THE INFLUENCE OF CAPITAL STRUCTURE, COMPANY GROWTH, DIVIDEND POLICY, *SALES GROWTH,* AND INVESTMENT DECISIONS ON COMPANY VALUE IN PHARMACEUTICAL SUB-SECTOR COMPANIES LISTED ON THE IDX FOR THE 2018-2022 PERIOD

**Sitti Norhasanah[1],
Diana Dwi Astuti[2],
Lia Rachmawati[3).**

*Student of Accounting, Faculty of Economics and Business, Institute of Technology and Science Mandala, Sumatera Street 118-120 Jember, 68121[1]
Senior Lecturer, Faculty of Economics and Business, Institute of Technology and Science Mandala, Sumatera Street 118-120 Jember, 68121[2]
Assistant Professor, Faculty of Economics and Business, Institute of Technology and Science Mandala, Sumatera Street 118-120 Jember, 68121[3]*

ABSTRACT

This study aims to analyze the effect of capital structure, company growth, dividend policy, sales growth, and investment decisions on company value in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX). This research was conducted for five consecutive years from 2018 to 2022 which included 8 company samples taken using a purposive sampling technique. The data analysis used is multiple regression analysis method. The results of this study indicate that partially capital structure, company growth, and investment decisions affect firm value. Sales growth and dividend policy have no effect on firm value. Simultaneously capital structure, company growth, dividend policy, sales growth, and investment decisions have a significant effect on firm value.

INTRODUCTION

Companies to improve better performance in order to compete with other companies. Very tight competition encourages owners to do various ways so that their goals are still achieved, so that in order to achieve the goals of a company it is necessary to pay attention to various aspects, one of which is the value of the company. Company value is the main focus in making decisions by investors to invest in a company or not. The value of the company can be maximized by attracting the interest of company investors, in order to reflect the prospects and expectations of the company's ability to increase the value of its wealth in the future.

The division of sectors is based on IDX decree number KEP-00012 / IDX / 01-202 of 2021 concerning sector changes from the previous Jakarta Stock Industrial Classification (JASICA) to IDX Industrial Classificaton (IDX-IC). Previously, the classification using JASICA contained 9 sectors, namely the agricultural sector, mining sector, basic industry and chemical sector, miscellaneous industrial sector, consumer goods industry sector, property sector, real estate and building construction, infrastructure sector, utilities and transportation, financial sector, and trade, services and investment sector. In using JASICA, the pharmaceutical sub-sector includes the consumer goods sector in which there are 5 sub-sectors including, the food and beverage sub-sector, the cigarette sub-sector, the pharmaceutical sub-sector, the cosmetics and household needs sub-sector, the household appliances sub-sector. Based on the latest classification principle, namely IDX Industrial Classification (IDX-IC), there are 12 sectors, namely, energy sector, raw goods sector, industrial sector, primary consumer sector, non-primary consumer sector, health sector, financial sector, property sector, technology sector, infrastructure sector, transportation and logistics sector, listed investment product sector. In using the IDX Industrial Classification (IDX-IC), the pharmaceutical sub-sector includes the health sector which has 4 sub-sectors, namely, the health equipment and equipment sub-sector, the health service provider sub-sector, the health research sub-sector and the pharmaceutical sub-sector.

Figure 1.
Average PBV of Pharmaceutical Sub-Sector Companies Listed on
IDX
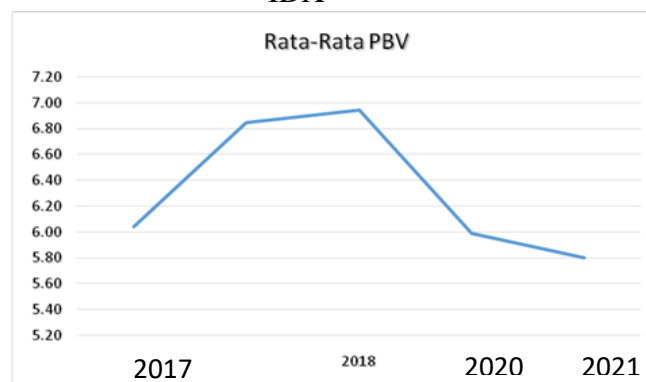
Source : www.idx.co.id

