue as the competition between them is becoming fiercer every day (Bressler, 2012). Many studies show a strong correlation between the company's development and valuation. Large companies often offer advantages including operational efficiency, risk diversification (Raynor, 2002). However, if the management is not good, even a large company size does not guarantee high value.

On a national scale, the manufacturing sector made a major contribution to Indonesia's GDP, growing by 6.91% in 2021, despite being under pressure due to the pandemic (Kemenperin, 2021). The main choice of finance-related management, the size of a company also plays a big role in determining its value. Larger companies typically benefit from economies of scale and financial stability (Rossa et al., 2023; Wiyono et al., 2023).

On the other hand, the company's capital structure, which reflects the proportion of debt and equity, is also a concern. Previous research has yielded mixed results: some have shown a negative influence, while others have not found a significant relationship with company value (Suastra, 2023; Nafiah & Setiawati, 2023).

LITERATURE REVIEW

Company Values

For investors, a company's value is an important metric to evaluate its performance. Investors will be more confident in the future of the company if the value is high (Kusumajaya, 2011). Company value reflects investor sentiment toward a firm's success, and is often closely linked to its stock price. When stock prices rise, corporate value increases accordingly, reinforcing market confidence in both the company's current performance and its future potential. Enhancing company value is essential, as it aligns directly with the organization's core objectives. Investors typically view company value as the monetary return derived from its market transactions, which fluctuates in tandem with stock price movements. To assess company value, three common financial metrics are employed: Tobin's Q, the Price-to-Earnings Ratio (PER), and the Price-to-Book Value (PBV), as well as explained by Aisyah and Hernawati (2024).

Company Size

Company size is defined as "Organizational Size is a context variable that assesses the needs of an organization's services or goods" (Damanpour, 1992). A company's classification as large or small is often based on its physical scale, with larger companies typically perceived as wealthier. However, this does not imply that smaller companies lack substantial assets. According to Financial Services Authority Regulation No. 53/POJK.04/2017, a company is considered small-scale if its total assets do not exceed IDR 50,000,000,000 (fifty billion rupiah). Companies with assets ranging from IDR 50,000,000,000 to IDR 250,000,000,000 are categorized as medium-scale, while those with assets exceeding IDR 250,000,000,000 (two hundred and fifty billion rupiah) are classified as large-scale enterprises, as well as explained by Reschiwati and Sawu (2023).

Dividend Policy

Investors can find out how confident a company is about its financial future by looking at its dividend policy. A stable or increasing dividend is viewed positively. According to this theory, investors interpret information about cash dividend payments as a sign of a company's growth potential. According to Angelia and Toni (2020), dividend policy is a critical aspect of corporate decision-making that requires careful consideration. It governs how a company allocates its profits between distributions to shareholders and retained earnings. The higher the retained earnings, the lower the portion of profits available for dividend distribution. Profit allocation often presents various challenges, and dividends are viewed as a mechanism to mitigate potential conflicts between management and shareholders by affirming shareholder entitlements. While multiple factors can influence dividend policy, this study focuses specifically on three key variables: liquidity, profitability, and leverage.

Capital Structure

The Debt to Equity Ratio (DER) is used to measure the capital structure. In addition to increasing financial risk, a large debt burden can also provide benefits such as tax relief. A company's leverage level, which indicates the proportion of its assets financed by debt, can be used to measure its capital structure (Kusumadilaga, 2010). A company's capital structure refers to the proportion of debt and equity it utilizes to fund its

operations. Determining the most effective capital structure has become a central focus in corporate finance research, given its significance in addressing substantial investment requirements and the long-term nature of business assets. As firms strive to optimize their financial strategies, they must carefully weigh the advantages and disadvantages of equity versus debt financing, making these trade-offs a critical aspect of financial decision-making (Aisyah and Hernawati, 2024).

RESEARCH METHOD

This study uses a quantitative descriptive approach. The selection of the sample was carried out by purposive sampling, and only companies that published complete financial statements and paid dividends during the period were included (Olang & Grace, 2017). This analysis includes all 30 food and beverage manufacturing companies listed on the IDX. Ten businesses were selected as examples based on selection criteria.