The pharmaceutical sub-sector has an important role in health sector reform. Health problems that occur in general are closely related to the availability of medicines needed by the community. Therefore, corporate value is important to research because company value reflects growth and management performance. If the value of the company is high, investors will be interested in investing in the company. The value of the company in this study is measured by *price to book value* (PBV). *Price to book* value shows how far a company is able to create company value relative to the amount of capital invested. The following is data from the average PBV of the Pharmaceutical Sub-Sector listed on the Indonesia Stock Exchange (IDX).

From this graph, fluctuating results were obtained from year to year 2017-2021. From 2017 to 2019 the company's PBV has increased, namely with the average PBV in 2017 is 6.04, 2018 is 6.84 and 2019 is 6.94. But in 2020 and 2021 it experienced a decrease in its average PBV, namely in 2020 it was 5.99 and 2021 was 5.80. The phenomenon that occurs with the rise and fall of the average PBV of pharmaceutical companies is not a good thing for companies, which based on signal theory (*signaling theory)* this will give negative signals to outsiders including investors (Brigham and Houston, 2011). This situation should not be left alone by the company because, if the company's value falls, it will illustrate that the performance in the company is not good.

The objectives of this study are: (1) To analyze the effect of capital structure on company value (2) to analyze the effect of company growth on company value (3) to analyze dividend policy on company value (4) to analyze the effect of sales *growth on company value (5) to analyze the effect of investment decisions on company value (6) to analyze the effect of capital structure*, company growth, dividend policy, *sales growth,* and investment decisions simultaneously on company value.

RESEARCH METHODS

This research is a type of quantitative research. In this study using secondary data. Secondary data is a source of research data obtained by researchers indirectly through intermediary media (obtained and recorded by other parties). Secondary data is generally in the form of evidence, records or historical reports that have been compiled in archives (Documentary Data) that are published. The data used in this study was obtained from the audited annual report on the Pharmaceutical Sub-Sector Company which presents financial statements for 2018-2022 obtained from the Indonesia Stock Exchange website, namely www.idx.co.id and sahamok.com.

RESULT ANALYSIS

Signaling Theory

Signal theory can be concluded as a theory that can affect the value of the company, because this theory provides information about the condition of the company through financial statements to reduce information differences.

Trade-off Theory

Trade-off theory assumes that a firm's capital structure is the result of a trade-off of tax advantages by using debt with costs that would arise as a result of using that debt.

Company Value

Company value is defined as market value. Company value is very important because with high company value will be followed by high shareholder prosperity and investors expect the company's prospects in the future to be better. Company value can be measured by *price-to-book value* (PBV), which describes how well the market appreciates the book value of a company's stock.

Capital Structure

Capital structure is a collection of funds that can be used and allocated by companies where the funds are obtained from long-term debt and own capital. Foreign capital or own capital is one of the sources of external financing used by companies to finance their fund needs.

Company Growth

Growth is the impact on the company's fund flow from operational changes caused by growth and decrease in business volume. The company's growth is highly expected by internal and external parties of the company. From an investor's point of view, the growth of a company is a sign that the company has a profitable aspect.

Dividend Policy

According to Sjahrial (2014: 52), dividend policy can be influenced by the need for funds to pay debt, that is, if most of the profit is used to pay debt, the rest used to pay dividends will be smaller. This shows that the greater the dividend to be distributed will bring positive signal information for investors because the amount of dividend to be distributed determines the reaction of the stock price.

Sales Growth

Sales Growth or sales growth is a ratio that describes the company's ability to maintain its economic position amid the economy and business sector. A good company can be seen from sales from year to year which continue to increase, this has an impact on increasing company profits so that the company's internal funding also increases (Kasmir, 2018: 107).

Investment Decisions

Investment decisions are a matter of how financial managers should allocate funds into investment forms that will be able to bring profits in the future (Sutrisno, 2012: 5).

HIPOTESIS

Capital structure is the composition of a company's funding sources between debt and equity. This ratio is useful to find out the amount of funds provided by creditors compared to the owners of the company. If the value of the capital structure is high, the company has utilized more external funds than internal funds for its operational activities. Based on research conducted by Mudjijah, S., et al (2019) stated that capital structure has a positive effect on

company value. Meanwhile, research conducted by Adfentari, I., et al (2020) states that capital structure has a significant effect on company value. Based on this, the hypotheses in this study are:

H1 : Capital Structure Affects Company Value

Company growth can be seen from changes in total company assets, because changes in a company's assets, both in the form of increases and decreases, can indicate that a company is growing or not. If the company is able to increase assets, it is estimated that the company's operational results will also increase so that the greater the level of trust of outsiders in a company. Based on research conducted by Suwardika, I.N.A., &; Mustanda, I.K (2017) stated that company growth has a significant effect but has a negative direction on company value, meaning that the faster the growth of a company will have a negative impact on company value. While research conducted by Tumangkeng, M.F., &; Mildawati, T. (2018) states that company growth negatively affects company value, the greater the company's growth rate, the higher the costs needed to manage the level of company operational activities. Based on this, the hypotheses in this study are:

H2 : Company Growth Affects Company Value

Dividend policy is a policy carried out by companies to divide profits or hold profits. The higher the profit distributed, it will bring signals to investors, so investors will be interested and invest their capital into the company. Utami, A.P.S., & Darmayani, N.P.A (2018) which states that dividend policy has a positive and significant effect on company value. The higher the company distributes dividends, the tendency for the company to use foreign capital is greater than the use of its own capital. This is also supported by research by D.S., & Suryono, B. (2019) explaining that dividend policy has a significant effect on company value, so the hypothesis in this study is:

H3 : Dividend Policy Affects Company Value

Sales growth is defined as an increase in sales per year. The increase in the company's sales growth means that it will show the high value of the company as a desire from the company's holders. Zhafiira, C.F., &; Andayani, A. (2019) stated that sales growth has a positive effect on company value. This shows that if the higher the sales growth, the company's value will increase. This is also supported by research by Anggraini, C., &; Agustiningsih, W. (2020) stated that sales growth has a positive effect on company value.

H4 : Sales Growth Affects Company Value

Investment activities carried out by the company will affect the profits obtained by the company and the company's performance in the future. Based on research conducted by Utami, A.P.S., & Darmayani, N.P.A (2018) stated that investment decisions have a significant effect on company value. This is also supported by research by Widhiarti, A., &; Sapari, S. (2020) stating that investment decisions have a positive effect on company value.

H5 : Investment Decisions Affect Company Value

INTERPRETATION

Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		40
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	1.45947291
Most Extreme Differences	Absolute	.126
	Positive	.126
	Negative	-.076
Kolmogorov-Smirnov with		.795
Asymp. Sig. (2-tailed)		.552

a. Test distribution is Normal.
b. Calculated from data.

From the results of the normality test it can be seen that the results of asymp. Sig of 0.552 and greater than the significant level of 0.05. So it can be concluded that the data in this study has been distributed normally.

Multicolonicity Test

Coefficient			
Model		Collinearity Statistics	
		Tolerance	BRIGHT
1	(Constant)		
	Capital Structure	.314	3.188
	Company Growth	.263	3.803
	Dividend Policy	.643	1.556
	Sales Growth	.373	2.684
	Investment Decisions	.506	1.975
a. Dependent Variable: Company Value			

Based on the results of the data, it can be seen that the tolerance value is above 0.10 and the VIF value is less than 10. So it can be concluded that there are no symptoms of multicollinearity.