RESULT AND DISCUSSION
Result
Descriptive Statistics

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
Company Growth (X_1)	40	175.28	995.29	836.4851	214.28293
Company Size (X_2)	40	6.21	29.63	23.5329	6.14791
Dividend Policy (X_3)	40	105.23	983.16	453.4798	230.23883
Capital Structure (X_4)	40	108.54	9087.83	876.3965	1710.87419
Company Value (Y)	40	100.97	993.63	445.4952	282.00817
Valid N (listwise)	40				

Source: Data Processed 2024

Table 1 based on data, the average value of the Company Value (Y) is 445.4952, with a low value of 100.97 and a high of 993.63. This shows that businesses vary greatly from one to another. For Company Growth (X1), the analysis results show large fluctuations with an average of 836.4851, which indicates a fairly high variation among these companies. Meanwhile, the Company Size (X2) tends to be more even, with an average of 23.5329, which indicates a less dispersed distribution of data. The Dividend Policy (X3) also shows considerable variation with an average of 453.4798, reflecting the differences in dividend policies between companies. Finally, the Capital Structure (X4) has a large standard deviation, which indicates significant disparities in the use of capital structures by the companies studied.

Hypothesis Testing Results

Table 2. Multiple Liner Regression Test Results

Type	Unstandardized Coefficients
Company Growth (X_1)	-.047
Company Size (X_2)	4.821
Dividend Policy (X_3)	-.140
Capital Structure (X_4)	.004

Source: Data Processed 2024

The standard equation is Y = 431.430 + 0.047 X1 + 4.821 X2 + 0.140 X3 + 0.004 X4 + e, which is based on regression findings. The regression findings show that the size, growth, division, and capital structure of the company all improve overall success. The greater the impact of each variable on the company, the greater the value of the company. In addition, the company will collapse if the impact is minimal.

Model Feasibility Test (F Test)

Table 3. Test Results F

F	Sig.
6.119	.000[b]

Source: Data Processed 2024

This regression model is suitable for use because the results of the F test show that the calculated F value is greater than the crucial limit, which means that the factor has a significant effect on the company's value.

T test

Table 4. Test Results t

Model	t	Sig.
Pertumbuhan Perusahaan (X_1)	-.035	-.173
Ukuran Perusahaan (X_2)	6.505	.000
Kebijakan Deviden (X_3)	-.112	-.581
Struktur Modal (X_4)	.024	.127

Source: Data Processed 2024

The t-test showed that there was no significant relationship between business growth and company valuation (t count 0.272 < t table 2.606). However, there was a considerable influence of the size of the company (t count 6.505 > t table 2.606). The company's valuation is not affected by the capital structure or dividend policy (t count 0.112 and 0.024 < t table 2.606).

Coefficient of Determination

Table 4.9 Determination Test Results

R Square
.814

Source: Data Processed 2024

The analysis findings show that the variables investigated accounted for 81.4% of the company's value, while other factors accounted for 18.6%, according to Adjusted R Square of 0.814.

Discussion

According to the results of the study, the company's value is not directly affected by business expansion in industries listed on the IDX. Investors often pay less attention to the company's growth and pay more attention to short-term profits and stock price fluctuations on the IDX. According to research by Kusumajaya (2011) and Fajriah et al. (2022), the company's value increases when expanding.

The size of a company has a huge impact on its value (Budisaptorini et al., 2019). Because large companies can lower production costs through economies of scale, have a stronger financial position, and have a better reputation, large companies are often more attractive to investors. The results of Yulisa and Wahyudi (2023) research show that company size has a key role in growing company value, consistent with the company's ability to explain its asset capacity and sales volume. While a consistent dividend policy can convey a positive message to investors, other factors, such as the potential for long-term development, are more significant. These results also support the findings of the research of Pranata & Awaludin, 2024) which did not find a relationship between dividend policy and the valuation of pharmaceutical manufacturing companies listed on the IDX.

CONCLUSION

The study's findings yield a number of important conclusions. First, the company's expansion does not have much effect on the value of manufacturing companies listed on the IDX. Second, it is clear that the size of a company affects its value, with larger companies often having higher values. Furthermore, there is no clear impact of the dividend policy on the company's valuation, which suggests that investors are more concerned with other considerations.

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