1. Heteroskedastisitas

Scatterplot
Dependent Variable: Nilai Perusahaan
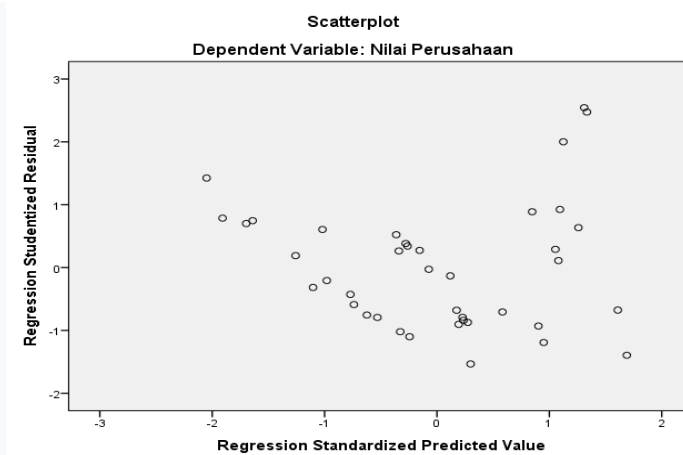
Based on the results of the data shows that the dots have spread above and below the number 0 and the dots do not form a certain pattern. So it can be concluded that the regression model in this study is free from symptoms of heteroscedasticity.

2. Analisis Regresi Linier Berganda

Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Say.
	B	Std. Error	Beta		
(Constant)	1.101	1.158		.951	.348
Capital Structure	-2.859	.586	-1.102	-4.875	.000
Company Growth	2.615	1.119	.577	2.337	.025
Dividend Policy	-.051	.068	-.117	-.742	.463
Sales Growth	.848	1.547	.114	.548	.587
Investment Decisions	6.260	2.902	.384	2.157	.038

a. Dependent Variable: Company Value

It can be seen the results of multiple linear regression equations with error standards of 0.05 as follows:

Y = 1,101 - 2,859 X1 + 2,615 X2 - 0,051 X3 + 0,848X4 + 6,260X5

The explanation of the equation above is as follows:

a) 1.101 is a constant value that is positive. The figure shows that the variables of capital structure (X1), company growth (X2), dividend policy (X3), sales growth (X4), and investment decisions (X5) are at a constant value, then the value of the company (Y) will increase by 1.101.
b) The capital structure in the equation above shows a negative number of 2.859. This explains that if the capital structure variable increases by one unit, it will have an impact on decreasing the company's value by 2,859.
c) The company's growth in the above equation shows a positive number of 2,615. This explains that if the company's growth variable increases by one unit, it will have an impact on the increase in company value by 2,615.
d) The dividend policy in the above equation shows a negative number of 0.051. This explains that if the dividend policy variable increases by one unit, it will have an impact on decreasing the company's value by 0.051.
e) *Sales growth* in the equation above shows a positive number of 0.848. This explains that if the *Sales growth* variable increases by one unit, it will have an impact on the increase in company value by 0.848.
f) The investment decision in the above equation shows a positive number of 6,260. This explains that if the investment decision variable increases by one unit, it will have an impact on the increase in company value by 6,260.

1. t Test

Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Say.
	B	Std. Error	Beta		
(Constant)	1.101	1.158		.951	.348
Capital Structure	-2.859	.586	-1.102	-4.875	.000
Company Growth	2.615	1.119	.577	2.337	.025
Dividend Policy	-.051	.068	-.117	-.742	.463
Sales Growth	.848	1.547	.114	.548	.587
Investment Decisions	6.260	2.902	.384	2.157	.038

a. Dependent Variable: Company Value

Based on the results of the t test, it can be explained that the partial test results use a decision basis if the value of Sig. < 0.05, there is an influence between the independent variable and the dependent variable. The overall explanation of the results of the t test in this study is as follows:

a) The significant value (Sig.) in the capital structure variable shows a value of 0.000 which means less than 0.05. So if you look at the basis of the t-test decision, where it is said that there is an influence if the GIS value < 0.05, then the capital structure variable affects the company's value variable.

b) The significant value (Sig.) in the company's growth variable shows a value of 0.025 which means less than 0.05. So if you look at the basis of the t-test decision, where it is said that there is an influence if the GIS value < 0.05, then the company's growth variable affects the company's value variable.

c) The significant value (Sig.) in the dividend policy variable shows a value of 0.463 which means greater than 0.05. So if you look at the basis of the t-test decision, where it is said that there is an influence if the GIS value < 0.05, then the dividend policy variable has no effect on the company's value variable.

d) The significant value (Sig.) in the sales growth variable shows a value of 0.587 which means greater than 0.05. So if you look at the basis of the t-test decision, where it is said that there is an influence if the GIS value < 0.05, then the sales growth variable has no influence on the company's value variable.

e) The significant value (Sig.) in the investment decision variable shows a value of 0.038 which means less than 0.05. So if you look at the basis of the t-test decision, where it is said that there is an influence if the GIS value < 0.05, then the investment decision variable has an influence on the company's value variable.

2. Test F

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Say.
1	Regression	69.332	5	13.866	5.675	.001b
	Residual	83.072	34	2.443		
	Total	152.404	39			

a. Dependent Variable: Company Value
b. Predictors: (Constant), Investment Decisions, Sales Growth, Dividend Policy, Capital Structure, Company Growth

Based on the results of the simultaneous test above, the Sig. value shows a number of 0.001. Looking back at the basis of simultaneous test decisions in the study, it can be concluded that $0.001 < 0.05$. So that simultaneously or together the variables of capital structure, company growth, dividend policy, sales growth, and investment decisions affect the value of the company.

3. Coefficient of Determination (R2)

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.674a	.455	.375	1.56311	1.977

a. Predictors: (Constant), Investment Decisions, Sales Growth, Dividend Policy, Capital Structure, Company Growth

b. Dependent Variable: Company Value

Based on the results of the coefficient of determination test, the adjusted R square value is 0.375 or equal to 37.5%. This shows that the variables of capital structure, company growth, dividend policy, sales growth, and investment decisions can affect the value of the company. While the remaining 72.5% was influenced by variables outside this study.

CONCLUSION

This study tested partially and simultaneously the independent variable against the dependent variable. The independent variables in this study are capital structure, company growth, dividend policy, *sales growth*, and investment decisions. While the dependent variable is the value of the company. Based on the results of the regression test that has been done, it can be concluded as follows:

Partially, variables that affect company value are capital structure, company growth, and investment decisions. Meanwhile, *sales growth* and dividend policy have no effect on the value of the company. While simultaneously based on the F test as a whole, the variables in this study have a significant effect on the company's intentions.

IMPLICATIONS

1.   The Effect of Capital Structure on Company Value

Based on the results of testing the capital structure on the value of the company, it shows that the capital structure has a negative effect on the value of the company. So that the hypothesis (H1) which states that there is an influence of capital structure variables on company value variables can be accepted. This research supports previous research conducted by Adfentari, et al (2020) which stated that capital structure negatively affects company value. Research conducted by Adfentari (2020) examines the risks that can occur in the use of debt, especially if it exceeds its optimal point. The results of this study are different from research conducted by Mudjijah, et al (2019) which states that capital structure has a positive effect on company value.

2.   The Effect of Company Growth on Company Value

Based on the results of testing company growth on company value, it shows that company growth has a positive effect on company value. So that the hypothesis (H2) which states that there is an influence of company growth variables on company value variables can be accepted. The growth of the company seen through an increase in the number of its assets gives a positive signal to investors or potential investors in deciding to invest in company shares. The assets owned by the company can guarantee that the company can pay off its obligations through its assets. So that the risk caused by debt is getting smaller. The results of this study are different from previous research conducted by Suwardika, I.N.A &; Mustanda, I.K (2017) which stated that company growth negatively affects company value. The same thing was also stated by research conducted by Tumangkeng, M.F., &; Mildawati, T. (2018) which stated that company growth also negatively affects company value.

3.   The Effect of Dividend Policy on Company Value

Based on the results of the dividend policy test on the value of the company has no effect on the value of the company. Therefore, the high and low dividends distributed to shareholders do not affect the high and low value of the company or the hypothesis that the dividend policy affects the value of the company (H3) is unacceptable. The dividend policy has no effect on the value of the company because shareholders only take profits in the short term by obtaining *capital gains*. Investors assume that small dividend income is currently no more profitable than *capital gains*. The results of this study are contrary to the results of research conducted by Utami, A.P.S., &; Darmayani, N.P.A (2018) which states that dividend policy has a positive effect on company value. Other studies also provide the same results, namely research conducted by Dewi, D.S., & Suryono, B (2019) which provides results that dividend policy has a positive effect on company value. This is seen from the point of view that companies with the company's ability to generate profits and distribute profits to shareholders.

4.   **The Effect of Sales Growth on Company Value**

Based on the results of *sales growth testing on company value, it shows that* sales growth has no effect on company value. So the hypothesis that states that *sales growth* affects company value (H4) is rejected. This can happen because investors or potential investors invest not only using fundamental analysis or analysis that looks at the structure of financial statements, especially

income statements that contain information on the amount of sales. It could be that other analysis used is technical analysis that looks more at aspects of market data, stock prices, and the volume of shares circulating in the market. The results of this study are not in line with research conducted by Zhafira, C.F., & Andayani, A (2019) which states that *sales growth* positively affects company value. The results of the study also contradict other research conducted by Anggraini, C., & Agustiningsih, W (2020) which states that sales growth affects company value.

5.   **The Effect of Investment Decisions on Company Value**

Based on the results of testing investment decisions on company value, it shows that investment decisions have a significant positive effect on company value. So the hypothesis that investment decisions affect the value of the company (H5) can be accepted. This positive and significant influence shows that the company's investment decisions are considered to affect the profits obtained by the company and the company's performance in the future. The results of this study are in line with research conducted by Utami, A.P.S., &; Damayani, N.P.A (2018) which states that investment decisions have a positive and significant effect on company value. Similar to other research conducted by Dd Astuti, &; Nandriatul Masruruh (2017), and Widhiarti, A., &; Sapari, S. (2020) with the results of the study showing that investment decisions have a positive and significant effect on company value. The higher and better the company in making its investment decisions, it will also have an impact on increasing the value of the company.

REFERENCES

Adfentari, I., Sumiati, A., &; Fauzi, A. (2020). The Effect of Capital Structure, Company Growth and Profitability on Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2016-2018 Period. *Journal of Business, Management, and Finance- JBMK, 1*(2), 386-395.

Anggraini, C., &; Agustiningsih, W. (2022). The Effect of Profitability, Company Size, and Sales Growth on Company Value. *MEA Scientific Journal (Management, Economics, & Accounting*), 6*(2), 1842-1859.*

Bambang Riyanto, (2013). Financial Statement Analysis. Yogyakarta

DD Astuti, Nandriatul Masruroh (2017). The Effect of Financial Management Policy on Company Value and Business Risk as Intervening Variables. *Journal International conference and call for papers. (Accounting and Finance).*

Ghozali, I. (2013). Application of Multivariate Analysis with IBM SPSS 21 (7th ed.). Publisher: Diponegoro University Publishing Agency. ISBN: 979.704.300.2

Cashmere, SE, MM, (2018) Financial Statement Analysis, ISBN: 978-979-769-216—3.

Mudjijah, S., Khalid, Z., &; Astuti, D. A. S. (2019). The effect of financial performance and capital structure on company value is moderated by company size variables.

Journal of Accounting and Finance, *8*(1), 41-56.

Sugiyono. (2016). "Business Research Methodology" (Quantitative, Qualitative, and R&D Approaches". Bandung : Alfabeta.

Suwardika, I. N. A., & Mustanda, I. K. (2017). The effect of leverage, company size, company growth, and profitability on company value in property companies (Doctoral dissertation, Udayana University).

Tumangkeng, M. F., &; Mildawati, T. (2018). The Effect of Capital Structure, Company Growth, Profitability and Company Size on Company Value. *Journal of Accounting Science and Research (JIRA), 7*(6).

Utami, A. P. S., & Darmayanti, N. P. A. (2018). The influence of investment decisions, funding decisions and dividend policies on the value of food and beverages companies. *E-Journal of Management Udayana University*, *7*(10), 5719.